SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Feb 29, 2024

2. SEC Identification Number

   AS094-006430

3. BIR Tax Identification No.

   003-942-108

4. Exact name of issuer as specified in its charter

   EMPIRE EAST LAND HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City, Philippines

   Postal Code

   1604

8. Issuer's telephone number, including area code

   (632) 85544800

9. Former name or former address, if changed since last report

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	31,183,251,872

11. Indicate the item numbers reported herein

    Item 9(b)

Empire East Land Holdings, Inc.
ELI

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Audited Consolidated Financial Statements of Empire East Land Holdings, Inc. for the year ended 31 December 2023
Background/Description of the Disclosure
In line with corporate governance best practices and applicable disclosure rules and regulations, Empire East Land Holdings, Inc. hereby releases its 2023 Audited Consolidated Financial Statements within sixty (60) days from the financial year end.
Other Relevant Information
To correct the name and details of the Issuer.

Filed on behalf by:

Name	Dennis Edano
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **February 29, 2024**
   Date of Report

2. SEC Identification No: **AS094-006430** 3. BIR Tax Identification No : **003-942-108**

4. **EMPIRE EAST LAND HOLDINGS, INC.**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **2F Tower 2, Kasara Urban Resort**
   Residences, P. Antonio St.
   Barangay Ugong, Pasig City 1604
   Address of principal office

8. **(632) 85544800**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

10. **Item 9 (b)**

Please see the attached Audited Consolidated Financial Statements of Empire East Land Holdings, Inc. for the year ended 31 December 2023, as audited by its external auditor, Punongbayan & Araullo.

SIGNATURE

Pursuant to the requirements of The Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMPIRE EAST LAND HOLDINGS, INC.

By: L. P. Victorioso, Jr.

LINO P. VICTORIOSO, JR.
Chief Financial Officer, Corporate Information Officer and Compliance Officer
February 29, 2024

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2023 and 2022** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

LINO P. VICTORIOSO JR.
Chief Financial Officer

Signed this 23rd day of February, 2024.

Empire East Land Holdings, Inc.
2nd Floor Tower 2, Kasara Urban Resort Residences, P.E. Antonio St.,
Barangay Ugong, Pasig City 1604 Metro Manila, Philippines
Tel. 8867-8351/8554-4800

SUBSCRIBED AND SWORN to me before this 29 FEB 2024 of 2024 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Lino P. Victorioso Jr.	926-681-972

QUEZON CITY

ATTY. RUBEN [illegible]AZARES, JR.
NOTARY PUBLIC IN QUEZON CITY
AM Adm. [illegible] (2024)
IBP O.R. No. 384[illegible] Q.C. [illegible] No. 46427
PTR No. 5555119 - Jan. 2, 2024 / Q.C. / TIN: 140-384-635-000
MCLE Compliance No. VII-[illegible] valid until 04-15-2025
Address: Bagong Lipunan ng Crame, Q.C.

Doc. No. 147
Page No. 30
Book No. XI
Series of 2024

P&A Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2023, 2022 and 2021

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

Opinion

We have audited the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements are presented fairly in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters are addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue Recognition on Real Estate Sales and Determination of Related Costs of Real Estate Sales

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales amounted to P4.0 billion or 76.8% of consolidated Revenues and Income while costs of real estate sales amounted to P2.5 billion or 56.2% of consolidated Costs and Expenses for the year ended December 31, 2023. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, and measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized, while areas affected by the determination of related costs, which also require significant judgement and estimates, include determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policies for revenue recognition on real estate sales and determination of costs of real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied, and estimates used by management related to revenue recognition and cost determination are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 19 and 20, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions, and an understanding of the cost determination policy regarding the real estate inventories and expenditures, together with the significant business processes of the Group related to these policies.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition and cost determination policies and processes include understanding the policies and procedures applied to revenue recognition and cost determination, as well as compliance therewith, and assessment of the design and operating effectiveness of controls related to revenue recognition, employed by the Group, including relevant information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized through examination of real estate sales contracts and other relevant supporting documents of the samples selected and performed overall analytical review of actual results.

As part of our review of compliance with revenue recognition criteria, we tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behaviour.

Relative to the Group's measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts. We have also recomputed for the reasonableness of capitalized borrowing costs of the Group that formed part of the real estate inventories.

(b) Net Realizable Value of Real Estate Inventories

Description of the Matter

Real estate inventories consist of raw land and residential real estate projects under development or construction. As of December 31, 2023, real estate inventories amounted to P20.6 billion, which accounts for 41.7% of total consolidated assets of the Group. Inventory is measured at the lower of cost and net realizable value. The cost of inventory includes, among others, land, engineering and construction fees, professional fees directly attributable to the project, construction overheads and other directly related costs.

The Group assessed internally the net realizable value of the inventory and reduced the carrying amount when the net realizable value was lower than the cost. The net realizable value calculation is highly dependent on estimates like, among others, the estimated sales prices per square meter, the estimated remaining construction costs and the expected timing of sale of the units. The Group's management performed the valuation and assessed any possible write-downs on inventory for each project separately.

The net realizable value of real estate inventories was considered as a key audit matter due to the significance of the balance of inventories over the total consolidated assets of the Group and the involvement of significant estimates and management judgment in determining the net realizable value of inventories.

The Group's policy on accounting for real estate inventories is disclosed in Notes 2 and 3 to the consolidated financial statements and an analysis of the assets' components is presented in Note 7.

How the Matter was Addressed in the Audit

We have obtained an understanding and evaluated the net realizable value assessment process. We also examined whether real estate inventories are periodically assessed by the Group's management and the net realizable values are estimated based on accuracy and completeness of data. Additionally, we performed substantive audit procedures and tested in detail with the Group's management the net realizable value method applied and the key assumptions used. Moreover, we performed test of reasonableness on the assumption used and obtained supporting documents on the samples selected for the data inputs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	5	**P 3,717,469,500**	P 3,437,787,004
Trade and other receivables - net	6	**9,697,626,445**	8,920,677,740
Contract assets	19	**2,534,011,730**	2,565,004,858
Advances to related parties	25	**5,467,534,052**	5,084,657,859
Real estate inventories	7	**20,625,100,501**	21,105,557,021
Prepayments and other current assets		**1,258,346,299**	944,433,438
Total Current Assets		**43,300,088,527**	42,058,117,920
NON-CURRENT ASSETS			
Trade and other receivables	6	**3,411,569,342**	2,472,501,559
Contract assets	19	**207,184,338**	18,108,521
Financial asset at fair value through other comprehensive income (FVOCI)	8	**1,270,128,000**	1,339,940,000
Advances to landowners and joint ventures	9	**242,894,346**	241,655,890
Investment in an associate	10	**279,875,774**	279,750,572
Property and equipment - net	11	**160,858,357**	132,144,169
Intangible assets - net	12	**34,262,307**	117,822,235
Investment properties - net	13	**587,082,411**	615,100,960
Other non-current assets		**5,190,893**	5,190,893
Total Non-current Assets		**6,199,045,768**	5,222,214,799
TOTAL ASSETS		**P 49,499,134,295**	P 47,280,332,719

	Notes	2023	2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	**P 200,000,000**	P 150,000,000
Trade and other payables	15	**2,558,733,723**	2,013,715,199
Customers' deposits	16	**5,140,775,975**	4,485,704,498
Advances from related parties	25	**6,061,736,667**	5,764,677,182
Contract liabilities	19	**96,357,478**	206,007,855
Other current liabilities	18	**1,042,240,285**	891,723,295
Total Current Liabilities		**15,099,844,128**	13,511,828,029
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14, 33	**650,000,000**	850,000,000
Contract liabilities	19	**160,409,459**	102,847,590
Retirement benefit obligation	23	**153,998,592**	67,720,502
Deferred tax liabilities - net	24	**2,071,285,858**	1,988,251,361
Total Non-current Liabilities		**3,035,693,909**	3,008,819,453
Total Liabilities		**18,135,538,037**	16,520,647,482
EQUITY			
Attributable to the Parent Company's stockholders			
Capital stock	26	**14,803,455,238**	14,803,455,238
Additional paid-in capital	26	**4,307,887,996**	4,307,887,996
Treasury stock - at cost	26	**(102,106,658)**	(102,106,658)
Revaluation reserves	26	**547,624,726**	701,654,277
Other reserves	2	**(292,118,243)**	(292,118,243)
Retained earnings	26	**9,314,581,026**	8,548,796,655
Total equity attributable to the Parent Company's stockholders		**28,579,324,085**	27,967,569,265
Non-controlling interests		**2,784,272,173**	2,792,115,972
Total Equity		**31,363,596,258**	30,759,685,237
TOTAL LIABILITIES AND EQUITY		**P 49,499,134,295**	P 47,280,332,719

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES AND INCOME				
Real estate sales	19	**P 3,997,538,269**	P 3,799,965,640	P 3,622,807,512
Finance income	22	**587,439,873**	491,376,516	409,859,311
Rental income	13, 28	**107,466,532**	89,620,201	82,369,787
Commission income	25	**37,121,681**	29,635,160	45,075,231
Equity share in net earnings of an associate	10	**125,202**	194,160	4,074,172
Other income	21	**473,439,890**	296,275,168	370,652,690
		5,203,131,447	4,707,066,845	4,534,838,703
COSTS AND EXPENSES				
Cost of real estate sales	20	**2,497,388,384**	2,228,021,015	2,228,701,691
Salaries and employee benefits	23	**431,102,206**	398,502,593	410,112,022
Finance costs	22	**391,092,973**	398,806,384	367,358,500
Commissions	19	**224,455,776**	237,653,397	237,184,791
Association dues		**141,761,997**	72,107,916	62,223,314
Taxes and licenses	13	**89,199,114**	68,696,660	142,700,549
Travel and transportation		**82,738,992**	65,475,732	43,151,070
Advertising and promotion		**71,299,910**	112,144,138	186,757,740
Depreciation and amortization	11, 12, 13	**61,679,519**	46,836,096	69,477,080
Other expenses	13, 21	**234,472,848**	122,241,931	169,794,068
Tax expense (income)	24	**219,999,156**	241,204,860	(179,711,192)
		4,445,190,875	3,991,690,722	3,737,749,633
NET PROFIT		**757,940,572**	715,376,123	797,089,070
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently through profit or loss:				
Remeasurements on retirement benefit	23	**(112,290,070)**	53,225,333	42,317,621
Tax income (expense)	24	**28,072,519**	(13,306,334)	(2,347,227)
Fair value gains (losses) on financial assets at FVOCI	8	**(69,812,000)**	11,260,000	135,120,000
		(154,029,551)	51,178,999	175,090,394
TOTAL COMPREHENSIVE INCOME		**P 603,911,021**	P 766,555,122	P 972,179,464
Net profit (loss) attributable to:				
Parent company's shareholders		**P 765,784,371**	P 720,214,688	P 805,765,516
Non-controlling interest		**(7,843,799)**	(4,838,565)	(8,676,446)
		P 757,940,572	P 715,376,123	P 797,089,070
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		**P 611,754,820**	P 771,393,687	P 980,855,910
Non-controlling interest		**(7,843,799)**	(4,838,565)	(8,676,446)
		P 603,911,021	P 766,555,122	P 972,179,464
EARNINGS PER SHARE - Basic and Diluted	27	**P 0.052**	P 0.049	P 0.055

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(Amounts in Philippine Pesos)

