Empire East

Beyond Boundaries

Redefining Spaces for Authentic Living

ANNUAL AND SUSTAINABILITY REPORT 2023

About the Cover and Title

Empire East Land Holdings Inc. (EELHI) is committed to redefining urban living and creating holistic communities tailored to Filipino families' lifestyles. In challenging the traditional concept of "home," EELHI makes it possible to enjoy the convenience of urban living while adding personal touches that foster a sense of comfort, community, and security.

EELHI seeks to not only meet but exceed the evolving needs of its stakeholders. These efforts are part of EELHI's broader vision of fostering sustainable and resilient urban landscapes, thus setting new standards for urban living across the Philippines.

About the Report 2-2; 2-3

BEYOND BOUNDARIES: Redefining Spaces for Authentic Living is Empire East Land Holdings Inc.'s (EELHI) comprehensive report on its financial, social, environmental, and governance performance for the period of January 1 to December 31, 2023. This report follows the Global Reporting Initiative (GRI) Standards and aligns with the Sustainability Reporting Guidelines for Publicly Listed Companies of the Philippine Securities and Exchange Commission (SEC). It offers a detailed overview of the Group's key topics and highlights EELHI's initiatives and responses to each material topic or key issue identified during the reporting year.

Reporting Frameworks: GRI and SEC
- Global Reporting Initiative (GRI) Standards
- SEC Sustainability Reporting Guidelines for Publicly Listed Companies

Scope of the Report: This report covers the activities of Empire East Land Holdings, Inc. (Parent Company) and Eastwood Property Land Holdings, Inc.

Period Covered: January 1, 2023 to December 31, 2023

Reporting Cycle: Annual

Coverage of Previous Report: January 2022-December 2022

Sustainability Consulting, Editorial, and Design:
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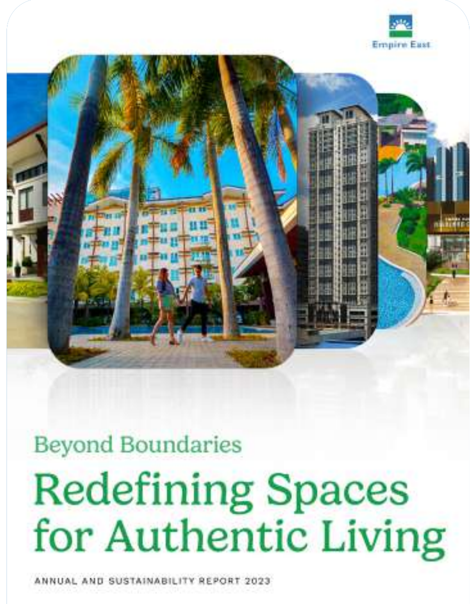
www.drinkph.com



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2023 Highlights

Total Permanent Employees

Total 648

female 379

male 269

Total contractors (male and female split)

Total 302

female 155

male 147

Estimated value of retirement benefits

577,559,995

2023 revenue

5,203 mPhp

Corporate social responsibility investments

760,000 mPhp

About the Company [2-1; 2-6]

Empire East Land Holdings, Inc. is a leading residential developer renowned for its transformative impact on urban and suburban environments. Since 1994, the Company has leveraged its first-mover advantage in the middle-income housing segment to create a portfolio of highly successful projects. These developments, situated in prime locations, have become landmarks, offering residents harmonious, value-laden settings that enhance their well-being.

Today, Empire East continues its legacy of excellence by focusing on Transit-Oriented Developments. These developments bring city living to new heights by strategically placing homes near transportation arteries and essential urban amenities. Through these innovative projects, Empire East is redefining the standard of living, providing residents with unparalleled experiences in the heart of the city.

Corporate Profile

Empire East Land Holdings, Inc. (the "Company") was incorporated under Philippine law on July 15, 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly Megaworld Properties & Holdings, Inc.) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now EELHI to separate its high-end residential and office business from its middle-income housing business.

Empire East adheres to the statements and strategies implemented by Megaworld Corporation. Its core products are mid- to high-rise condominium towers within Metro Manila up to single-detached homes and house-and-lot packages in progressive suburban areas. The Company is presently engaged in developing and marketing 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. As of December 2023, Megaworld holds 81.73% of the Company.

Company Address and Headquarters

Empire East Land Holdings, Inc. and subsidiaries

2nd Floor, Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City 1604 Metro Manila

Telephone Number:
+63 (02) 8-531-0308, (02) 8-810-3333

Ownership Breakdown

- 100% Eastwood Property Holdings, Inc. (EPHI)
- 100% Valle Verde Properties Inc. (VVPI)
- 100% Sherman Oak Holdings, Inc. (SOHI)
- 100% Empire East Communities, Inc. (EECI)
- 100% 20th Century Nylon Shirt Co., Inc.
- 72.5% Laguna BelAir Science School (LBASS)
- 60% Sonoma Premier Land, Inc. (SPLI)
- 47% Gilmore Property Marketing Associates, Inc. (GPMAI)
- 40% Pacific Coast Megacity, Inc.

Our Vision

Empire East continues to provide excellent and consistent customer service to aspiring Filipino homeowners.

In the next era of development, the Company aims to strengthen stakeholder trust and relationships, build smarter homes and sustainable communities, and continue campaigning for a holistic enjoyment of Filipino families' lifestyles.

Backed by an extensive portfolio of quality and affordable homes, Empire East is renewing its commitment to its partners and end-users to support their dynamic lifestyles continuously.

Message from the President & CEO

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"As we embark on our 30^{th} year in the industry, our commitment to our stakeholders, employees, and customers remains strong."

Greetings to our valued stockholders, investors, partners, board members, officers, employees, and homebuyers.

As we reflect on 2023, a year filled with challenges and opportunities, I am humbled to address you and express my gratitude for your support and contributions to Empire East Land Holdings, Inc. Together, we have navigated the complexities of an ever-changing real estate landscape, turning challenges into opportunities to redefine living spaces.

Global markets' interconnectedness means external factors significantly influence our operations. From geopolitical tensions to shifts in international trade dynamics, we recognize the need for agility and adaptability. Our diverse portfolio and forward-looking approach enable us to navigate turbulent waters with resilience. By monitoring global trends and leveraging opportunities, we position ourselves to thrive in a rapidly changing world.

Your unwavering support has been the bedrock of our success. Each of you has played an integral role in shaping Empire East's journey and propelling us to new heights. Over 29 years, your partnership has been instrumental in our quest to redefine spaces for authentic living, reshaping the residential development landscape in the Philippines.

Empire East remains committed to excellence and innovation. Despite external difficulties, our company continues to thrive, driven by a vision of sustainable growth and dedication to our stakeholders.

Your Company has assets worth close to P50 billion as of December 31, 2023. We have P8.49 billion in trade receivables, expected to be collected in due time based on payment terms. We possess 426 hectares of land and remain open to acquiring more properties for development, ensuring sufficient projects for the next five to seven years.

The Company is constructing 11 towers as of December 31, 2023, and will commence construction on four more, totaling 15 towers.

In 2023, Empire East's reservation sales amounted to nearly P24 billion, marking a 41% year-on-year increase from P17 billion in 2022. This remarkable achievement reflects the trust you place in our brand and our ability to deliver on our promises.

The completion of significant projects such as The Rochester's Bridgeview Tower and Kasara Urban Resort Residences Tower 3 highlights our resolve to delivering quality homes to thousands of homeowners. To date, we have successfully completed 118 condominium towers in Metro Manila and several subdivisions in South Luzon. These milestones showcase the symbiotic relationship we share with our stakeholders.

Our projected capital expenditure of at least P25 billion over the next four to five years underscores our confidence in the Philippine market, rich with opportunities for expansion. Your continued investment in Empire East fuels our ability to meet the evolving demands of the National Capital Region and beyond—a region brimming with the aspirations of countless Filipinos seeking homes that resonate with their values and dreams.