	Attributable to Parent Company's Shareholders								
	Capital Stock (see Note 26)	**Additional Paid-in Capital** (see Note 26)	**Treasury Stock** (see Note 26)	**Revaluation Reserves** (see Notes 8, 23 and 26)	**Other Reserves** (see Notes 2 and 26)	**Retained Earnings** (see Note 26)	**Total**	**Non-controlling Interests**	**Total**
Balance at January 1, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 701,654,277	(P 292,118,243)	P 8,548,796,655	P 27,967,569,265	P 2,792,115,972	P 30,759,685,237
Total comprehensive income (loss) for the year	-	-	-	(154,029,551)	-	765,784,371	611,754,820	(7,843,799)	603,911,021
Balance at December 31, 2023	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 547,624,726**	**(P 292,118,243)**	**P 9,314,581,026**	**P 28,579,324,085**	**P 2,784,272,173**	**P 31,363,596,258**
Balance at January 1, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 650,475,278	(P 292,118,243)	P 7,828,581,967	P 27,196,175,578	P 2,796,954,537	P 29,993,130,115
Total comprehensive income (loss) for the year	-	-	-	51,178,999	-	720,214,688	771,393,687	(4,838,565)	766,555,122
Balance at December 31, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 701,654,277	(P 292,118,243)	P 8,548,796,655	P 27,967,569,265	P 2,792,115,972	P 30,759,685,237
Balance at January 1, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 475,160,800	(P 292,118,243)	P 7,023,040,535	P 26,215,319,668	P 2,805,630,983	P 29,020,950,651
Total comprehensive income (loss) for the year	-	-	-	175,090,394	-	805,765,516	980,855,910	(8,676,446)	972,179,464
Transfer of reserves to earnings	-	-	-	224,084	-	(224,084)	-	-	-
Balance at December 31, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 650,475,278	(P 292,118,243)	P 7,828,581,967	P 27,196,175,578	P 2,796,954,537	P 29,993,130,115

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 977,939,728	P 956,580,983	P 617,377,878
Adjustments for:				
Finance income	22	(587,439,873)	(491,376,516)	(409,859,311)
Finance costs	22	391,092,973	398,806,384	367,358,500
Gain on lease credits	17, 25	(106,091,000)	-	-
Impairment loss on goodwill	12	77,347,634	-	-
Depreciation and amortization	11, 12, 13	61,679,519	46,836,096	69,477,080
Equity share in net income of an associate	10	(125,202)	(194,160)	(4,074,172)
Gain on sale of property and equipment	11	-	(2,990,545)	(66,002)
Loss on retirement of property and equipment	11	-	-	47,388,165
Gain on write-off of retirement benefits		-	-	(7,781,159)
Gain on derecognition of lease liabilities	17	-	-	(4,119,620)
Operating profit before working capital changes		814,403,779	907,662,242	675,701,359
Increase in trade and other receivables		(1,572,900,204)	(533,075,583)	(1,065,070,492)
Decrease (increase) in contract assets		(158,082,689)	(530,165,133)	335,827,434
Decrease in real estate inventories		543,476,571	605,876,885	1,722,349,155
Increase in prepayments and other current assets		(250,484,915)	(137,735,794)	(91,853,560)
Increase in advances to landowners and joint ventures		(1,238,456)	(4,236,502)	(10,990,858)
Increase in trade and other payables		544,026,857	186,803,887	594,682,786
Increase (decrease) in contract liabilities		(52,088,508)	28,285,405	62,901,603
Increase (decrease) in customers' deposits		655,071,477	25,075,724	(686,323,234)
Increase (decrease) in other current liabilities		150,516,990	2,910,374	(41,840,217)
Decrease in retirement benefit obligation		(29,411,976)	(21,688,699)	(21,058,093)
Cash generated from operations		643,288,926	529,712,806	1,474,325,883
Interest received from receivables		22,589,169	39,312,613	28,313,297
Cash paid for income taxes		(108,892,140)	(144,228,994)	(156,881,044)
Net Cash From Operating Activities		556,985,955	424,796,425	1,345,758,136
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from cash and cash equivalents	22	80,949,550	30,753,942	12,170,714
Cash advances granted to related parties	25	(41,858,557)	(49,432,432)	(52,397,867)
Acquisitions of property and equipment	11	(13,732,576)	(1,379,758)	(6,536,694)
Collections of advances to related parties	25	-	15,009,671	1,633,177
Acquisition of intangible assets	12	-	(7,405,722)	-
Proceeds from the sale of property and equipment	11	-	4,554,889	66,002
Net Cash From (Used in) Investing Activities		25,358,417	(7,899,410)	(45,064,668)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of interest-bearing loans and borrowings	14, 33	(150,000,000)	(250,000,000)	(933,333,352)
Interest paid	15, 33	(79,388,749)	(47,052,307)	(53,555,195)
Repayments of advances from related parties	25, 33	(73,278,886)	(71,474,023)	(62,633,982)
Proceeds from additional advances from related parties	25, 33	5,759	-	8,524,628
Proceeds from interest-bearing loans and borrowings	14, 33	-	-	1,000,000,000
Net Cash Used in Financing Activities		(302,661,876)	(368,526,330)	(40,997,901)
NET INCREASE IN CASH AND CASH EQUIVALENTS		279,682,496	48,370,685	1,259,695,567
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,437,787,004	3,389,416,319	2,129,720,752
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,717,469,500	P 3,437,787,004	P 3,389,416,319

Supplemental Information on Non-cash Investing Activitivies –

In 2023, additional right-of-use assets amounting to P42.7 million was recognized (see Note 11). No lease liabilities were recognized since the Group has been granted with lease credits amounting to P106.1 million, which was presented as part of Other Income in the 2023 consolidated statement of comprehensive income (see Notes 21 and 25). The outstanding balance of lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 consolidated statement of financial position.

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses, and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of December 31, 2023 and 2022, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Eastwood Property Holdings, Inc. (EPHI)	(a)	100.00%
Valle Verde Properties, Inc. (VVPI)	(b)	100.00%
Sherman Oak Holdings, Inc. (SOHI)	(b)	100.00%
Empire East Communities, Inc. (EECI)	(c)	100.00%
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	100.00%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	72.50%
Sonoma Premier Land, Inc. (SPLI)	(b)	60.00%
Pacific Coast Megacity, Inc. (PCMI)	(f)	40.00%
Associate –		
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	47.00%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.
(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of December 31, 2023.
(c) Subsidiary incorporated in 2008 but ceased its operations as a marketing arm of real estate properties in 2014.
(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.
(e) Subsidiary primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.
(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method [see Note 3.1 (h)].

The registered office address, which is also the place of operations, of the Company and its subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 2nd Floor Tower 2, Kasara Urban Resort Residences P. Antonio St., Brgy. Ugong, Pasig City.

Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor, 1880 Building Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100.00% and 72.50% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of December 31, 2023 and 2022 are shown as part of Intangible Assets – net account in the consolidated statements of financial position (see Note 12).

Megaworld Corporation (Megaworld or Parent Company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 55.43% owned by Alliance Global Group, Inc. (AGI), the Company's Ultimate Parent Company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

1.2 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2023 (including the comparative consolidated financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Group's BOD on February 23, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below and on the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Group are disclosed in detail below and on the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers,* affecting the real estate industry under following Memorandum Circular (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

MC No. 08-2021, A*mendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to Clarify Transitory Provision,* provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

Discussed on the succeeding pages are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

(ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the opening retained earnings in the year of adoption.

(c) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income, expenses, and other comprehensive income or loss in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

The Group changed its presentation of the cashflows resulting from Advances to Related Parties previously presented under the Cash Flows from Operating Activities section, to the Cashflows from Investing Activities section in the consolidated statements of cashflows. This did not have any impact on the Group's consolidated statements of financial position, consolidated statements of comprehensive income, and consolidated statements of changes in equity.

(d) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the consolidated financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective in 2023 that is not Relevant to the Group

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Acquired subsidiaries are subject to either of the following relevant policies:

(a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

(b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

Acquired investment in associate is subject to the purchase method.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, i.e., interest includes only consideration for the time value of money, credit risk, or other basic lending risks and a profit margin. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangements, the related financial asset is classified and measured at FVTPL.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has designated certain equity instrument at FVOCI on initial recognition.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Group applies a general approach specifically, in relation to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, for debt instruments measured at amortized cost (except trade and other receivables where simplified approach is used) and at FVOCI, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties and Other Current Liabilities (excluding Miscellaneous). Refund liability is measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15.

2.5 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.6 Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any impairment losses. As the land has no finite useful life, it's related carrying amount is not depreciated.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below. Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

Building and other improvements	5 to 25 years
Office furniture and equipment	3 to 5 years
Transportation equipment	5 years

2.7 Intangible Assets

Intangible assets include goodwill and acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite. Goodwill is classified as intangible asset with infinite life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses.

2.8 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of building and office and commercial units held for lease and a parcel of land held for capital appreciation, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except land for which is not subject to depreciation. Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities and rendering of services.

The Group develops real properties such as house and lot and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell pre-completed real properties is disclosed in Note 3.1(b). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Group are as follows:

(a) Real estate sales on pre-completed real estate properties – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Group.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(d) *Commission* – Revenue is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered to customers that are completed over time (i.e., end of each month).

(e) *Tuition and miscellaneous fees* – Revenue is recognized over time over the corresponding school term.

Incremental costs of obtaining a contract to sell real property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except for capitalized borrowing costs.

The costs of real estate sales include the acquisition cost of the land and development costs incurred for the project (see Note 2.5).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets.

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position.

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, consideration received from buyers is presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.10 Direct Contract Cost

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Group's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets in the consolidated statement of financial position (see Note 19.3). Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the consolidated statement of comprehensive income.

2.11 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Subsequent to initial recognition, the Group amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is 3 to 5 years.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as Lessor

The Group applies judgment in determining whether a lease contract is a finance or operating lease.

2.12 Impairment of Non-financial Assets

The Group's Investment in an Associate, Property and Equipment, Intangible Assets, Investment Properties, goodwill and other non-financial assets are tested for impairment. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.13 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by trustees.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.14 Earnings Per Share

The Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments mentioned below and on the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Option

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the factors enumerated below.

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determines that its performance obligation for pre-completed real estate inventories is satisfied over time, while its performance obligation for completed real estate inventories is satisfied at a point in time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(iii) Tuition Fees

The Group determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the counterparties. The Group renders services without the need for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(c) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(d) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for Trade Receivables, Contract Assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., projects and customer type).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to Advances to Related Parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Group's Trade and Other Receivables, Contract Assets and Advances to Related Parties are disclosed in Note 29.2.

(e) Distinction Among Investment Property and Owner-managed Properties

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(f) Distinction Between Real Estate Inventories and Investment Property

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's use over these assets in making its judgment.

(g) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(h) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(i) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligations. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(d) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(e) Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties

The Group estimates the useful lives of Property and Equipment, Intangible Assets, and Investment Properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of Property and Equipment, Intangible Assets, and Investment Properties are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2023 and 2022, there is no change in estimated useful lives of Property and Equipment, Intangible Assets and Investment Properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2023 and 2022 will be utilized in the succeeding years.

The carrying values of the Group's deferred tax assets as of December 31, 2023 and 2022 are disclosed in Note 24.

(g) *Impairment of Goodwill and Other Non-financial Assets*

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit (CGU) based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. On October 20, 2022, LBASSI filed for the certificate of clearance with the BIR Revenue District Office No. 057, Biñan, West Laguna.

In 2023, LBASSI retracted its filed application for the certificate of clearance with BIR. LBASSI will remain as a non-operating entity until such time that it ventures again into business.

Based on management's assessment, impairment loss amounting to P77.3 million on goodwill has been recognized since the recoverable amount of the cash generating units is less than their carrying amount in 2023 (see Note 12).

No impairment losses were recognized on Advances to Landowners and Joint Ventures, Investment in an Associate, Property and Equipment, Investment Properties, and other non-financial assets in 2023, 2022 and 2021 (see Notes 9, 10, 11 and 13).

(h) *Valuation of Post-employment Defined Benefit*

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the Retirement Benefit Obligation in the next reporting period.

The amounts of Retirement Benefit Obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(i) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 31.4.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its consolidated financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, contract assets and real estate inventories. Excluded from segment assets are Cash and Cash Equivalents, Advances to Related Parties, Prepayments, Advances to Landowners and Joint Ventures, Investments in an Associate, Property and Equipment, Intangible Assets, Investment Properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of Contract Liabilities and Customers' Deposits. Excluded from segment liabilities are Interest-bearing Loans and Borrowings, Trade and Other Payables, Advances from Related Parties, Deferred Tax Liabilities and Retirement Benefit Obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2023, 2022 and 2021 and certain asset and liability information regarding segments as at December 31, 2023, 2022 and 2021.

	High Rise Projects			Horizontal Projects			Total		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
REVENUES									
Real estate sales	**P 3,651,882,437**	P 3,566,584,650	P 3,383,909,085	**P 345,655,832**	P 233,380,990	P 238,898,427	**P 3,997,538,269**	P 3,799,965,640	P 3,622,807,512
Finance income	**136,631,933**	135,808,063	115,749,633	**11,635,045**	8,450,489	5,092,961	**148,266,978**	144,258,552	120,842,594
Rental income	**14,677,006**	17,189,304	17,431,216	**-**	-	-	**14,677,006**	17,189,304	17,431,216
Other income	**277,426,111**	155,670,753	157,184,641	**9,399,769**	10,842,544	4,685,048	**286,825,880**	166,513,297	161,869,689
	4,080,617,487	3,875,252,770	3,674,274,575	**366,690,646**	252,674,023	248,676,436	**4,447,308,133**	4,127,926,793	3,922,951,011
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,310,566,542**	2,096,109,839	2,083,592,091	**186,821,842**	131,911,176	145,109,600	**2,497,388,384**	2,228,021,015	2,228,701,691
Commissions	**199,293,899**	199,731,748	195,115,595	**11,848,142**	18,641,320	18,570,947	**211,142,041**	218,373,068	213,686,542
Association dues	**131,765,698**	61,985,205	50,765,686	**6,237,793**	7,761,307	5,729,143	**138,003,491**	69,746,512	56,494,829
Advertising and promotion	**49,276,760**	90,405,992	158,959,027	**14,325,457**	12,595,558	23,329,042	**63,602,217**	103,001,550	182,288,069
Taxes and licenses	**49,575,127**	32,620,734	48,973,052	**8,940,581**	8,774,720	8,641,254	**58,515,708**	41,395,454	57,614,306
Rentals	**3,814,336**	6,108,597	6,498,758	**-**	388,488	-	**3,814,336**	6,497,085	6,498,758
Salaries and employee benefits	**799,383**	1,132,027	865,327	**113,256**	-	128,141	**912,639**	1,132,027	993,468
Travel and transportation	**105,978**	90,277	48,826	**28,118**	26,536	4,049	**134,096**	116,813	52,875
Other expenses	**63,000,076**	50,939,530	49,916,296	**5,163,020**	4,416,464	5,071,813	**68,163,096**	55,355,994	54,988,109
	2,808,197,799	2,539,123,949	2,594,734,658	**233,478,209**	184,515,569	206,583,989	**3,041,676,008**	2,723,639,518	2,801,318,647
SEGMENT OPERATING PROFIT	**P 1,272,419,688**	P 1,336,128,821	P 1,079,539,917	**P 133,212,437**	P 68,158,454	P 42,092,447	**P 1,405,632,125**	P 1,404,287,275	P 1,121,632,364
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P 24,154,408,651**	P 22,786,828,361		**P 7,004,218,353**	P 7,086,399,603		**P 31,158,627,004**	P 29,873,227,964	
Segment liabilities	**4,948,182,003**	4,401,292,829		**310,890,758**	311,445,220		**5,259,072,761**	4,712,738,049	

There was no segment interest expense allocated in 2023, 2022 and 2021.

4.5 Reconciliations

Presented below and on the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2023	2022	2021
Revenues			
Total segment revenues	**P 4,447,308,133**	P 4,127,926,793	P 3,922,951,011
Unallocated revenues:			
Finance income	**439,172,895**	347,117,963	289,016,717
Rental income from investment property	**92,789,526**	72,430,897	64,938,571
Commission income	**37,121,681**	29,635,160	45,075,231
Other income	**186,739,212**	129,956,032	212,857,173
	755,823,314	579,140,052	611,887,692
Revenues as reported in the consolidated statements of comprehensive income	**P 5,203,131,447**	P 4,707,066,845	P 4,534,838,703
Profit or loss			
Segment operating profit	**P 1,405,632,125**	P 1,404,287,275	P 1,121,632,364
Other unallocated income	**755,823,314**	579,140,052	611,887,692
Other unallocated expenses	**(1,403,514,867)**	(1,268,051,204)	(936,430,986)
Net profit as reported in the consolidated statements of comprehensive income	**P 757,940,572**	P 715,376,123	P 797,089,070
Assets			
Segment assets	**P 31,158,627,004**	P29,873,227,964	
Unallocated assets:			
Cash and cash equivalents	**3,717,469,500**	3,437,787,004	
Trade and other receivables-net	**5,316,865,352**	5,208,621,735	
Advances to related parties	**5,467,534,052**	5,084,657,859	
Prepayments and other current assets	**1,258,346,299**	944,433,438	
Financial asset at FVOCI	**1,270,128,000**	1,339,940,000	
Advances to landowners and joint ventures	**242,894,346**	241,655,890	
Investment in associate	**279,875,774**	279,750,572	
Property and equipment - net	**160,858,357**	132,144,169	
Investment property - net	**587,082,411**	615,100,960	
Intangible assets - net	**34,262,307**	117,822,235	
Other non-current assets	**5,190,893**	5,190,893	
	18,340,507,291	17,407,104,755	
Total assets as reported in the consolidated statements of financial position	**P 49,499,134,295**	P47,280,332,719	

	2023	2022
Liabilities		
Segment liabilities	**P 5,259,072,761**	P 4,712,738,049
Unallocated liabilities:		
Interest-bearing loans and borrowings	**850,000,000**	1,000,000,000
Trade and other payables	**2,558,733,723**	2,013,715,199
Customers' deposits	**426,106,702**	313,526,406
Advances from related parties	**6,061,736,667**	5,764,677,182
Other current liabilities	**754,603,734**	660,018,783
Retirement benefit obligation	**153,998,592**	67,720,502
Deferred tax liabilities - net	**2,071,285,858**	1,988,251,361
	12,876,465,276	11,807,909,433
Total liabilities as reported in the consolidated statements of financial position	**P18,135,538,037**	P 16,520,647,482

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	2023	2022
Cash on hand and in banks	**P 2,198,642,524**	P 2,011,906,440
Short-term placements	**1,518,826,976**	1,425,880,564
	P 3,717,469,500	P 3,437,787,004

Cash in banks generally earns interest based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 76 days in 2023 and in 2022, and 51 days in 2021 and earn annual effective interest ranging from 3.13% to 6.25% in 2023, 0.38% to 5.75% in 2022 and 0.25% to 1.25% in 2021. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2023, 2022 and 2021 and earn annual effective interest ranging from 1.5 % to 5.0% in 2023, 0.05% to 4.0% in 2022, and 0.05% to 0.15% in 2021 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	2023	2022
Current:			
Trade receivables	25.2	**P 5,222,281,770**	P4,551,528,008
Advances to suppliers and contractors		**2,934,983,423**	3,061,729,762
Rent receivable	25.2	**386,081,089**	386,207,124
Advances to condominium associations		**375,842,604**	361,678,095
Interest receivable		**96,333,778**	75,025,195
Management fee receivable	25.2	**44,119**	44,119
Others		**682,245,864**	484,651,639
		9,697,812,647	8,920,863,942
Allowance for impairment		**(186,202)**	(186,202)
		9,697,626,445	8,920,677,740
Non-current:			
Trade receivables		**3,277,067,010**	2,348,771,102
Refundable security deposits		**134,502,332**	123,730,457
		3,411,569,342	2,472,501,559
		P13,109,195,787	P11,393,179,299

The Group's trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) are subjected to credit risk. These receivables are evaluated by the Group for impairment and assessed that no ECL should be provided for the periods presented.

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 8% to 22%. The related interest earned on these sales contracts amounting to P27.0 million, P26.5 million, and P18.8 million in 2023, 2022 and 2021, respectively, are reported as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The installment period of noninterest-bearing sales contracts ranges from two to five years with imputed interest of 7.33% in 2023, 5.75% in 2022 and 5.78% in 2021. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P172.9 million, P121.3 million and P117.8 million in 2023, 2022 and 2021, respectively, are presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income. Amortization of day one loss amounting to P121.3 million, P117.8 million and P102.1 million in 2023, 2022 and 2021, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

Advances to suppliers and contractors represent down payments made by the Group to the suppliers and contractors based on a certain percentage of the contract price, construction materials purchased by the Group that is used by the contractors, and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Group either on a pro-rated basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Group's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric Group, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables include advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Group considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 29.2(b)].

7. REAL ESTATE INVENTORIES

The Group's real estate inventories at the end of 2023 and 2022 were stated at cost. The composition of this account as at December 31 is shown below (see Note 20).

	2023	2022
Residential and condominium units for sale	**P 14,307,097,266**	P14,793,544,954
Raw land inventory	**4,424,215,132**	4,424,215,132
Property development costs	**1,893,788,103**	1,887,796,935
	P 20,625,100,501	P21,105,557,021

Interest expense from Interest-bearing loans and borrowings amounting to P63.0 million and P8.9 million in 2023 and 2021 is capitalized as part of Real Estate Inventories account in the consolidated statements of financial position. There was no similar transaction in 2022.

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the consolidated statements of comprehensive income (see Note 20), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Group's interest-bearing loans and borrowings for the years ended December 31, 2023 and 2022.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management assessment the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of Real Estate Inventories have been recognized in the consolidated financial statements.

8. FINANCIAL ASSETS AT FVOCI

The movements in the carrying amounts of financial assets at FVOCI as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P 1,339,940,000**	P 1,328,680,000
Fair value gains (losses)	**(69,812,000)**	11,260,000
Balance at end of year	**P 1,270,128,000**	P 1,339,940,000
Cost	**P 832,950,000**	P 832,950,000
Accumulated fair value gains:		
Balance at beginning of year	**506,990,000**	495,730,000
Fair value gains (losses) for the year	**(69,812,000)**	11,260,000
	437,178,000	506,990,000
Balance at end of year	**P 1,270,128,000**	P 1,339,940,000

Financial assets at FVOCI pertain to investments held by EPHI in equity securities of the Ultimate Parent Company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments as of December 31, 2023 and 2022, is categorized as Level 1 in the fair value hierarchy (see Note 31.2).

The net accumulated fair value gains or losses in financial assets at FVOCI are shown as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 26.4).

Dividend income earned amounted to P16.9 million, P13.5 million, and P7.9 million in 2023, 2022 and 2021, respectively, and is presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1).