The real estate sector is not immune to the broader economic landscape. As such, we remain vigilant, attuned to market dynamics and consumer sentiments. Our customer-centric approach, coupled with innovative offerings, ensures we remain at the forefront of industry trends. By staying responsive to evolving market demands, we sustain our competitive edge and drive sustainable value for the residential segment we cater.

Our pursuit of innovation has yielded over a hundred automation initiatives, streamlining operations and enhancing efficiency. These efforts to innovate ensure the sustainability of our business and enhances the overall home buying experience.

Amidst numerous setbacks, our commitment to sustainable growth remains strong. We balance short-term objectives with long-term sustainability through prudent risk management, ethical business practices, and a focus on customer value, laying the foundation for enduring success. In 2023, we introduced groundbreaking initiatives such as the "Highland Forest" and "Scouts Zone," setting new benchmarks for sustainability and community engagement. Our dedication to environmental, social, and governance (ESG) principles emphasizes our responsibility towards future generations and reinforces our credibility with investors.

Reflecting on our collective success, it's imperative to acknowledge the pivotal role you have played in Empire East's achievements. Your trust and support helped us attain greater heights, evidenced by the remarkable milestones we've reached together.

To our dedicated workforce, I extend my deepest gratitude for your tireless efforts. Your fortitude to exceeding expectations and driving innovation has been instrumental in our journey toward success. Each of you plays a vital role, and we are truly grateful for your contributions.

Looking ahead, we are excited about the opportunities that lie ahead as we continue to expand our offerings and uphold our promise to deliver exceptional products and services to our homebuyers. As we embark on our 30th year in the industry, our commitment to our stakeholders, employees, and customers remains strong.

In closing, I extend my heartfelt gratitude to our valued stockholders for your firm support and confidence in our vision. As we traverse uncertain waters, rest assured we remain committed to delivering value and driving sustainable growth. Together, we will weather the storms and emerge stronger, fortified by our collective resilience and determination.
Thank you.

Atty. Anthony Charlemagne C. Yu
President and Chief Executive Officer

Redefining Spaces for Authentic Living 3-3; 203-1; 203-2

A core feature of EELHI's township developments is the transport-oriented concept, which prioritizes easy access to mobility, including public transportation, places markets, healthcare facilities, educational institutions, and commercial spaces within convenient reach of residents. These developments are designed with people in mind, offering spaces that provide residents convenience in their daily lives. The planning and architecture of EELHI's developments also prioritize creating a harmonious balance between urban living and natural surroundings, enhancing the overall quality of life for residents.

Property List

Little Baguio Terraces

Little Baguio Terraces, located in San Juan City, is a 4-tower development along N. Domingo. It sits between the J. Ruiz and Gilmore Avenue LRT2 stations, offering quick access to Manila and Quezon City's university belts. Spanning 8,000 sq. m., this prime location is within 5 km of schools, shopping centers, leisure hubs, and medical institutions, ensuring convenience for residents.

- 25% open space
- 4 towers
- 14-meter lap pool and kiddie pool
- Outdoor spa
- Sunbathing deck
- Playground
- Daycare center
- Jogging path
- Fitness gym

The Rochester

The Rochester features seven mid- to high-rise towers. Residents enjoy privacy, exclusivity, and serenity within this vibrant community. Designed as an urban resort with an Asian Modern Design concept, The Rochester is ideal for starting families. Its spacious units provide comfort and convenience. Located just 3 kilometers from the Bonifacio Global City Central Business District, residents have easy access to key business and commerce hubs. The development is within a 5-kilometer radius of schools and hospitals, ensuring a well-connected lifestyle.

- Wi-Fi enabled clubhouse
- Swimming pool and kiddie pool
- Lounge area with mini-bar
- Outdoor spa
- Sunbathing deck
- Playground and game area
- Basketball/Tennis court
- Fitness gym
- Jogging paths
- Pocket gardens/park
- Business center
- Multi-purpose hall

San Lorenzo Place

San Lorenzo Place is a high-end development strategically located in the bustling Central Business District of Makati City. Surrounded by financial institutions and business centers, residents enjoy unparalleled convenience. Comprising four towers, San Lorenzo Place offers luxurious living in the heart of Makati. The development is connected to the Magallanes station of MRT3, providing residents with easy access to key destinations in the north. Additionally, the bi-level mall development bring top-notch products and services closer to home, enhancing the overall living experience.

- 40% open space
- Commercial shops at ground and podium levels
- Landscaped gardens
- Swimming pool
- Children's playground
- Fitness gym
- Jogging path
- Multi-purpose court
- Function room

Covent Garden

Covent Garden in Santa Mesa, Manila, offers a unique blend of calm and convenience. This two-tower gated community features contemporary modern architecture, lush green gardens, and premium amenities, providing residents with a peaceful oasis in the bustling city. Located on Magsaysay Blvd., Covent Garden provides serenity and charm, where safety and comfort are paramount.

- 30% open space
- 22-meter lap pool and kiddie pool
- Outdoor bar and lounge
- Playground
- Jogging path
- Fitness gym
- Function hall

Mango Tree Residences

Mango Tree Residences, a two-tower development in the City of San Juan, is renowned for its unique on-stilts architecture surrounded by preserved mango trees, landscaped greenery, and open spaces. This distinctive design provides residents with a serene environment amidst the bustling city. Located within 3 kilometers of relevant business and commerce hubs, schools, and three major city hospitals, Mango Tree Residences offers residents convenient access to essential amenities.

- 40% open space
- 25-meter lap pool and kiddie pool
- Garden deck
- Fitness gym
- Al fresco lounge
- Function rooms
- Yoga station

The Paddington Place

The Paddington Place is a four-tower cosmopolitan enclave along Shaw Boulevard, Mandaluyong City. It offers a safe, secure, and serene city-living experience, inspired by the iconic Paddington Station in London. Located close to the Central Business District, The Paddington Place is surrounded by shopping centers, medical institutions, and schools, providing residents with a convenient lifestyle. The development is just a 3-minute walk to the Shaw Boulevard station of MRT-3 in EDSA, offering easy access to vital CBDs, leisure hubs, educational institutions, medical centers, and lifestyle points across Metro Manila.

- 40% open space
- 25-meter lap pool and kiddie pool
- Fitness gym
- Garden deck
- Terraced gardens
- Function hall/rooms
- Indoor playrooms

Kasara Urban Resort Residences

Kasara Urban Resort Residences is a 6-tower high-rise community offering a unique blend of luxury and tranquility. Designed to evoke the ambiance of out-of-town tourist destinations, Kasara provides residents with a vacation lifestyle right at home. Located in the heart of Pasig City, Kasara's unbeatable central location offers easy access to vital lifestyle hubs in Metro Manila.

- 60% open space
- Lake-inspired swimming pool and kiddie pool
- Clubhouse Bar with multi-purpose hall
- Jogging paths
- Activity area
- Water features
- Multi-purpose court
- Daycare center
- Fitness gym
- Indoor gameroom

Pioneer Woodlands

Pioneer Woodlands, located in Mandaluyong City, comprises six high-rise towers with a transit-oriented design. This development is a preferred residence for professionals and students. Positioned near the MRT-3 Boni Ave. Station, Pioneer Woodlands offers easy access to key locations, catering to those who prioritize convenience in their daily lives.

- 25% open space
- Landscaped garden
- Lap swimming pool
- Wading pool
- Function room
- Jogging path
- Playground
- Fitness gym
- Outdoor fitness station

Empire East Highland City

Empire East Highland City is a 22-hectare development in Pasig-Cainta, set to become the Philippines' first elevated city. It features efficient road networks and open spaces, with lanes as wide as six lanes, designed for optimal urban living. The development comprises four grand phases—the Highland Park, the Highland Mall, the Highland Residences, and the Chartered Club—all designed to create the highest development in the area.