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recognized as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7).

In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

	2023	2022
Advances to landowners:		
Balance at beginning of year	**P 136,561,076**	P 132,887,049
Additional advances	**896,556**	3,674,027
Balance at end of year	**137,457,632**	136,561,076
Advances to joint ventures:		
Balance at beginning of year	**105,094,814**	104,532,339
Additional advances	**341,900**	562,475
Balance at end of year	**105,436,714**	105,094,814
	P 242,894,346	P 241,655,890

The Group commits to developing the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2023 and 2022.

The net commitment for construction expenditures amounts to:

	2023	2022
Total commitment for construction expenditures	**P 11,205,054,936**	P 11,205,054,936
Total expenditures incurred	**(9,187,561,472)**	(9,040,058,953)
Net commitment	**P 2,017,493,464**	P 2,164,995,983

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2023 and 2022. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Group accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Group was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project. Administrative and operational functions of the project are provided by the Group and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Group and the co-joint operator.

As of December 31, 2023 and 2022, the Group has no other material contingent liabilities with regard to these joint ventures.

10. INVESTMENT IN AN ASSOCIATE AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The components of investment in an associate as of December 31 are as follows:

	2023	2022
Investments in associate at equity	**P 293,960,618**	P 293,960,618
Accumulated equity in net losses	**(14,210,046)**	(14,404,206)
Equity shares in net income for the year	**125,202**	194,160
Balance at end of year	**(14,084,844)**	(14,210,046)
	P 279,875,774	P 279,750,572

10.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues, and net loss of GPMAI as of December 31 are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Profit (Loss)
2023	**P 570,994,799**	**P 17,591,437**	**P 12,083,558**	**P -**	**P 9,758,990**	**P 792,367**
2022	P 571,330,279	P 16,546,323	P 12,166,291	P -	P 3,496,283	(P 2,283,127)
2021					P 806,380	(P 3,643,001)

The reconciliation of the summarized information to the carrying amount of the interest in GPMAI is as follows:

	2023	2022
Net assets at end of year	**P 576,502,678**	P 575,710,311
Share of GPMAI in net asset of MCPI	**(53,178,075)**	(52,650,014)
	523,324,603	523,060,297
Equity ownership interest	**47.37%**	47.37%
	247,898,864	247,773,662
Nominal goodwill	**31,976,910**	31,976,910
Balance at end of year	**P 279,875,774**	P 279,750,572

As of December 31, 2023 and 2022, there are no available fair values for this investment in an associate as this is not listed in stock markets.

Based on the assessment of the management, the investment in an associate is not impaired due to the active efforts of the Group to raise funds to push through with the associate's projects.

10.2 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material non-controlling interest (NCI) are shown below.

	Proportion of Ownership Interest and Voting Rights Held by NCI		**Subsidiary's Consolidated Loss Allocated to NCI**		**Accumulated Equity of NCI**	
Name	**2023**	2022	**2023**	2022	**December 31, 2023**	December 31, 2022
LBASSI	**27.50%**	27.50%	**(P 1,420,269)**	P 229,467	**P 76,487,607**	P 77,907,876
SPLI	**40.00%**	40.00%	**(77,978)**	(80,282)	**542,220,852**	542,298,830
PCMI	**60.00%**	60.00%	**(6,345,552)**	(4,987,750)	**2,165,563,714**	2,171,909,266

The summarized financial information of LBASSI, SPLI, and PCMI before intragroup eliminations is shown below.

	LBASSI		**SPLI**		**PCMI**	
	2023	2022	**2023**	2022	**2023**	2022
Current assets	**P 1,447,433**	P 1,546,237	**P 512,174,092**	P 512,066,542	**P2,801,397,159**	P 2,812,042,580
Non-current assets	**114,849,886**	119,105,455	**-**	-	**816,261,150**	816,261,150
Total assets	**P 116,297,319**	P 120,651,692	**P 512,174,092**	P 512,066,542	**P3,617,658,309**	P 3,628,303,730
Current liabilities	**P 2,993,188**	P 2,187,859	**P 23,320,172**	P 23,017,676	**P 8,385,460**	P 8,454,960
Non-current liabilities	**5,739,497**	5,739,497	**-**	-	**-**	-
Total liabilities	**P 8,732,685**	P 7,927,356	**P 23,320,172**	P 23,017,676	**P 8,385,460**	P 8,454,960
Equity	**P 107,564,634**	P 112,724,336	**P 488,853,920**	P 489,048,866	**P3,609,272,849**	P 3,619,848,770

	LBASSI			**SPLI**			**PCMI**		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Revenues	**P -**	P13,637,376	P30,718,352	**P -**	P -	P -	**P 891**	P 1,090	P 6,961
Net profit (loss)	**(P 3,418,165)**	P 489,467	(P10,008,978)	**(P 194,946)**	(P 200,706)	(P 196,053)	**(P 10,575,921)**	(P 8,312,916)	(P 9,953,981)
Net cash from (used) in operating activities	**P 437,616**	(P19,217,505)	(P 1,670,637)	**(P 299,740)**	(P 220,770)	(P 215,905)	**(P 263,551)**	(P 186,473)	(P 168,113)
Net cash from in investing activities	**-**	4,420,960	35,640	**-**	-	-	**-**	-	-
Net cash from (used) in financing activities	**(437,616)**	1,182,098	(6,769,053)	**376,996**	214,551	215,830	**-**	-	-
Net cash inflow(outflow)	**P -**	(P13,614,447)	(P 8,404,050)	**P 77,256**	(P 6,219)	(P 75)	**(P 263,551)**	(P 186,473)	(P 168,113)

In 2023, 2022 and 2021, LBASSI, SPLI and PCMI have not declared nor paid any dividends.

10.3 Contingent Liabilities

As of December 31, 2023 and 2022, the Group has no contingent liabilities for subsidiaries with significant non-controlling interest and associate which were incurred jointly with other investors and the Group is not severally liable for all or part of the contingent liabilities of the subsidiaries and associate.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of items of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
December 31, 2023							
Cost	P 81,095,000	P 92,376,453	P 96,912,251	P 56,926,304	P 131,770,269	P 42,663,054	P 501,743,331
Accumulated depreciation and amortization	-	(59,024,808)	(88,110,105)	(52,516,699)	(126,832,381)	(14,400,981)	(340,884,974)
Net carrying amount	**P 81,095,000**	**P 33,351,645**	**P 8,802,146**	**P 4,409,605**	**P 4,937,888**	**P 28,262,073**	**P 160,858,357**
December 31, 2022							
Cost	P 81,095,000	P 92,376,453	P 92,141,300	P 54,852,804	P 137,284,205	P -	P 457,749,762
Accumulated depreciation and amortization	-	(55,060,371)	(82,370,476)	(53,109,590)	(135,065,156)	-	(325,605,593)
Net carrying amount	P 81,095,000	P 37,316,082	P 9,770,824	P 1,743,214	P 2,219,049	P -	P 132,144,169
January 1, 2022							
Cost	P 81,095,000	P 92,464,582	P 92,141,300	P 75,801,561	P 168,164,268	P -	P 509,666,711
Accumulated depreciation and amortization	-	(52,425,906)	(78,394,715)	(71,677,802)	(162,234,280)	-	(364,732,703)
Net carrying amount	P 81,095,000	P 40,038,676	P 13,746,585	P 4,123,759	P 5,929,988	P -	P 144,934,008

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022 and 2022 is shown as follows:

	Land	Building Other and Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
Balance at January 1, 2023, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 37,316,082	P 9,770,824	P 1,743,214	P 2,219,049	P -	P 132,144,169
Additions	-	-	4,770,951	4,173,679	4,787,946	42,663,054	56,395,630
Write off	-	-	-	-	(232,766)	-	(232,766)
Depreciation and amortization charges for the year	-	(3,964,437)	(5,739,629)	(1,507,288)	(1,836,341)	(14,400,981)	(27,448,676)
Net carrying amount at December 31, 2023	**P 81,095,000**	**P 33,351,645**	**P 8,802,146**	**P 4,409,605**	**P 4,937,888**	**P 28,262,073**	**P 160,858,357**
Balance at January 1, 2022, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 40,038,676	P 13,746,585	P 4,123,759	P 5,929,988	P -	P 144,934,008
Additions	-	-	-	378,570	1,001,188	-	1,379,758
Disposal	-	(88,129)	-	(141,283)	(1,334,932)	-	(1,564,344)
Depreciation and amortization charges for the year	-	(2,634,465)	(3,975,761)	(2,617,832)	(3,377,195)	-	(12,605,253)
Net carrying amount at December 31, 2022	P 81,095,000	P 37,316,082	P 9,770,824	P 1,743,214	P 2,219,049	P -	P 132,144,169
Balance at January 1, 2021, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
Additions	-	-	4,981,649	45,893	1,509,152	-	6,536,694
Write off	-	-	(47,388,165)	-	-	-	(47,388,165)
Depreciation and amortization charges for the year	-	(4,199,888)	(11,519,054)	(4,244,280)	(6,246,885)	(9,776,703)	(35,986,810)
Derecognition of Right-of-use assets	-	-	-	-	-	(29,330,108)	(29,330,108)
Net carrying amount at December 31, 2021	P 81,095,000	P 40,038,676	P 13,746,585	P 4,123,759	P 5,929,988	P -	P 144,934,008

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

In 2023, the Group derecognized certain fully depreciated transportation equipment with a cost of P2.1 million and certain furniture and fixtures with a carrying value of P0.2 million. In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. This resulted in a loss amounting to P47.4 million in 2021 which is presented as Loss on write-off of property and equipment under Other Expenses account in the 2021 consolidated statement of comprehensive income (see Note 21.2). Subsequently, such cost of leasehold improvements were considered as part of lease credits in the Group's new lease agreement with Megaworld (see Note 17). There were no similar transactions in 2022.

The Group sold various fixed assets with total carrying value of P1.6 million in 2022 and fully depreciated office furniture and equipment in 2021. The Group received proceeds amounting to P4.6 million and P0.1 million from the sale of property and equipment and recognized gain amounting to P3.0 million, and P0.1 million in 2022, and 2021, respectively, and is presented as part of Miscellaneous under Other Income in the Revenue and Income section of the consolidated statements of comprehensive income (see Note 21.1). There were no similar transactions in 2023.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2023, 2022 and 2021 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in business amounted to P281.0 million and P218.7 million as of December 31, 2023 and 2022, respectively.

12. INTANGIBLE ASSETS

This account is composed of the following:

	Note	**2023**	2022
Goodwill	2.7	**P 979,123**	P 78,326,757
Software licenses		**33,283,184**	39,495,478
		P 34,262,307	P 117,822,235

In 2023, the Group has recognized an impairment loss on goodwill related to LBASSI amounting to P77.3 million (see Note 3.2). The remaining goodwill arose from the acquisition of VVPI.

Goodwill arising from the acquisition of subsidiaries mentioned above were recognized based on management's expected future economic benefit and synergies that will result from combining the operation of the acquired subsidiaries.

The gross carrying amounts and allowance for impairment of goodwill at the beginning and end of 2023 and 2022 are shown below.

	2023	2022
Cost	P 78,326,757	P 78,326,757
Allowance for impairment	(77,347,634)	-
Net carrying amount	P 979,123	P 78,326,757

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2023 and 2022 are shown below.

	2023	2022
Cost	P 62,122,935	P 62,122,935
Accumulated amortization	(28,839,751)	(22,627,457)
Net carrying amount	P 33,283,184	P 39,495,478

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2023, 2022 and 2021 is shown below.