Empire East Highland City prioritizes sustainability with green architecture components such as natural landscape-integrated drainage systems, rainwater management, efficient waste management, and diverse transportation options, ensuring a green and eco-friendly environment for residents.

- 60% allocated for green and open spaces
- Forest feature
- Members-only sports club with below features:
  - ◊ Adult and kiddie pools
  - ◊ Fitness gym
  - ◊ Cafe and lounge
  - ◊ Yoga station
  - ◊ Indoor multi-purpose court
  - ◊ Bike lanes
- Low VOC paint for interiors
- Solar panel installation for common areas

Empire East's Development Commitments

Commitment to Buyers

Empire East has a proven track record of project completion and delivery as a testament to its 100% commitment to the vision of creating quality homes for aspiring homeowners.

Home and Family Building

Fostering stronger relationships and promoting core values are essential for creating a cohesive community united in achieving economic, social, and political progress. Empire East's integrated township concepts provide an ideal environment for individuals to establish firm foundations and realize sustainable growth.

National Progress and Prosperity

A flourishing cityscape serves as a beacon of national progress and epitomizes an enhanced urban lifestyle. Empire East stands committed to enriching the lives of Filipinos by delivering a diverse variety of developments located at strategic addresses in Metro Manila.

Expansion of Ideas and Vision

Empire East values vision as a catalyst for change. It takes inspiration from its Chairman, Dr. Andrew L. Tan, who began the Company with the dream of producing exceptional living spaces. Today, this idea has become reality as Empire East designs and curates unparalleled living spaces that resonate with the aspirations of Filipino families.

Materiality: Topics That Matter

To identify the material topics of Empire East Land Holdings, Inc. (EELHI), actual and potential positive and negative impacts of the Group were first identified according to the previous year's material topics and other relevant resources such as Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and United Nations Environment Programme (UNEP). The significance of the impacts was then assessed and verified by the sustainability team, followed by its top management. Material topics were then extracted from the list of significant impacts and approved and finalized by the top management.

The process employed is a three-step approach developed following the Consolidated Set of the GRI Standards 2023. A limitation to the process is that Empire East did not conduct a survey to assess the significance of impacts as suggested in GRI 2022 as the Company had just identified its material topics in 2021.

EELHI's eighteen (18) material topics are organized into four (4) categories this year: Economic, Social, Governance, and Environment.

Residential Developments 2-25; 413-2

Information to include (across Water, Waste, Climate Change, and GHG Emissions)

Actual Negative Impacts	Water	Waste	Climate Change	GHG Emissions	Land Use and Ecological
Management approach to actual negative impacts	Excessive use of water resources during the construction and use/operational phases, as well as the absence of water conservation policies and programs within the business, pose threats to hygiene, health, and sustainable development (water availability, accessibility). Additionally, developments create more non-porous surfaces, leading to an increase in stormwater run-off.	Residential construction projects require a significant amount of material, especially during construction. This generates a lot of waste. While there are wastes that can be recycled, a significant amount of construction waste ends up in landfills.	The real estate and construction industries have a significant negative impact on the environment and also contribute significantly to global warming and climate change due to their extensive material and energy consumption during different construction stages. Development in areas highly susceptible to climate change impacts (i.e., storm events, flooding, extreme heat): Metro Manila is a city that is very vulnerable to the effects of climate change. Already, storm events are becoming extreme: many areas are affected by flooding, and extreme heat affects the city. Developments in the urban core might exacerbate the effects of climate change, especially by contributing to urban heat effect.	The Company produces a significant amount of Scope 1 and 2 greenhouse gas emissions from electricity use for its buildings and the consumption of diesel and gas by its own vehicles. Additionally, there are no restrictions to control emissions, reduce consumption, or otherwise regulate them. Both contribute to global warming and the worsening climate situation. Diesel equipment used at sites during different construction stages is also a major source of GHG emissions within the organization.	The Company is primarily engaged in construction activities, which have an impact on the management of construction waste, which includes hazardous materials like oil, paints, and other chemicals as well as plastic, metal, wood, and concrete. Soil disturbance and erosion are another impact. Infrastructures also restrict the amount of permeable soil that water can seep into, causing runoff or stormwater to flow over the surface. Additionally, this leads to the formation of sediment that is hazardous to aquatic life and bodies of water, and it also has the potential to contaminate drinking water.

Actual Negative Impacts	Water	Waste	Climate Change	GHG Emissions	Land Use and Ecological
Management approach to actual negative impacts	EELHI project site teams work with the contractors in the identification of possible water conservation measures, which include regular maintenance of water pipelines, cistern tanks, and regular water potability tests. Furthermore, at present, there are no other water conservation measures being implemented.	The Company's other construction materials, such as excess metals and PVC pipes, and office wastes are sold to third-party buyers for recycling and processing. The purchasing department also contracts third-party services to sell or dispose of scrap metals. These initiatives help reduce waste, thus driving growth toward a circular economy. Sites segregate trash as biodegradable, non-biodegradable, and recyclable for pickup by the Local Government Unit or third party garbage collectors/ contractors.	The Company has taken significant strides in the reduction of GHG emissions across its properties. It has successfully retrofitted its lights to LED. It has also committed to planting more trees and adopting forests to offset carbon footprints. Through relevant campaigns, Empire East also encouraged its community to conserve energy through participation in activities such as the Earth Hour. Along with MEG, it is committed to treading the path to using renewable energy sources through possible partnerships under GEOP of the Department of Energy.	Empire East keeps track of its energy and GHG emissions. However, no evaluation parameters for energy and GHG emissions management throughout the stages of construction projects exist at this time.	Empire East's developments comply with the Philippine Green Building Code in collaboration with design consultants who ensure the preparation of Green Building-compliant designs. These designs include the specification of environment-friendly materials, the construction of rainwater collection tanks, and a wastewater treatment facility that recycles water to be used for landscape irrigation purposes.

Information to include
(across Water and Community Impact of Developments)

	Water	Community impact of developments
Potential Negative Impacts	Homes built in water-stressed areas may have trouble obtaining licenses and permissions in the future and run the danger of having their land depreciate due to water shortage problems.	The Company's development project might push the conversion of productive agriculture areas in and near cities in favor of property development.
Management Approach to potential negative impacts	The Company has yet to use tools for identifying development project locations that are under water stress.	Depending on future Empire East development plans, the Company may someday push for developments outside the city center and use lands that were formerly agriculturally productive.

About this template

Create your own GRI content index using one of the templates in this document. The GRI content index templates include the revised GRI Universal Standards 2021 and the adapted GRI Topic Standards.

This document includes two templates:
1. Content index in accordance: This template can be used to prepare the GRI content index when reporting in accordance with the GRI Standards.
2. Content index with reference: This template can be used to prepare the GRI content index when reporting with reference to the GRI Standards.

Please note that the reporting organization is responsible for the resulting GRI content index.