	2023	2022	2021
Balance at beginning of year	P 117,822,235	P 116,628,807	P 122,100,528
Impairment loss on goodwill	(77,347,634)	-	-
Additions	-	7,405,722	-
Amortization expense for the year	(6,212,294)	(6,212,294)	(5,471,721)
Balance at end of year	P 34,262,307	P 117,822,235	P 116,628,807

The impairment loss on goodwill is presented as part of Other Expenses account, while the amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

Intangible assets are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2022 and 2021 as the recoverable amount of intangible assets determined by management is higher than its carrying value.

13. INVESTMENT PROPERTIES

The Group's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income arising from the Group's operating leases recognized for the years ended December 31, 2023, 2022 and 2021 amounted to P92.8 million, P72.4 million, and P64.9 million, respectively, and are presented as part of Rental Income in the consolidated statements of comprehensive income. There is no rental income arising from finance lease in 2023, 2022 and 2021. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P1.5 million in 2023 and 2022, and P1.1 million in 2021 and repairs and maintenance amounting to P2.6 million, P1.8 million, and P1.3 million, in 2023, 2022 and 2021, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses, and Repairs and maintenance under Other Expenses account in the consolidated statements of comprehensive income (see Note 21.2).

The rental income from the operating leases of the Group is composed of the following:

	2023	2022	2021
Fixed	**P 81,021,234**	P 60,145,927	P 52,860,119
Variable	**11,768,292**	12,284,970	12,078,452
	P 92,789,526	P 72,430,897	P 64,938,571

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2023 and 2022 are shown below.

		Held for Lease		
	Land	**Building**	**Other Properties**	**Total**
December 31, 2023				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(38,764,793)	(347,927,332)	(386,692,125)
Net carrying value	**P 1,040,000**	**P 8,509,347**	**P 577,533,064**	**P 587,082,411**
December 31, 2022				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(36,637,457)	(322,036,119)	(358,673,576)
Net carrying value	P 1,040,000	P 10,636,683	P 603,424,277	P 615,100,960
January 1, 2022				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(34,510,121)	(296,144,906)	(330,655,027)
Net carrying value	P 1,040,000	P 12,764,019	P 629,315,490	P 643,119,509

A reconciliation of the carrying amount of investment properties at the beginning and end of 2023, 2022, and 2021 is shown below.

		Held for Lease		
	Land	Building	Other Properties	Total
Balance at January 1, 2023, net of accumulated depreciation	P 1,040,000	P 10,636,683	P 603,424,277	P 615,100,960
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2023, net of accumulated depreciation	**P 1,040,000**	**P 8,509,347**	**P 577,533,064**	**P 587,082,411**
Balance at January 1, 2022, net of accumulated depreciation	P 1,040,000	P 12,764,019	P 629,315,490	P 643,119,509
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2022, net of accumulated depreciation	P 1,040,000	P 10,636,683	P 603,424,277	P 615,100,960
Balance at January 1, 2021, net of accumulated depreciation	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2021, net of accumulated depreciation	P 1,040,000	P 12,764,019	P 629,315,490	P 643,119,509

The amount of depreciation on investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses section in the consolidated statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2023, 2022 and 2021 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 31.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings from local bank is discussed below.

2023	2022	Interest Rate	Security	Maturity
P 850,000000	P 1,000,000,000	Floating rate at 9.0% subject to quarterly repricing	Unsecured	Up to 2028

In 2021, the Group obtained an interest-bearing, unsecured seven-year P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate per annum. The proceeds were used to fund the development of the Group's various real estate projects and its working capital requirements. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

The bank loan requires the Group to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2023 and 2022, the Group is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2023, 2022, and 2021 amounted to P80.4 million, P52.5 million and P57.6 million, respectively (see Note 22.2). The related interest amounting to P63.0 million and P8.9 million in 2023 and 2021, respectively, is capitalized as part of Real Estate Inventories account in the consolidated statements of financial position. There was no similar transaction in 2022 as the amount to be capitalized is not significant to the Group's consolidated financial statements. Unpaid interest as of December 31, 2023 and 2022 amounted to P11.9 million, and P10.9 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 8.04% and 2.64% in 2023 and 2021, respectively (see Note 7). There was no similar transaction in 2022.

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the consolidated statements of financial position as follows:

	2023	2022
Current	**P 200,000,000**	P 150,000,000
Non-current	**650,000,000**	850,000,000
	P 850,000,000	P 1,000,000,000

15. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**2023**	2022
Trade payable		**P 2,342,747,639**	P 1,857,373,548
Accrued expenses		**70,669,220**	33,230,969
Taxes payable		**133 ,177,197**	111,962,682
Interest payable	14	**11,939,667**	10,948,000
Miscellaneous		**200,000**	200,000
		P 2,558,733,723	P 2,013,715,199

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

Taxes payable pertains to withholding taxes payable and other statutory payables such as SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

	2023	2022
Advances from customers	**P3,884,867,069**	P 3,248,279,156
Other deposits	**1,255,908,906**	1,237,425,342
	P5,140,775,975	P 4,485,704,498

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. LEASES

In 2021, the Group pre-terminated the contract with Megaworld for its leased asset located in Taguig. The lease term of this asset, based on the original contract, is for five years from January 1, 2018 to December 31, 2022. The Group has fully vacated the 12th floor in June 2021. Accordingly, the related lease liabilities and right-of-use assets were derecognized as of June 30, 2021. The gain on lease modification amounting to P4.1 million in 2021 is presented as part of Miscellaneous under Other Income in the 2021 consolidated statement of comprehensive income (see Note 21.1). There was no similar transaction in 2023 and 2022.

In 2023, the Group entered into leases its office spaces with remaining lease terms of one year and four years and is presented as Right-of-use assets under Property and Equipment. No lease liabilities were recognized due to lease credits granted to the Group amounting to P106.1 million. Such lease credits represent the cost of leasehold improvements and expenses incurred by the Group in its previously pre-terminated lease agreement with Megaworld, which was later on reimbursed by way of application to the Group's future lease payments to Megaworld (see Note 11). The total lease credits is presented as part of Other Income in the 2023 consolidated statement of comprehensive income while the remaining lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 consolidated statement of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contracts.

The Group has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The December 31, 2023, 2022, and 2021 expenses relating short-term leases amounted to P13.0 million, P13.5 million and P11.1 million, respectively, are presented as Rentals under Other Expenses account in the consolidated statements of comprehensive income (see Notes 21.2).

18. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

	Notes	2023	2022
Retention payable		**P 694,122,718**	P 596,550,002
Refund liability	21.2	**287,636,550**	231,704,512
Refundable deposits	28.1	**48,934,172**	51,921,936
Miscellaneous		**11,546,845**	11,546,845
		P 1,042,240,285	P 891,723,295

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2023, 2022, and 2021 amounted to P57.8 million, P44.2 million, and P34.1 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the consolidated statement of comprehensive income (see Note 21.2).

19. REAL ESTATE SALES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and other income. An analysis of the Group's real estate sales is presented below.

	2023	2022	2021
Geographical areas			
Within Metro Manila	**P 3,439,460,043**	P 3,130,268,670	P 2,740,174,242
Outside Metro Manila	**558,078,226**	669,696,970	882,633,270
	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512
Types of product or services			
Residential condominium	**P 3,651,882,437**	P 3,566,584,650	P 3,383,909,085
Residential lots and house and lots	**345,655,832**	233,380,990	238,898,427
	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512

19.2 Contract Accounts

a. Contract Assets

The Group's contract assets are classified as follows:

	2023	2022
Current	**P 2,534,011,730**	P 2,565,004,858
Non-current	**207,184,338**	18,108,521
	P 2,741,196,068	P 2,583,113,379

The significant changes in the contract assets balance as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P2,583,113,379**	P2,052,948,246
Transfers from contract assets recognized at the beginning of year to trade receivables	**(973,875,208)**	(406,301,982)
Increase as a result of changes in measurement of progress	**1,131,957,897**	936,467,115
Balance at end of year	**P2,741,196,068**	P2,583,113,379

b. Contract Liabilities

The Group's contract liabilities are classified as follows:

	2023	2022
Current	**P 96,357,478**	P 206,007,855
Non-current	**160,409,459**	102,847,590
	P 256,766,937	P 308,855,445

The significant changes in the contract liabilities balance as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P 308,855,445**	P 280,570,040
Revenue recognized that was included in contract liabilities at the beginning of year	**(24,870,126)**	(43,760,416)
Increase (decrease) due to cash received in excess of performance to date	**(27,218,382)**	72,045,821
Balance at end of year	**P 256,766,937**	P 308,855,445

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its revenue contracts. The total amount of amortization for 2023, 2022, and 2021 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movements in balances of deferred commission in 2023 and 2022 are presented below.

	2023	2022
Balance at beginning of year	**P 286,738,125**	P 258,991,994
Additional capitalized cost	**120,344,045**	68,774,109
Amortization for the year	**(53,768,983)**	(41,027,978)
Balance at end of year	**P 353,313,187**	P 286,738,125

19.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2023 and 2022 is P4.7 billion and P4.8 billion, respectively. As of December 31, 2023 and 2022, the Group expects to recognize revenue from unsatisfied contracts as presented below.

	2023	2022
Within a year	**P 2,061,764,238**	P 2,155,660,579
More than one year to three years	**2,083,346,476**	1,926,874,236
More than three years to five years	**546,532,407**	706,888,474
Balance at end of year	**P 4,691,643,121**	P 4,789,423,289

20. COST OF REAL ESTATE SALES

The breakdown of the cost of real estate sales are as follows (see Note 7):

	2023	2022	2021
Contracted services	**P 2,097,483,149**	P 1,902,020,736	P 1,999,791,892
Land cost	**286,217,315**	234,409,831	141,689,559
Borrowing cost	**75,798,696**	40,525,285	64,641,192
Other costs	**37,889,224**	51,065,163	22,579,048
	P 2,497,388,384	P 2,228,021,015	P 2,228,701,691

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

	Notes	**2023**	2022	2021
Forfeited collections and deposits		**P 247,937,294**	P131,996,577	P 108,278,701
Income from lease credits	17	**106,091,000**	-	-
Marketing and management fees	25.2	**115,119,420**	145,106,942	217,030,237
Tuition and miscellaneous fees		**-**	13,637,376	30,718,352
Miscellaneous	11, 17	**4,292,176**	5,534,273	14,625,400
		P 473,439,890	P296,275,168	P 370,652,690

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers, net of any loss on cancellations. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include manning charges, gain on lease modification, registration fees, medical and dental fees, laboratory fees, energy fees, and other fees charged to students upon enrollment.

21.2 Other Expenses

The breakdown of this account is shown below.

	Notes	2023	2022	2021
Impairment loss on goodwill	12	**P 77,347,634**	P -	P -
Provision for refund liability	18	**57,795,155**	44,213,877	34,146,764
Utilities		**15,360,839**	14,893,935	16,547,622
Rentals	17	**12,955,227**	13,487,284	11,063,149
Professional fees	25.3	**12,093,101**	5,400,740	7,828,036
Security services		**11,099,402**	7,201,534	12,612,638
Repairs and maintenance	13	**10,152,921**	6,431,019	7,319,177
Training, seminars and other benefits		**6,915,628**	1,598,349	5,181,104
Insurance		**6,674,259**	4,279,546	5,244,089
Janitorial services		**5,525,555**	10,916,172	4,644,068
Marketing events and awards		**4,827,844**	2,124,595	248,865
Computer license subscription		**4,413,127**	5,303,189	3,509,699
Office supplies		**2,189,651**	1,920,155	4,441,652
Documentation		**1,620,282**	1,080,904	1,087,533
Representation		**208,212**	298,346	76,844
Loss on write-off of property and equipment	11	**-**	-	47,388,165
Outside services		**-**	-	132,855
Miscellaneous		**5,294,011**	3,092,286	8,321,808
		P 234,472,848	P 122,241,931	P 169,794,068

Miscellaneous expenses include bank charges, motor vehicle registration and others.