Prepare a GRI content index in accordance

To prepare a GRI content index in accordance, customize the template in tab 1 where needed and include the following information:

- The title: GRI content index and the title of GRI 1 used - already included in the template.
- The statement of use - adjust the information in brackets.
- The title(s) of the GRI Sector Standard(s) that apply to the organization's sector(s) - also indicate if none apply.
- The list of the organization's material topics - delete the topics that are not material. Add the material topics that are not included in the template. Please note that the topics included in the template can be renamed and grouped according to the names the organization has given to its material topics.
- The list of the topics in the applicable GRI Sector Standard(s) determined as not material and an explanation for why they are not material - if there are no applicable GRI Sector Standards available, the table 'Topics in the applicable GRI Sector Standards determined as not material' can be deleted.
- The list of the reported disclosures, including the disclosure titles - delete the disclosures from the GRI Topic Standards that have not been reported for the material topics (except when the disclosure is listed in an applicable GRI Sector Standard for a topic determined as material). Add the additional sector disclosures from the Sector Standards and the disclosures from other sources that have been reported for the material topics.
- The titles of the GRI Standards and other sources that the reported disclosures come from - delete the GRI Topic Standards that have not been used (except when disclosures from the Topic Standard are listed in an applicable GRI Sector Standard for a topic determined as material). Add the Sector Standards that have been used to report additional sector disclosures listed for the material topics and the other sources that have been used to report on the material topics.
- When the organization does not report GRI Topic Standard disclosures for a material topic from the applicable GRI Sector Standard(s), the list of the disclosures and the 'not applicable' reason for omission and the required explanation.
- The GRI Sector Standard reference numbers for the disclosures from the applicable Sector Standard(s) - if there are no applicable GRI Sector Standards available, the column 'GRI Sector Standard ref. no.' can be deleted.
- The location where the information reported for each disclosure can be found.
- The reasons for omission used - select one of the permitted reasons for omission from the dropdown list in the column 'Reason'. It may be necessary to provide more than one reason for omission for one disclosure. In such a case, add extra rows and include each requirement the organization cannot comply with in a separate row.

Additional information:
- A gray cell indicates something that does not apply. This only relates to the 'Omission' and 'GRI Sector Standard ref. no.' columns.
- Reasons for omission are not permitted for Disclosures 2-1, 2-2, 2-3, 2-4, and 2-5 in GRI 2: General Disclosures 2021, and Disclosures 3-1 and 3-2 in GRI 3: Material Topics 2021.
- GRI Sector Standard reference numbers are not available for the disclosures in GRI 2 and Disclosures 3-1 and 3-2 in GRI 3.
- The sentence 'A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available' included in the gray cells in the template can be deleted.

Prepare a GRI content index with reference

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- The title: GRI content index and the title of GRI 1 used - already included in the template.
- The statement of use - adjust the information in brackets.
- The list of the reported disclosures from the GRI Standards, including the disclosure titles - delete the disclosures from GRI 2, GRI 3, and the GRI Topic Standards that have not been reported. Add the additional sector disclosures from the GRI Sector Standards that have been reported.
- The titles of the GRI Standards that the reported disclosures come from - delete the GRI Standards that have not been used (GRI 2, GRI 3, GRI Topic Standards). Add the GRI Sector Standards that have been used to report additional sector disclosures.
- The location where the information reported for each disclosure can be found.

Additional information:
- An organization reporting with reference to the GRI Standards is recommended to explain how it manages its impacts for the topics it reports on using Disclosure 3-3 in GRI 3: Material Topics 2021.
- If an organization reports on more than one topic and uses Disclosure 3-3 in GRI 3 to explain how it manages its impacts for the topics it reports on, it is important to specify which topics are covered and where the information for each topic can be found. For example, an organization can include Disclosure 3-3 in the GRI content index once, with a clear explanation of the topics it covers and where the information for each topic can be found. Alternatively, an organization can include Disclosure 3-3 under each topic it reports on together with the other disclosures from the GRI Standards that have been reported for the topic.

Additional resources

For more reporting support, please visit:

GRI Academy
GRI Services

Version 1.0 (November 2021)

EELHI Material Topics 3-2

Economic
- Anti-corruption
- Procurement practices

Governance
- Stakeholder management
- Strategies and policies
- Business ethics and integrity

Social
- Diversity and equal opportunity
- Employee training and education
- Workforce health and safety
- Customer satisfaction
- Human rights (laborers)
- Community impact of developments
- Supplier management

Environmental
Design for resource efficiency
- Water
- Waste management
- Energy
- GHG emissions
- Climate change
- Material consumption

Summary of Disclosures

Table of Disclosures

	2020	2021	2022	2023
ECONOMIC				
Direct economic value generated (mPhp)	5,110	4,535	4,707	5,203
Direct economic value generated (mPhp)				
Employee wages and benefits	408	410	398	431
Dividends given to stockholders and interest payments to loan providers	65	54	47	79
Taxes given to government	253	412	333	306
Investments to community	0.1	0.2	0.1	0.7
ENVIRONMENT				
Emissions				
Scope 1 (tCO2e)	24.9	72.35	75.44	95.84
Scope 2 (tCO2e)	343.1	349.72	666.28	802.78
Scope 3 (tCO2e)	2.6	239.37	9,903.28*	6,315.98
Total emissions	370.6	661.44	10,645	7,214.6
Emissions Intensity (tCO2e/mPHP)	0.07	0.09	0.15	0.17
Water				
Total volume of water withdrawn (m3	5,437	1,807	1,299,796**	1,922,880
Water Intensity (m3/mPhp	1.06	0.40	276.14	369.57
Total waste (tonnes)	22.3	19,780.04	18,735	26,991
SOCIAL				
Workforce by Gender (2-4)				
Male (Executive)	10	10	9	9
Female (Executive)	5	5	5	5
Male (Non-Executive)	258	262	253	260
Female (Non-Executive)	357	325	302	374
<30	371	316	264	394
30-50	174	260	279	231
>50	85	26	26	23
Number of hours of training completed	1,394	2,788	1,270	920.5
Performance Appraisal				
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Attrition Percentage	26.2%	24%	27.4%	24.12%
Data Privacy				
Number of individual clients for whom data was primarily stored	35,492	43,733	49,393	45,333
Number of data security breaches in financial year	None	None	None	None

Awards

Presenter/Sponsor:
2023 Asia-Pacific Stevie Awards

- Award: Bronze Stevie Award for Excellence in Consumer Product and Service Industries
- Award: People's Choice Stevie Awards for Favorite Companies
- Description: Recognized for its innovative "3Ps: People, Processes, Progress Transmutation Program" during the pandemic
- Venue & Date: Digital, May 2023 (for both)

Presenter/Sponsor:
Carousell Property Awards 2023

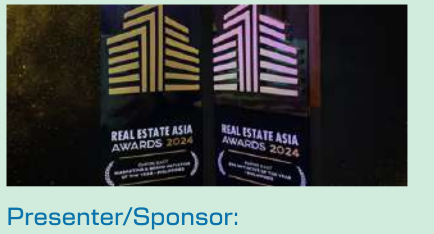
- Award: Best Developer in Metro Manila
- Description: Won as the leading property developer in Metro Manila by offering dedicated client service and delivering high-quality homes through its projects and communities
- Venue & Date: Westin Hotel, November 28, 2023 (for both)

Presenter/Sponsor:
Prosple Philippine

- Description: Prosple Philippines | Empire East Land Holdings Has Been Recognized as a Top 100 Employer for Fresh Graduates

Presenter/Sponsor:
RCBC

- Award: "Top 3" in their 2023 Prime Developer Awards Program
- Description: EELHI awards due to contribution for the highest volume of booking
- Date: March 2023



Presenter/Sponsor:
2024 Real Estate Asia Awards

Presenter/Sponsor:
ESG Initiative of the Year - Philippines

Financial and Operational Highlights:

Building A Better Back To Office

Financial and Operational Highlights: Building A Better Back To Office 3-3

For 2023, Empire East remained focused on its goal to boost sales and reduce operating costs. By continuously monitoring the financial performance to mitigate potential negative impacts, the economic goal was realized through strategic target setting, ensuring that controls are in place, and proper communication of targets and plans to employees.

This year, Empire East achieved improved financial performance through strategic target setting and efficient cost management practices. By closely scrutinizing expenditures, investments, and overall financial performance, the Company adeptly mitigated risks and maximized resource utilization.

Empire East's performance also translates into a positive impact on the broader economy, fostering national development and contributing to the fabric of nation-building. Empire East's commitment to growth, sustainability, and employee welfare underscores its pivotal role in driving progress.

Economic Value Generated and Operating Costs 201-1

	2020	2021	2022	2023
Direct economic value generated (mPhp)	5,110	4,535	4,707	5,203
Operating costs (mPhp)	5,812	7,921	7,073	6,119

The Group's objectives when managing capital are the following: (1) to safeguard the Company's ability to continue operations in order to provide sustainable returns for shareholders and benefits for other stakeholders, and (2) to maintain an optimal capital structure to reduce the cost of capital. EELHI continuously seeks to streamline and improve its processes to reduce non value adding tasks and reduce operating costs.

Creating a Better Onboarding Experience for New Employees 401-1; 401-2

New employee hires

	2021	2022	2023
Female	53	94	147
Male	37	59	64

Improving Exit Management

Estimated Value of retirement benefits 2022-2023 (PHP)

2022	2023
429,740,305	577,559,995

Anti-corruption Provision 3-3

The Company upholds a robust code of conduct, disseminated to all staff, with particular focus on those engaging in government interactions. Employees are mandated to refrain from corrupt practices and adhere diligently and promptly to all procedural requirements.

Furthermore, a Related Party Transaction (RPT) policy is enforced to guarantee equity in dealings involving Empire East Land Holdings, Inc., its subsidiaries, affiliates, and related entities. Oversight by a dedicated board ensures transparency, particularly for transactions of significant consequence, which are disclosed to the public.

Training on Anti-corruption Policies and Procedures 205-2; 205-3

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	N/A
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	%
Number of incidents in which directors were removed or disciplined for corruption	0	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	%

Procurement Practices 3-3; 204-1

Empire East's procurement policies reflect a steadfast commitment to ethical sourcing practices and responsible vendor engagement. This commitment entails sourcing from vendors who adhere to government regulations and standards, prioritizing local suppliers to support the community and economy. Empire East procures 100% of its supplies locally and is continuously expanding its pool of suppliers in the country to contribute to the growth of local businesses and the economy.

EELHI's suppliers undergo various annual departmental assessments and screenings to be able to operate with the group. All suppliers must have proper business permits and must submit the necessary documents to assess operational stability, legality, and equitability. Non-compliance may result in being banned from the Company.

Additionally, strict measures are in place to prevent purchasing staff from accepting any form of favoritism or gifts from suppliers, ensuring impartiality and integrity in procurement processes. Furthermore, Empire East remains dedicated to fostering diversity and competition by consistently broadening its network of suppliers, thereby promoting innovation and efficiency in its procurement practices.

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

Digitalization and Movement to Cloud-Based Technologies and Processes

Digitization and automation of internal and external functions were implemented by all EELHI departments as a response to the specific concerns of stakeholders. These new developments expedited processes and resulted in the timely issuance of receipts, increased stakeholder satisfaction, and reduced errors due to less human intervention. In marketing, the virtual tools developed eased the remaining concerns of clients regarding COVID-19 transmission.

EELHI remains committed to fostering a collaborative culture wherein stakeholders are encouraged to voice their inquiries and concerns. By prioritizing open communication and actively engaging with stakeholders, the Company aims to cultivate enduring relationships built on trust and mutual understanding.

TouchPay collaboration with EELHI properties

Empire East has forged a collaboration with TouchPay to enhance payment solutions across its properties. TouchPay, a subsidiary of Manila Express Payment System, Inc. (MEPS), epitomizes reliability and innovation in secure payment solutions. With over 1,500 units nationwide, TouchPay facilitates seamless transactions between payers and billers, enriching the payment landscape with advanced security and operational features.

The strategic deployment of Automatic Payment Machines (APM) within Empire East communities offers homebuyers safer and more convenient transaction options, encouraging them to settle payments in a timely manner.

Six TouchPay units have been strategically installed across various Empire East properties, spanning key locations such as Makati City, Mandaluyong, Pasig, San Juan, and Sta. Rosa, Laguna. These APMs empower homeowners with streamlined payment experiences, eliminating the need for physical visits to payment offices and minimizing exposure risks.

Sustainability at Empire East

Empire East embraces sustainability as a fundamental aspect of its operations, acknowledging its importance in creating a better future for all. The Company has aligned its corporate social responsibility (CSR) programs under the Empire East Cares initiative with key Sustainable Development Goals of the United Nations (UN SDGs). Over the years, these initiatives have been dedicated to addressing poverty and hunger, promoting good health and well-being, and promoting sustainable communities. This commitment has long been ingrained in Empire East's core values, predating the broader sustainability initiatives undertaken by its parent conglomerate, Alliance Global.

The Company leads in SDG 11 by establishing transit-oriented communities, promoting the use of public transportation, and reducing carbon emissions. Additionally, Empire East contributes to SDG 8 by creating vibrant lifestyles and sustainable environments that support economic growth. The Company also addresses SDGs 1 and 2 through initiatives that enhance the well-being of neighboring communities, including organizing feeding programs and donation drives.

Integration of UN SDGS and their progress

Key Products and Services

11 SUSTAINABLE CITIES AND COMMUNITIES

Incorporation of transit-oriented designs in developments

The Company integrates transit-oriented designs into its developments, which aim to bring people closer to essential establishments, reducing their travel time and contributing to traffic decongestion.

The Company also invests in open spaces in its developments, which makes cities more liveable and contributes to a better quality of life.

8 DECENT WORK AND ECONOMIC GROWTH

Fostering community growth and transformation

Building a nation, boosting overall growth, and creating structures that will improve the quality of life for Filipinos are all benefits of developments that prioritize the value they can bring to communities. Additionally, this will lay the groundwork for economic growth and enable people to take on greater social responsibility and environmental stewardship.

Urban regeneration

New developments regenerate urban areas, which help reduce crime rates by increasing area security due to continuous development (impact area: Integrity and security of person).

Leasing for local retailers

New developments encourage new retailers near the site to be able to serve the homeowners or residents in the building.

CSR and Sustainability Programs

1 NO POVERTY

Empire East's Credit and Collection Department organized a feeding program and distributed food packs, rice, toys, and slippers to families and kids in Capisan, Zamboanga City.

In addition, the General Administrative Services Department has also conducted a feeding program at Digdig pre-school in Brgy. Joson, Nueva Ecija City.

Empire East's departments, DMG and Finance, donated groceries and essential supplies for the elders of Brgy. San Lorenzo, Tabaco City, Albay, and the Anawim Lay Missions Foundation Incorporated in Rodriguez Rizal.

The DMG and a sales team also went to Kalawaan Elementary School and Beata Elementary School to offer donation programs.

The Marketing Department also donated diapers and pails to a school in Sta. Maria, Laguna. Through this project, Empire East helps educate families on hygiene and sanitation and improves sanitation in the local community. Likewise, the company conducted a Support-a-Student program where its select salespersons offered some earnings to buy uniforms and other school supplies for these children.

The GAS department joined Brigada Eskwela Synchronized School Caravan to help fix classrooms before school started.

The Human Resources Management donated food and gifts to A Home for the Angels. Meanwhile, Credit and Collection fed and donated goods to the Paws Foundation in support of their animal care advocacy.

The company also supports conventional after-school projects such as AHA Learning Center and foundations like ERDA by conducting art classes and career orientations.

Empire East also donated toilets, dippers, and pails to a school in Sta. Maria, Laguna as continued support under the Toylet programThrough this project, Empire East is helping educate families on hygiene and sanitation, and improving the health awareness in the local community.

Potential Negative Impact of Contribution

These are not expected to generate negative impacts as they are aligned and implemented to directly address sustainability goals.

Management Approach to Negative Impact

These programs are implemented to manage risks and negative socio-environmental impacts on other business areas.