Loss on write-off of property and equipment pertains to the loss on derecognized leasehold improvements in 2021. There was no similar transaction in 2023 and 2022 (see Note 11).

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below.

	Notes	2023	2022	2021
Interest income:				
Advances to related parties	25.1	**P 341,017,636**	P 302,459,256	P 268,277,015
Cash and cash equivalents	5	**80,949,550**	30,753,942	12,170,714
Trade and other receivables	6	**27,007,752**	26,482,239	18,790,091
Tuition fees		**-**	223,759	659,838
Amortization of day-one loss on noninterest-bearing financial instruments	6	**121,259,226**	117,776,313	102,052,503
Dividend income	8	**16,890,000**	13,512,000	7,882,000
Foreign currency gain - net		**315,709**	169,007	27,150
		P 587,439,873	P 491,376,516	P 409,859,311

22.2 Finance Costs

The breakdown of finance costs is shown below.

	Notes	2023	2022	2021
Interest expense on advances from related parties	25.1	**P 370,332,612**	P 340,333,360	P 312,167,217
Bank loans	14	**17,360,365**	52,478,297	48,647,239
Net interest expense on post-employment defined benefit obligation	23.2	**3,399,996**	5,994,727	6,544,044
		P 391,092,973	P 398,806,384	P 367,358,500

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2023	2022	2021
Short-term benefits		**P 407,014,182**	P 369,691,292	P 378,170,113
Post-employment benefits	23.2	**24,088,024**	28,811,301	31,941,909
		P 431,102,206	P 398,502,593	P 410,112,022

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially funded, tax qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of final monthly salary for every year of credited service but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented on the succeeding pages are based on the latest actuarial valuation reports obtained from independent actuaries.

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

	2023	2022
Present value of the obligation	**P 577,559,995**	P 429,740,305
Fair value of the assets	**(423,561,403)**	(362,019,803)
	P 153,998,592	P 67,720,502

The movements in the present value of the post-employment DBO recognized in the books are as follows:

	2023	2022
Balance at beginning of year	**P 429,740,305**	P 462,835,851
Interest expense	**32,071,256**	23,427,638
Current service cost	**24,088,024**	28,811,301
Remeasurements:		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**99,593,708**	(81,517,258)
Changes in demographic assumptions	**4,141,883**	(21,939,946)
Experience adjustments	**(1,680,455)**	34,571,389
Benefits paid	**(10,394,726)**	(16,448,670)
Balance at end of year	**P 577,559,995**	P 429,740,305

In 2021, the Group did not engage the services of an actuary for RBO valuation for LBASSI and has derecognized its related RBO as the Group is not expecting anymore to pay the retirement obligation of the employees due to the management's decision to cease the operations of Laguna Bel Air Science School taking effect after school year 2021-2022. Instead, the Group has accrued the severance pay as of December 31, 2021 amounting to P14.1 million and is presented as part of Other Current Liabilities in the 2021 consolidated statement of financial position, and as part of Salaries and Employee Benefits under Costs and Expenses section in the 2021 consolidated statement of comprehensive income. This was settled in 2022.

The movements in the fair value of plan assets are presented below.

	2023	2022
Balance at beginning of year	**P 362,019,803**	P 326,196,044
Actual contribution	**53,500,000**	50,500,000
Interest income	**28,671,260**	17,432,911
Loss on plan assets (excluding amounts included in net interest)	**(10,234,934)**	(15,660,482)
Benefits paid	**(10,394,726)**	(16,448,670)
Balance at end of year	**P 423,561,403**	P 362,019,803

The fair value of plan assets is composed of the following (in millions):

	2023	2022
Cash and cash equivalents	**P 336.9**	P 206.3
Investment in government issued debt securities	**86.7**	155.7
	P 423.6	P 362.0

The plan assets earned a return of P18.4 million, P1.8 million and 1.5 million in 2023, 2022 and 2021, respectively.

As of December 31, 2023 and 2022, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

The components of amounts recognized in the consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	2023	2022	2021
Reported in profit or loss:				
Current service cost	23.1	**P 24,088,024**	P 28,811,301	P 31,941,909
Net interest expense	22.2	**3,399,996**	5,994,727	6,544,044
		P 27,488,020	P 34,806,028	P 38,485,953
Reported in other comprehensive income (loss):				
Actuarial gains (losses) arising from:				
- changes in financial assumptions		**(P 99,593,708)**	P 81,517,258	P 49,530,354
- demographic assumption		**(4,141,883)**	21,939,946	183,196
- experience adjustments		**1,680,455**	(34,571,389)	2,837,531
Loss on plan assets (excluding amounts included in net interest)		**(10,234,934)**	(15,660,482)	(10,233,460)
		(P 112,290,070)	P 53,225,333	P 42,317,621

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 23.1) while the amounts of net interest expense are included under Finance Costs under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 22.2).

The amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2023	2022	2021
EELHI:			
Discount rates	**6.56%**	7.54%	5.08%
Expected rate of salary increases	**6.00%**	4.00%	4.00%
EPHI:			
Discount rates	**6.04%**	7.10%	4.98%
Expected rate of salary increases	**6.81%**	6.16%	6.72%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Company; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 to 65 for both males and females is shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	27
EPHI	60	17

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment and interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and on the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2023			
EELHI			
Discount rate	**+7.0%/-8.1%**	**(P 33,690,228)**	**P 39,049,479**
Salary increase rate	**+8.0%/-7.1%**	**38,876,517**	**(34,155,083)**
EPHI			
Discount rate	**+/-0.5%**	**(3,296,529)**	**3,561,268**
Salary increase rate	**+/-1.0%**	**6,598,703**	**(6,065,819)**
2022			
EELHI			
Discount rate	+5.7%/-6.5%	(P 20,280,395)	P 23,196,685
Salary increase rate	+6.7%/-6.0%	23,798,351	(21,114,661)
EPHI			
Discount rate	+/-0.5%	(2,649,516)	2,854,747
Salary increase rate	+/-1.0%	5,688,030	(4,997,622)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plans are currently underfunded by P154.0 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 10 to 20 years' time when a significant number of employees is expected to retire.

The Group expects to make a contribution of at least P53.5 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows:

	2023	2022
Within one year	**P 233,389,173**	P 190,032,920
More than one year to five years	**69,425,699**	94,477,223
More than five years to 10 years	**250,680,503**	149,769,754
More than 10 years to 15 years	**47,848,610**	62,012,644
More than 15 years to 20 years	**108,613,342**	78,962,537
More than 20 years	**151,371,858**	157,270,110
	P 861,329,185	P 732,525,188

The weighted average duration of the DBO at the end of the reporting period is 7.5 to 15 years.

24. TAX EXPENSE

The components of tax expense (income) reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below.

	2023	2022	2021
Reported in profit or loss:			
Current tax expense:			
RCIT at 25%, 20% and 10% in 2023 and 25%, 20% and 1% in 2022 and 2021	**P 92,737,922**	P 138,094,908	P 166,838,539
Final tax at 20%, 15% and 7.5%	**16,154,222**	6,134,086	2,430,078
	108,892,144	144,228,994	169,268,617
Effect of the change in income tax rate	**-**	-	(12,387,572)
	108,892,144	144,228,994	156,881,045
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**111,107,012**	96,975,866	23,877,945
Effect of the change in income tax rate	**-**	-	(360,470,182)
	111,107,012	96,975,866	(336,592,237)
	P 219,999,156	P 241,204,860	(P 179,711,192)
Reported in other comprehensive income or loss –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**(P 28,072,519)**	P 13,306,334	P 10,579,405
Effect of the change in income tax rate	**-**	-	(8,232,178)
	(P 28,072,519)	P 13,306,334	P 2,347,227

LBASSI, as an educational institution, is subject to 10% tax rate on its taxable income as defined under the tax regulations of the National Internal Revenue Code Section 27(B).

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense (income) as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

	2023	2022	2021
Tax on pre-tax profit at 25%, 20% and 10% in 2023 and 25%, 20% and 1% in 2022 and 2021	**P 264,703,460**	P 239,018,108	P 155,763,572
Adjustment for income subjected to lower income tax rates	**(4,083,157)**	(1,553,446)	(609,822)
Tax effects of:			
Non-taxable income on forfeited collections	**(48,230,566)**	(285,708)	(979,719)
Non-deductible interest expense	**4,046,398**	1,536,540	606,888
Non-deductible taxes and licenses	**3,292,722**	2,710,567	12,959,407
Changes in tax rates due to CREATE Law	**-**	-	(372,857,754)
Non-deductible loss on derecognition of property and equipment	**-**	-	11,847,041
Write-off of net deferred tax assets related to lease pre-termination	**-**	-	9,829,898
Others - net	**270,299**	(221,201)	3,729,297
	P 219,999,156	P 241,204,860	(P 179,711,192)

The net deferred tax liabilities as of December 31 relate to the following:

	Consolidated Statements of Financial Position		**Consolidated Statement of Profit or Loss**		
	2023	2022	**2023**	2022	2021
Deferred tax assets:					
Provision for refund liability	**P 71,909,137**	P 57,926,128	**(P 13,983,010)**	(P 10,355,166)	(P 441,182)
Retirement benefit obligation	**38,499,648**	16,930,126	**6,502,996**	3,923,492	21,534,264
Lease liability	**-**	-	**-**	-	17,893,260
	110,408,785	74,856,254	**(7,480,014)**	(6,431,674)	38,986,342
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,033,618,301)**	(1,906,236,495)	**127,381,806**	122,945,667	(292,847,817)
Deferred commission	**(88,328,299)**	(71,684,532)	**16,643,766**	6,936,533	7,138,650
Capitalized borrowing cost	**(52,603,596)**	(85,144,335)	**(32,540,740)**	(26,510,125)	(81,021,530)
Right of use assets – net	**(7,065,519)**	-	**7,065,519**	-	(9,030,393)
Unrealized foreign exchange loss - net	**(78,928)**	(42,253)	**36,675**	35,465	182,511
	(2,181,694,643)	(2,063,107,615)	**118,587,026**	103,407,540	(375,578,579)
Net Deferred Tax Expense (Income)			**P 111,107,012**	P 96,975,866	(P 336,592,237)
Net Deferred Tax Liabilities	**(P 2,071,285,858)**	(P 1,988,251,361)			

The deferred tax expense (income) presented in Other Comprehensive Income (Loss) section in the consolidated statements of comprehensive income pertains to the tax effect of remeasurements of retirement benefit obligation and change in income tax rates due to CREATE Law in 2021 which resulted to a tax income amounting to P28.1 million in 2023, and a tax expense amounting to P13.3 million, and P2.3 million in 2022 and 2021, respectively.

In 2023 and 2022, the Group is subject to the minimum corporate income tax (MCIT), which is computed at 2% and 1% of gross income (increased to 2% on July 1, 2023), as defined under the tax regulations, or RCIT, whichever is higher.