Continued Development of Design Standards

Empire East Land Holdings, Inc. is dedicated to maintaining the highest standards of architectural design across its developments. The Company has established a robust framework for the continued development and enhancement of its design standards, focusing on compliance with the Philippine Green Building Code requirements and the efficient management of materials.

The Design and Construction Management Group at Empire East is responsible for ensuring compliance with the Philippine Green Building Code requirements, working closely with third-party technical consultants and contractors. Contractors are tasked with identifying and implementing energy conservation measures in their projects, while the design team collaborates with technical consultants to identify energy-efficient designs.

Furthermore, the materials used by Empire East are closely monitored and managed by department staff from the Design and Construction Management Group, as well as third-party technical consultants. This meticulous oversight is part of the Company's commitment to designing for resource efficiency and sustainability.

Empire East also provides Design Terms of Reference to serve as a guide in ensuring that all designs are in compliance with sustainability goals. This document helps streamline the design process, guaranteeing that environmental considerations are integrated into every aspect of the design.

Climate Change 201-2

Empire East recognizes the profound impact of climate change on its operations. With the increasing frequency and intensity of extreme weather events, such as storms and flooding, the Company recognizes the need to proactively manage these risks to avoid potential business losses, legal issues, and disruptions. To address these challenges, Empire East is committed to conducting a detailed study to develop a system for assessing the financial implications of these risks and opportunities, ensuring the safety and security of its stakeholders.

Community Impact of Developments

Empire East Land Holdings Inc. is committed to fostering positive community impact through its innovative developments. The Company’s townships benefit not only homebuyers but also surrounding communities by revitalizing areas, creating employment opportunities, enhancing vibrancy, and fostering the growth of local businesses.

Employers Confederation of the Philippines (ECOP) and sustainability onboarding

In December 2023, Empire East convened with the Employers Confederation of the Philippines (ECOP) for a discussion about fortifying its workforce's comprehension of sustainability implications and tactics. Representatives across various departments attended this pivotal meeting, which culminated in a comprehensive workshop session. Attendees evaluated existing projects while engaging in deliberations concerning critical sustainability endeavors, notably efforts to mitigate climate change and advocate for conscientious consumption practices.

The workshop yielded a tangible outcome in the form of a work plan, outlining Empire East's roadmap towards prioritizing and realizing its sustainability objectives. This comprehensive plan delineated the Company's concerted efforts to prioritize and achieve its sustainability goals through equitable labor practices, community development, and sustainable urban living.

ScoutZone x MeGreen Launch

ScoutsZone, an innovative outdoor glamping event organized by Empire East, served as a vibrant gathering point for the Company's leaders, sales teams, and employees. This engaging event combined camping with an open mic celebration, symbolizing the Company's commitment to environmental protection and support for climate action. The open mic transformed into a mini concert, where participants expressed their support for the UN Sustainable Development Goals through song. Additionally, ScoutsZone featured "The Hub," a night market and food hub that supported local small food businesses, providing them with a platform to earn while participating in the event.

The HR department also used this event to reinforce its dedication to sustainable practices by announcing waste segregation and responsible consumption initiatives and promoting the 5S methodology in the workplace, emphasizing sustainability within the community and corporate settings. The event supported the MEGreen rollout, a group-wide campaign that encourages employees to start thinking about their contribution to greening their lifestyles and the workplace.

Governance

Engagement and Connection with Stakeholders 2-29

In 2023, Empire East Land Holdings, Inc. (EELHI) meticulously identified and addressed the specific concerns of its stakeholders, including customers, employees, sellers and brokers, contractors and suppliers, business partners, local communities, government bodies, and investors. The Company prioritized understanding and resolving issues raised by stakeholders, seeking feedback on the effectiveness and timeliness of solutions, and fostering strong, enduring relationships. EELHI also expanded its stakeholder list to include new applicants, particularly focusing on addressing concerns related to increased hiring, employee workloads, and clearance processes for resigning employees.

To address the evolving needs of its workforce, EELHI implemented a hybrid work model that accommodates both in-office and remote work. Human resources initiated engagement activities to support employees transitioning back to the workplace. The Company continuously enhances its employee programs, including career development training, mental health awareness, and team-building activities, to ensure a positive work environment and strengthen employee-employer relations. Additionally, EELHI remains committed to fair compensation and timely payments for sellers, brokers, contractors, suppliers, and partners, fostering open communication to enhance business relationships. EELHI's dedication extends to various corporate social responsibility (CSR) activities, promoting social accountability and environmental sustainability.

Amidst changing customer preferences towards online transactions, EELHI launched online portals to address concerns directly and efficiently. The Company adapted marketing strategies and payment schemes to offer more flexibility and tie-ups with financial institutions like Pag-IBIG fund for housing loans. For investors and shareholders, EELHI ensures accessibility to relevant financial disclosures. EELHI's adoption of digitalization and automation across departments has improved operational efficiency, resulting in faster processes, increased stakeholder satisfaction, and reduced errors.

Customers
Engagement Channels: Call, SMS, Emails, Customer Feedback

Stakeholder Concerns	Company Response
• Project Update concern • Project Information concern • Payment channel concern • Client's payment concern • Communication Channel concern • Customer Service concern • Unit turnover concern • Title concern • Property Management concern • Unit repair concern • Warranty concern • Centralized platform for buyer's payment • endorsement	• Enhanced Customer Relations Management through training and digitalization • Endorsing concerns to the EELHI customer relations group and coordinating with their latest account officer • A proactive approach of periodically capturing images of ongoing property construction and monthly reports of completion percentage • Restructuring of payment terms, offering of amnesty payment program • Reopening of Food Hub to draw location-awareness • Correcting project locations on various navigation applications • Monthly social media monitoring and correcting to align with communications • Enhancement of the internal flow of the payment system through digitalization • Partnering with third-party payment channels • Digitalization of all internal processes including unit turnover, documentation, and title process • Coordinating with POCG for assessment and resolution • Coordinating with Unit Owners and providing timelines for inspection and repair • Dedicated team from the Property Management Office to handle Unit Owners' concerns

Employees

Engagement Channels: Mail, Call, Messengers, Teleconference, and Videoconference; Google Drive; Individual consultations

Stakeholder Concerns	Company Response
• Implementation of work-from-home arrangements for select employees • Digitalization and uploading of files for simultaneous visibility to all stakeholders • Optimization of post-pandemic workspace setup • Upgrading tools and resources to current standards • Addressing inadequate manpower to meet operational demands • Enhancing Sustainability Awareness initiatives • Sustainability Awareness • Ensuring accurate, quality, best-price, and timely delivery of purchase requests • Providing timely updates to employees regarding the status of their purchase requests • Increase in departmental face-to-face activities as well as out town programs • Addressing mental health concerns within the organization	• Provision of work laptops and reimbursement of telecommunication expenses • Enhancing work performance through replacing and upgrading outdated devices, computer systems, supplies, and other equipment • Expanding the team for the swift delivery of essential marketing assets • Installed SDG boxes and initiated discussions on Sustainability • Program planning and roll-out, one step at a time • Sustainability webpage at 70% • Provides vehicle transportation for buying, pick up of items, and delivery to employees; Coordination with employees regarding the details of their purchase requests • Utilizing Google Drive to provide site employees copies of approved POs and access to our CFP PR/PO Monitoring for a real-time status of their requests • Have all company vehicles in good working condition, maximize utilization of all vehicles in terms of trips, and hire additional drivers • Held regular mental health awareness programs/activities

Applicants

Engagement Channels: Google Meet / Video Interview/Phone calls; Using online job portal messaging functions

Stakeholder Concerns	Company Response
• Preference for remote work arrangements • Transitioning from online to face-to-face interviews • Increasing manpower requirements, including the addition of a Titles Group department	• Continue online/face-to-face interview of applicants • Promote job ads in different job portals • Link with fresh graduates by participating in online job fairs and the Kalibrr mastery program • Manage with applicants using a paperless application process

Business Partners

(contractors, vendors, suppliers)

Stakeholder Concerns	Company Response
• Implementing electronic submission of bid proposals • Routing contractors' Requests for Information and Shop Drawing & Material Submittals to secure Consultants' approvals	• Bidding Portal is being developed • CMG collaborated with MIS in the creation of the Contractor-Consultant Portal (CCP)

Government/Regulatory Bodies

Stakeholder Concerns	Company Response
• Ensuring compliance with latest DENR/LLDA parameters and requirements • Compliance with Green Building Code requirements • Ensuring compliance with DOLE regulations • Company commitment to comply with Occupational Safety and Health (OSH) requirements • Implementing a policy and program on HIV/AIDS in the workplace • Implementing a Drug-Free Workplace Policy • Implementing a Workplace Policy and Program on Tuberculosis • Implementing a Workplace Policy and Program on Hepatitis B • Addressing delays in the processing of permits and licenses • Addressing delays in the processing of transfer of titles	• Hired consultants and allowed for construction budget that will take into account designs compliant with the Green Building Code • Regular retraining of assigned Pollution Control Officers for each property • Attended orientation and seminar by DENR/LLDA • Updated Occupational Safety & Health (OSH) Program • Compliance with reportorial on government requirements • Accident/Incident Reporting • Heightened coordination with the concerned agency/ies; constant follow-ups on applications • Adopted to changes in the requirements by way of gradual internal process adjustment

Shareholders

Engagement Channels: Financial Reports, Disclosures, and Meetings

Stakeholder Concerns	Company Response
• Availability of reliable financial information for sound decision-making	• Ensuring transparency and accurate representation of financial statements in all material respects, and posting all public reports through the PSE and Company website

Communities

Stakeholder Concerns	Company Response
• Addressing pet-related concerns within the property • Addressing security concerns within the property • Managing the increase in Property Association Dues • Implementing fiber connectivity within the property • Implementing Corporate Social Responsibility (CSR) activities	• Updating HRR according to property requirements and limitations, as well as the strict implementation of existing HRR, including providing sanctions for violators • Review and evaluation of all Agency and Security Guards/Officers • Replacement of New Security Agency with much more capability, equipment, and expertise to handle residential properties • Properly discuss increase in Property Association Dues with community members • Coordinate with other Fiber Internet Providers for the Fiber Installation Project • Conducted various activities to raise funds for senior beneficiaries through the Anawim Lay Missions Foundation

Strategies and Policies

Empire East Land Holdings Inc. adheres to all relevant Philippine national and local laws and regulations, including those related to labor, taxation, and regulatory pronouncements from agencies such as the Securities and Exchange Commission (SEC), Bureau of Internal Revenue (BIR), Philippine Stock Exchange (PSE), Banko Sentral ng Pilipinas, and Anti-Money Laundering Act, as well as regulations from local government units.

In project design and construction, Empire East strictly complies with regulatory requirements, working closely with contractors to meet environmental and construction standards. This includes implementing the Environmental Compliance Certificate (ECC) issued by the Department of Environment and Natural Resources (DENR) or Laguna Lake Development Authority (LLDA), as required by the project's location. These compliance measures are integrated into contracts with technical consultants and contractors.

The Company also maintains compliance with regulations from the Department of Human Settlements and Urban Development (DHSUD), the Philippine Association of National Advertisers (PANA), and the Ad Standards Council (ASC).

Risk Management

Impact
Empire East reshapes the urban landscape in every city where its communities rise. The Company transforms a piece of terrain into a mixed-use micro-city where productive families thrive and job opportunities sprout. Empire East opens jobs to thousands of Filipinos at various stages of project development, beginning with conceptualization, sourcing and partnerships, construction, selling, and finally, the end-users living within the developments. Empire East's impact goes beyond acquiring a home and also contributes to improving the lives of first-time homebuyers, starting families, and property investors who trust that EELHI can help them achieve the plans they have for themselves.

Risks
Empire East considers destructive earthquakes and intense storms that could result in floods to be risks to the business and its operations as well as to EELHI communities. The Philippines is situated in the Ring of Fire—an area in the Pacific most vulnerable to earthquakes. Metro Manila, in particular, is under constant threat from the movements of the West Valley Fault System. Additionally, the country is located in the Pacific typhoon belt and receives an average of 20 tropical cyclones per year, according to the Department of Science and Technology. These physical risks can cause probable damage to the Company's properties, possible legal claims due to casualties, and business disruptions.

Other risks include the impact of COVID-19 on the company's stakeholders and regulatory risks stemming from potential noncompliance with applicable laws and regulations to which the Company is subject.

Opportunities
Empire East practices due diligence with regulatory requirements. The Company is vigilant about meeting regulatory deadlines and observing new issuances from regulatory bodies. Empire East also builds sustainable and more resilient communities through the planning and design of the landscape and buildings. Additionally, the Company has been improving its processes and systems through digitization and automation. This makes transactions faster and less prone to human errors. Through the shift to online transactions and marketing, the risk of COVID-19 transmission is also minimized.

Enterprise Risk Management System
An Enterprise Risk Management System enables an organization to identify, assess, and plan for potential risks. Clear policies regarding these risks prepare the Company to mitigate potential harm or losses that could disrupt operations.

Risk Management Philosophy
Through the Audit Committee, the Board regularly assesses the effectiveness of the Company's risk management systems, with a focus on monitoring both existing and emerging risks as well as the effectiveness of risk mitigation measures. An annual risk management review is conducted in collaboration with the Internal Audit Department. This review evaluates the compliance of controls, the accuracy of identified risks, and the appropriateness of risk treatment plans.

Risk Policy

Risk Exposure	Company Risk Management Policy	Objective
Company and the Group		
Country Risk relating to the continued performance of the Philippine economy and political stability	Use of pre-selling as a project financing tool Entering into joint development agreements from the acquisition of land	Minimize cash outlays for projects, control development costs, and maintain a new cash position Maximize cost efficiencies and resources
Project Cost and Completion Risk	Establish linkages with a broad base of suppliers Efficient project management and monitoring	Timely completion of projects and efficient sourcing of construction materials
Customer Default Risk	Maintaining a diversified earnings base from a product mix of middle-income residential and commercial spaces Constant product innovation	Revenue and property diversification
Control System Set-up		
Country Risk relating to the continued performance of the Philippine economy and its political stability	Institutional reviews of the Philippine economy, particularly the real property sector	Minimize each outlay for projects, control development costs, and maintain a new position Maximize cost efficiencies and resources
Project Cost and Completion Risk	Project monitoring teams	Timely completion of projects Efficient sourcing of construction materials
Customer Default Risk	Customer Satisfaction/Default reports	Revenue and property diversification
Minority Shareholders		
Risk to Minority Shareholders		
Megaworld's voting power in the Company poses a risk to the ability of minority shareholders to influence corporate strategy.		

Committee		
Committee/ Units	Control Mechanism	Details of its Functions
Board Audit Committee	The mechanism established by the Company to safeguard the independence of internal auditors is such that the auditor's report is submitted directly to the Board of Directors through the President. It has a duly approved Audit Charter as well as a duly approved Audit Manual of Policies and Procedures. The department annually declares/undertakes a non-conflict of interests by its auditors	Provides oversight over Management's risk management process and financial reporting process and reviews internal audit plans

Social Performance 3-3; 401-2

Employee Experience, Diversity, and Inclusion

Empire East is committed to providing opportunities and decent work to its growing workforce. It has likewise established and presently adheres to fair and non-discriminatory hiring and promotion practices. In addition, the Group implements equal opportunity policies to ensure diversity and inclusion in the workplace. As such, Empire East provides a range of benefits to regular employees, training opportunities, and a safe and inclusive workplace.