Presented below are the details of the Group's remaining NOLCO, which can be claimed as deductions from future taxable profit within three to five years from the year the tax loss was incurred. NOLCO incurred for the taxable years 2021 and 2020 can be claimed as a deduction from the future taxable income until 2026 and 2025, respectively, in accordance with R.A. 11494, *Bayanihan to Recover as One Act.*

Year	Original Amount	Expired Amount	Remaining Balance	Valid Until
2023	P 17,389,551	P -	P 17,389,551	2026
2022	9,319,501	-	9,319,501	2025
2021	28,708,937	-	28,708,937	2026
2020	11,885,277	-	11,885,277	2025
	P 67,303,266	**P -**	**P 67,303,266**	

PCMI, LBASSI, EECI, SPLI, SOHI, VVPI and 20th Century did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2023 for which the related deferred tax asset has not been recognized amounted to a total of P17.4 million with a total tax effect of P3.4 million.

In 2023, 2022 and 2021, the Group opted to claim itemized deductions in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, the Parent Company, related parties under common ownership, associate, key management personnel, and the Group's retirement plan as described on the succeeding pages.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Parent Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Group's significant transactions and outstanding balances with its related parties are as follows:

Related Party Category	Notes	Amount of Transactions 2023	2022	2021	Outstanding Balance 2023	2022
Ultimate Parent:						
Financial assets at FVOCI	8	**(P 69,812,000)**	P 11,260,000	P 135,120,000	**P1,270,128,000**	P1,339,940,000
Dividend income	8, 22.1	**16,890,000**	13,512,000	7,882,000	**16,890,000**	13,512,000
Parent:						
Right-of-use assets	11	**14,400,981**	-	-	**28,262,073**	-
Lease credits	17	**106,091,000**	-	-	**63,427,946**	-
Availment of advances	25.1, 25.4	**(344,877,241)**	(311,070,804)	(294,516,893)	**(5,354,893,778)**	(5,010,016,537)
Rendering of services	25.2	**37,121,681**	29,635,160	45,075,231	**665,483,335**	659,753,900
Obtaining of services	25.3	**1,244,880**	1,037,400	1,781,940	**-**	-
Associate –						
Availment of advances	25.1	**2,817,756**	2,211,467	1,459,030	**(378,861,199)**	(381,678,955)
Under common ownership:						
Granting of advances	25.1	**382,876,193**	336,882,017	319,041,705	**5,467,534,052**	5,084,657,859
Rendering of services	25.2	**114,489,030**	145,222,308	196,108,971	**44,119**	44,119
Repayment of advances - net	25.1	**45,000,000**	40,000,000	35,000,000	**(327,981,690)**	(372,981,690)
Key management personnel –						
Compensation	25.5	**84,889,579**	83,854,398	76,187,205	**-**	-

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from interest-bearing and noninterest-bearing advances, joint venture agreements, lease of property and cash advances to related party are unsecured, collectible, or payable on demand, and are generally settled in cash or through offsetting arrangements with the related parties (see Note 30.2).

There were no impairment losses recognized on the outstanding receivables from related parties in 2023, 2022 and 2021based on management's ECL assessment.

25.1 Advances to and from Related Parties

The Group grants to and obtains unsecured advances from its Parent company, associate and other related parties for working capital purposes.

The Advances to Related Parties account represents the outstanding balances arising from cash advances granted by the Group to certain related parties under common ownership. Some of the advances to related parties are interest-bearing with interest rates ranging from 12.00% to 15.00% both in 2023 and 2022. The interest income arising from these interest-bearing advances is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.1). The change in the Advances to Related Parties account are shown in the succeeding page.

	Note	2023	2022
Balance at beginning of year		**P 5,084,657,859**	P 4,747,775,842
Interest income	22.1	**341,017,636**	302,459,256
Additional advances		**41,858,557**	49,432,432
Collections		**-**	(15,000,000)
Offset against advances		**-**	(9,671)
Balance at end of year		**P 5,467,534,052**	P 5,084,657,859

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its Parent Company, associate, and certain related parties under common ownership. Some of the advances from related parties are interest-bearing with interest rates ranging from 7.00% to 12.00% both in 2023 and 2022. The details as of December 31 are as follow:

	2023	2022
Parent	**P 5,354,893,778**	P 5,010,016,537
Associate	**378,861,199**	381,678,955
Related parties under common ownership	**327,981,690**	372,981,690
	P 6,061,736,667	P 5,764,677,182

The movements in the Advances from Related Parties account is shown below.

	2023	2022
Parent:		
Balance at beginning of year	**P 5,010,016,537**	P 4,698,945,733
Accrued interests	**349,390,876**	316,098,291
Additions	**5,759**	-
Repayments	**(4,519,394)**	(5,027,487)
Balance at end of year	**P 5,354,893,778**	P 5,010,016,537
Associate:		
Balance at beginning of year	**P 381,678,955**	P 383,890,422
Repayments	**(2,817,756)**	(2,211,467)
Balance at end of year	**P 378,861,199**	P 381,678,955
Other related parties under common ownership:		
Balance at beginning of year	**P 372,981,690**	P 412,981,690
Repayments	**(65,941,736)**	(64,235,069)
Accrued interests	**20,941,736**	24,235,069
Balance at end of year	**P 327,981,690**	P 372,981,690

Cash advances from Parent company and other related parties under common ownership bear fixed interest rate ranging between 7% and 12% per annum in 2023, 2022 and 2021. Interest expense is presented as part of Finance Costs account in the consolidated statements of comprehensive income (see Note 22.2).

25.2 Rendering of Services

The summary of services offered by the Group is presented below.

	Amount of Transactions		
	2023	2022	2021
Management services	**P 80,287,703**	P 113,133,951	P 165,548,490
Commission income	**37,121,681**	29,635,160	45,075,231
Lease of property	**34,201,327**	32,088,357	30,560,481
	P 151,610,711	P 174,857,468	P 241,184,202

The Group handled the administrative functions of certain related parties under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recognized as part of Marketing and management fees under Other Income account in the consolidated statements of comprehensive income (see Note 21.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized is presented as Commission Income under Revenues and Income section in the consolidated statements of comprehensive income. The outstanding receivables related to these transactions are presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group leases certain investment property to a related party under common ownership in 2023, 2022, and 2021. The revenues earned from the lease are included as part of Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income (see Note 28.1). The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Obtaining of Services

The Group incurred management fees for accounting and marketing services obtained from its Parent Company amounting to P1.2 million, P1.0 million and P1.8 million in 2023, 2022, and 2021, respectively, and is presented as part of Professional Fees under Other Expenses in the consolidated statements of comprehensive income (see Note 21.2). There was no outstanding payable from this transaction as of December 31, 2023 and 2022.

25.4 Joint Development Agreement with Parent Company

The Group, together with Megaworld, executed a joint development agreement for the development of a mixed-use condominium project; whereby the Group shall contribute land and the Parent company shall develop and sell the property. The entities shall be entitled to a certain percentage of the total saleable area based on the agreed sharing. The land contributed to the joint venture is presented as part of the Real Estate Inventories under Property development cost in the consolidated statements of financial position (see Note 7). As of the end of the reporting period, the property is still being developed and there are no profits received yet from this agreement.

25.5 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

	2023	2022	2021
Short-term benefits	**P 64,860,294**	P 59,695,978	P 52,003,759
Post-employment benefits	**20,029,285**	24,158,420	24,183,446
	P 84,889,579	P 83,854,398	P 76,187,205

These are presented as part of Salaries and Employee Benefits account under Cost and Expenses section in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2022, and 2021 (see Note 23.1).

25.6 Retirement Plan

The Group has a formal retirement plan established separately for EELHI and EPHI. The Group's retirement fund for its post-employment defined benefit plan is administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2023 and 2022 are presented in Note 23.2. As of December 31, 2023 and 2022, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

26. EQUITY

26.1 Capital Stock

Capital stock as of December 31, 2023 and 2022 consists of:

	No. of Shares	Amount
Common shares – P1 par value		
Authorized	31,495,200,000	P31,495,200,000
Issued	14,803,455,238	P14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.73% ownership interest in the Group as of December 31, 2023 and 2022.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2023 and 2022.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2023, 2022, and 2021, there are 12,297, 12,336 and 12,360 shareholders of the listed shares, respectively. The shares were listed and closed at a price of P0.13, P0.19 and P0.25 per share as of December 29, 2023 and 2022 and December 31, 2021, respectively.

26.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts in 2023 and 2022.

26.3 Treasury Stock

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of December 31, 2023 and 2022, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Group.

26.4 Revaluation Reserves

Revaluation reserves of the Group are composed of re-measurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI (see Notes 8 and 23.2).

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	Financial Assets at FVOCI (see Note 8)	**Retirement Benefit Obligation** (see Note 23.2)	**Total**
Balance as of January 1, 2023	P 506,990,000	P 194,664,277	P 701,654,277
Remeasurement of retirement benefit obligation	-	(112,290,070)	(112,290,070)
Fair value losses on FVOCI	(69,812,000)	-	(69,812,000)
Other comprehensive loss before tax for the year	(69,812,000)	(112,290,070)	(182,102,070)
Tax income	-	28,072,519	28,072,519
Other comprehensive loss after tax for the year	(69,812,000)	(84,217,551)	(154,029,551)
Balance as of December 31, 2023	**P 437,178,000**	**P 110,446,726**	**P 547,624,726**
Balance as of January 1, 2022	P 495,730,000	P 154,745,278	P 650,475,278
Remeasurement of retirement benefit obligation	-	53,225,333	53,225,333
Fair value gains on FVOCI	11,260,000	-	11,260,000
Other comprehensive income before tax for the year	11,260,000	53,225,333	64,485,333
Tax expense	-	(13,306,334)	(13,306,334)
Other comprehensive income after tax for the year	11,260,000	39,918,999	51,178,999
Balance as of December 31, 2022	P 506,990,000	P 194,664,277	P 701,654,277
Balance as of January 1, 2021	P 360,610,000	P 114,550,800	P 475,160,800
Remeasurement of retirement benefit obligation	-	42,317,621	42,317,621
Fair value gains on FVOCI	135,120,000		135,120,000
Other comprehensive income before tax	135,120,000	42,317,621	177,437,621
Tax expense	-	(2,347,227)	(2,347,227)
Other comprehensive income after tax	135,120,000	39,970,394	175,090,394
Losses transferred to retained earnings	-	224,084	224,084
Balance as of December 31, 2021	P 495,730,000	P 154,745,278	P 650,475,278

26.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary (see Note 1.1).

26.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

27. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

	2023	2022	2021
Net profit attributable to parent Group's shareholders	**P 765,784,371**	P 720,214,688	P 805,765,516
Number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**P 0.052**	P 0.049	P 0.055

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2023, 2022 and 2021.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Operating Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and parking spaces.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Refundable deposits under Other Current Liabilities in the consolidated statements of financial position (see Note 18).

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. This consists of fixed lease payments with terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

	2023	2022	2021
Within one year	**P 87,091,504**	P 60,486,736	P 66,308,551
After one year but not more than two years	**66,419,329**	30,607,954	41,452,326
After two years but not more than three years	**57,583,883**	19,311,320	17,646,880
After three years but not more than four years	**48,775,972**	15,485,223	16,162,471
After four years but not more than five years	**22,599,392**	6,566,925	16,407,851
More than five years	**-**	1,004,708	7,881,318
	P 282,470,080	P 133,462,866	P 165,859,397

The total rentals from these operating leases amounted to about P107.5 million, P89.6 million, and P82.4 million in 2023, 2022, and 2021, respectively, which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Legal Claims

As of December 31, 2023, and 2022, the Group does not have any litigations within and outside the normal course of its business.

28.3 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P1,520 million and P3,020 million as of December 31, 2023 and 2022, respectively. The Group has unused lines of credit amounting to P520.0 million and P2,020 million as of December 31, 2023 and 2022, respectively.

28.4 Capital Commitments

As of December 31, 2023, and 2022, the Company has commitments amounting to P2.0 billion and P2.2 billion for the construction expenditures in relation to the Company's joint venture (see Note 9).

28.5 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which is not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements, taken as a whole.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Group is exposed to are described below and on the succeeding pages.

29.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, and interest rate risk which results from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the consolidated financial statements as of December 31, 2023 and 2022 (see Note 22.1). The Group has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2023 and 2022, the Group has an outstanding long-term loan with a variable interest rate (see Note 14).

The Group's ratio of fixed to floating rate debt stood at 0.25:1.00 as of December 31, 2021. There is no fixed rate debt in 2023 and 2022.

The sensitivity of the consolidated net results and consolidated equity in 2021 to a reasonably possible change of 1.6% in floating rates is P16.2 million and P12.1 million, respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

At December 31, 2023 and 2022, the Group is exposed to other changes in market interest through its cash and cash equivalents and other fixed rate long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility of 9.0% and 7.1% has been observed during 2023 and 2022, respectively. The impact on the Group's consolidated other comprehensive income and consolidated equity would have increased or decreased by P120.4 million and P94.7 million in 2023 and 2022, respectively.

The investments in quoted equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor. The Group is not subject to commodity price risk.

29.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	Notes	2023	2022
Cash and cash equivalents	5	**P 3,717,469,500**	P 3,437,787,004
Trade and other receivables - net (excluding advances to suppliers and contractors and advances to condominium associations)	6	**9,798,369,760**	7,969,771,442
Contract assets	19.2	**2,741,196,068**	2,583,113,379
Advances to related parties	25.1	**5,467,534,052**	5,084,657,859
		P 21,724,569,380	P 19,075,329,684

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables, as described below and on the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

Trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Group considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from real estate sales. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented in the below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2023				
Contract assets	P 2,741,196,068	P 11,392,051,862	P -	P 2,741,196,068
Contract receivables	7,702,542,915	20,562,776,892	-	7,702,542,915
	P 10,443,738,983	**P 31,954,828,754**	**P -**	**P 10,443,738,983**
2022				
Contract assets	P 2,583,113,379	P 14,261,081,200	P -	P 2,583,113,379
Contract receivables	5,984,020,386	20,269,299,296	-	5,984,020,386
	P 8,567,133,765	P 34,530,380,496	P -	P 8,567,133,765

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay [see Note 29.2(c)]. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

	2023	2022
Not more than three months	**P 190,494,813**	P 158,304,820
More than three months but not more than six months	**312,624,389**	263,658,359
More than six months but Not more than one year	**340,066,126**	294,647,279
More than one year	**124,782,369**	105,050,474
	P 967,967,697	P 821,660,932

(c) *Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties*

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of December 31, 2023 and 2022, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2023 and 2022.

	Neither Past Due nor Specifically Impaired			**Past Due but Not Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
2023					
Cash and cash equivalents	P 3,717,469,500	P -	P -	P -	P 3,717,469,500
Trade and other receivables	-	8,830,402,063	-	967,967,697	9,798,369,760
Contract assets	-	2,741,196,068	-	-	2,741,196,068
Advances to related parties	-	5,467,534,052	-	-	5,467,534,052
	P 3,717,469,500	**P 17,039,132,183**	**P -**	**P 967,967,697**	**P 21,724,569,380**
2022					
Cash and cash equivalents	P 3,437,787,004	P -	P -	P -	P 3,437,787,004
Trade and other receivables	-	7,148,110,510	-	821,660,932	7,969,771,442
Contract assets	-	2,583,113,379	-	-	2,583,113,379
Advances to related parties	-	5,084,657,859	-	-	5,084,657,859
	P 3,437,787,004	P 14,815,881,748	P -	P 821,660,932	P 19,075,329,684

The Group uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

29.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2023, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Year	More than Five Years	Total
Interest-bearing loans and borrowings	P 267,173,167	P 743,585,917	P -	P 1,010,759,084
Trade and other payables	2,425,556,526	-	-	2,425,556,526
Advances from related parties	6,061,736,667	-	-	6,061,736,667
Other current liabilities	1,030,693,440	-	-	1,030,693,440
	P9,785,159,800	**P 743,585,917**	**P -**	**P10,528,745,717**

As at December 31, 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Year	More than Five Years	Total
Interest-bearing loans and borrowings	P 216,098,550	P 924,963,600	P 50,332,350	P 1,191,394,500
Trade and other payables	1,901,752,517	-	-	1,901,752,517
Advances from related parties	5,764,677,182	-	-	5,764,677,182
Other current liabilities	880,176,450	-	-	880,176,450
	P8,762,704,699	P 924,963,600	P 50,332,350	P 9,738,000,649

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of each reporting period.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	**2023** Carrying Amounts	Fair Values	2022 Carrying Amounts	Fair Values
Financial assets					
Financial assets at amortized cost					
Cash and cash equivalents	5	**P 3,717,469,500**	**P 3,717,469,500**	P 3,437,787,004	P 3,437,787,004
Trade and other receivables - net	6	**9,798,369,760**	**9,971,246,943**	7,969,771,442	8,091,030,668
Contract assets	19.2	**2,741,196,068**	**2,741,196,068**	2,583,113,379	2,583,113,379
Advances to related parties	25.1	**5,467,534,052**	**5,467,534,052**	5,084,657,859	5,084,657,859
		21,724,569,380	**21,897,446,563**	19,075,329,684	19,196,588,910
Financial assets at FVOCI	8	**1,270,128,000**	**1,270,128,000**	1,339,940,000	1,339,940,000
		P 22,994,697,380	**P 23,167,574,563**	P 20,415,269,684	P 20,536,528,910
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	**P 850,000,000**	**P 850,000,000**	P 1,000,000,000	P 1,000,000,000
Trade and other payables	15	**2,425,556,526**	**2,425,556,526**	1,901,752,517	1,901,752,517
Advances from related parties	25.1	**6,061,736,667**	**6,061,736,667**	5,764,677,182	5,764,677,182
Other current liabilities	18	**1,030,693,440**	**1,030,693,440**	880,176,450	880,176,450
		P 10,367,986,633	**P 10,367,986,633**	P 9,546,606,149	P 9,546,606,149

Management considers that the fair values of the above enumerated financial assets and financial liabilities measured at amortized costs approximate their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		
	Financial assets	Financial liabilities set-off		Financial instruments	Collateral received	Net amount
December 31, 2023						
Advances to related parties	**P 5,467,534,052**	**P -**	**P 5,467,534,052**	**P -**	**P -**	**P 5,467,534,052**
December 31, 2022						
Advances to related parties	P 5,084,667,530	(P 9,671)	P 5,084,657,859	P -	P -	P 5,084,657,859

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		
	Financial liabilities	Financial assets set-off		Financial instruments	Collateral provided	Net amount
December 31, 2023						
Interest-bearing loans and borrowings	P 850,000,000	P -	P 850,000,000	(P 243,849,512)	P -	P 606,150,488
Advances from related parties	6,061,736,667	-	6,061,736,667	-	(42,945)	6,061,693,722
	P 6,911,736,667	**P -**	**P 6,911,736,667**	**(P 243,849,512)**	**(P 42,945)**	**P 6,667,844,210**
December 31, 2022						
Interest-bearing loans and borrowings	P 1,000,000,000	P -	P 1,000,000,000	(P 124,599,560)	P -	P 875,400,440
Advances from related parties	5,764,677,182	-	5,764,677,182	-	(60,402)	5,764,616,780
	P 6,764,677,182	P -	P 6,764,677,182	(P 124,599,560)	(P 60,402)	P 6,640,017,220

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

The Group has cash in a local bank to which it has an outstanding loan (see Note 14). In case of the Group's default on loan amortization, cash in bank amounting to P243.9 million and P124.6 million can be applied against its outstanding loans from the bank amounting to P850.0 million and P1,000 million as of December 31, 2023 and 2022, respectively.

31. FAIR VALUE MEASUREMENT AND DISCLOSURES

31.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown below.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

31.2 Financial Instruments Measured at Fair Value

As of December 31, 2023 and 2022, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period (see Note 8). There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2023 and 2022. There were no transfers between Levels 1 and 2 in both years.

31.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2023 and 2022 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

31.4 Fair Value Measurement of Non-Financial Assets

The table below shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31, 2023 and 2022.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Land	P -	P -	P 40,828,183	P 40,828,183
Buildings and office/commercial units	-	-	4,689,378,913	4,689,378,913
	P -	**P -**	**P 4,730,207,096**	**P 4,730,207,096**
December 31, 2022				
Land	P -	P -	P 40,828,183	P 40,828,183
Buildings and office/commercial units	-	-	4,198,115,016	4,198,115,016
	P -	P -	P 4,238,943,199	P 4,238,943,199

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are based on current market rentals for similar properties in the same location and condition.

As at December 31, 2023 and 2022, the fair values of the Group's investment properties are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

	2023	2022
Interest-bearing loans and borrowings	**P 850,000,000**	P 1,000,000,000
Total equity	**31,363,596,258**	30,759,685,237
Debt-to-equity ratio	**0.03 : 1.00**	0.03 : 1.00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14).

33. RECONCILATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (See Note 14)	**Advances from Related Parties** (See Note 25.1)	**Lease Liabilities** (See Note 17.1)	**Interest Payable** (See Note 15)	**Total**
Balance as at January 1, 2023	P 1,000,000,000	P 5,764,677,182	P -	P 10,948,000	P 6,775,625,182
Cash flows from financing activities –					
Repayment of loans and borrowings	(150,000,000)	(73,278,886)	-	(79,388,750)	(302,667,636)
Additional advances from related parties	-	5,759	-	-	5,759
Non-cash financing activities –					
Accrual of interest	-	370,332,612	-	80,380,417	450,713,029
Balance as of December 31, 2023	**P 850,000,000**	**P 6,061,736,667**	**P -**	**P 11,939,667**	**P 6,923,676,334**
Balance as at January 1, 2022	P 1,250,000,000	P 5,495,817,845	P -	P 5,565,312	P 6,751,383,157
Cash flows from financing activities –					
Repayment of loans and borrowings	(250,000,000)	(71,474,023)	-	(47,052,307)	(368,526,330)
Non-cash financing activities –					
Accrual of interest	-	340,333,360	-	52,434,995	392,768,355
Balance as of December 31, 2022	P 1,000,000,000	P 5,764,677,182	P -	P 10,948,000	P 6,775,625,182
Balance as at January 1, 2021	P 1,183,333,352	P 5,237,759,982	P 59,644,201	P 1,535,405	P 6,482,272,940
Cash flows from financing activities:					
Additional loans and borrowings	1,000,000,000	8,524,628	-	-	1,008,524,628
Repayment of loans and borrowings	(933,333,352)	(62,633,982)	-	(53,555,195)	(1,049,522,529)
Non-cash financing activities:					
Effect of derecognition of PFRS 16	-	-	(59,644,201)	-	(59,644,201)
Accrual of interest	-	312,167,217	-	57,585,102	369,752,319
Balance as of December 31, 2021	P 1,250,000,000	P 5,495,817,845	P -	P 5,565,312	P 6,751,383,157