List of Benefits	% of female employees who availed for the year	% of male employees who availed for the year
SSS	9.50%	11.15%
PhilHealth	3.96%	4.09%
Pag-ibig	5.54%	8.55%
Parental leaves	4.75%	6.32%
Vacation leaves	100%	100%
Sick leaves	47.23%	75.46%
Medical benefits (aside from PhilHealth)	36.41%	21.93
Housing assistance (aside from Pagibig)	0.79%	1.86%
Retirement fund (aside from SSS)	0.37%	0.53%
Further education support	0	0
Company stock options	0	0
Telecommuting	1.32%	1.12%
Flexible-working Hours	0	0

Retirement Benefits 201-3

Empire East continues its commitment to Sustainable Development Goal 8 (SDG 8), which seeks to promote inclusive and sustainable economic growth, full and productive employment, and decent work for all. As part of this commitment, the Company offers a comprehensive retirement plan to its employees.

The retirement plan is noncontributory and is based on the employee's final salary. It provides a retirement benefit ranging from sixty percent (60%) to two hundred percent (200%) of the Plan Salary for every year of Credited Service, ensuring a secure and stable future for its workforce. This benefit is paid in a lump sum upon retirement or separation in accordance with the terms of the Plan.

Estimated Value of retirement benefits 2022-2023 (PHP) (EELHI + EPHI)
2022 = 429,740,305
2023 = 577,559,995

Hiring New Talents 2-7; 3-3

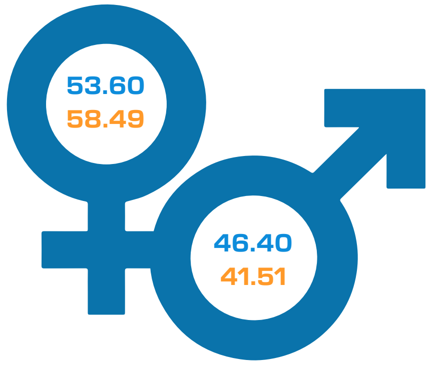
Empire East is dedicated to providing its growing workforce with opportunities for decent work. The Company upholds fair and non-discriminatory hiring and promotion practices, implementing equal opportunity policies to ensure workplace diversity and inclusion. Regular employees receive a range of benefits, training opportunities, and work in a safe and inclusive environment.

Empire East's hiring practices align with its commitment to Sustainable Development Goal 8, promoting inclusive and sustainable economic growth, full and productive employment, and decent work for all. Additionally, the Company maintains a gender-balanced workforce to support Sustainable Development Goal 5, Gender Equality.

2022
2023

Total number of employees | Number of female employees | Number of male employees

Percentage of Female Employees



Percentage of Male Employees

Training and Development 3-3

Training and development significantly impact employee productivity and the Company's ability to serve stakeholders. Learning opportunities also provide leaders with updated knowledge for making informed decisions. Enhanced employee skills and performance lead to greater satisfaction, motivation, and career development.

The Human Resources department oversees knowledge transfer on employee benefits, health programs, compensation, and rights. Each department assesses its training needs, sets objectives, and conducts upskilling accordingly.

The organization uses evaluation forms and routine Key Performance Indicators (KPI) checks to assess the success of its training programs. Semi-annual performance appraisals measure training effectiveness through employee performance. High-performing employees are promoted to positions with greater responsibilities within the same grade.

Employee Training and Development 401-1

2023

	Total training hours provided to employees	Average training hours provided to employees
Female Employees	521.5	1.38
Male Employees	399	1.48

Total expenditure on training and development (mPHP)

2020	2021	2022	2023
8.64	5.18	1.60	6.9

Training Institute of Empire East 404-2

The training institute of Empire East serves as a pivotal center for professional development, enriching the skills and knowledge of the Company's team members. Through a range of comprehensive training programs and workshops, the institute aims to empower employees to excel in their respective roles and contribute significantly to the Company's growth trajectory.

In 2023, the training institute rolled out an array of orientation and training sessions designed to onboard new hires and enhance the capabilities of existing staff. From January to November, the Company/ Industry Orientation and Training included an Orientation and Site Appreciation Tour targeting newly hired employees across all departments. This initiative saw participation from 126 employees between January and September and an additional 156 employees in November.

Furthermore, HR Essentials and Onboarding Training was conducted for 32 finance managers and supervisors in June, ensuring that the leadership is well-equipped with the necessary skills. In July, a Corporate Grooming Follow-up Activity engaged 100 employees from the Finance Department, emphasizing the importance of professional presentation and conduct.

The institute also integrated sustainable development into its training agenda. Between October and November, 43 employees participated in an Introduction to the UN Sustainable Development Goals (SDGs), with each participant pledging concrete actions to promote sustainability within the workplace and community. Ongoing and implemented training programs also continued to focus on aligning workplace initiatives with sustainable development goals.

Specific training sessions were planned for various departments to reflect a more tailored approach to professional development. For the Credit and Collection Department, modules such as Focus Projects Site Tours and a Customer Service Workshop were held from October to December. They joined the PDD - Turnover Group for the October to November sessions of the Handling Objections Workshops, which were held until December.

For the Finance Department, HR Essentials and IMPACT Workshop ran from September through the fourth quarter of 2023. These were complemented by Communication Skills and Email Etiquette sessions in November and January.

The Marketing Department received quarterly updates on industry and market trends. Additionally, all departments participated in Focus Group Discussions (FGD) for Training Need Analysis in the fourth quarter.

Specialized training for team leaders and collectors were also on the agenda. Group sessions were scheduled throughout November and December, with tailored modules for the different projects to ensure that leadership and collectors are proficient in their roles.

AGI Accountants' Conference

Empire East made a notable presence at the AGI Accountants' Conference, showcasing the Company's commitment to excellence in financial management and accounting practices. Empire East team members contributed through engaging presentations, insightful panel discussions, and interactive workshops, sharing expertise on innovative financial strategies and sustainable accounting practices

Communication of Significant Changes 3-3

Labor-Management Relations

The Company recognizes the importance of timely policy discussions and listening to employee suggestions, as they positively impact the working environment, reduce turnover, and minimize work disruptions.

Consultation practices are a top priority, leading to the development of a grievance policy by the Human Resources department to facilitate ongoing improvement and meet the needs of both employers and employees.

Employees are encouraged to approach the Human Resources department with any concerns about working conditions, which are promptly addressed by a grievance committee. The Company adheres to labor laws and standards, striving to provide timely solutions during this process.

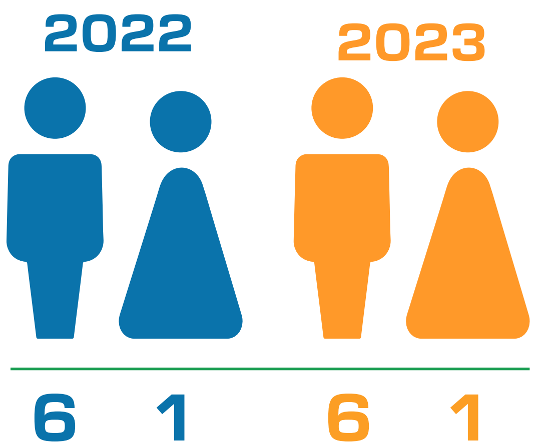
Before implementing significant operational changes, higher management discusses them with Department Heads and allows employees time to prepare. A core group ensures swift dissemination of information to all departments regarding these changes.

Various employee communication groups, including email and social media groups, are established to keep employees informed about policy changes and other news. Regular dialogues, meetings, surveys, and focus group discussions are conducted to gather employee feedback and opinions.

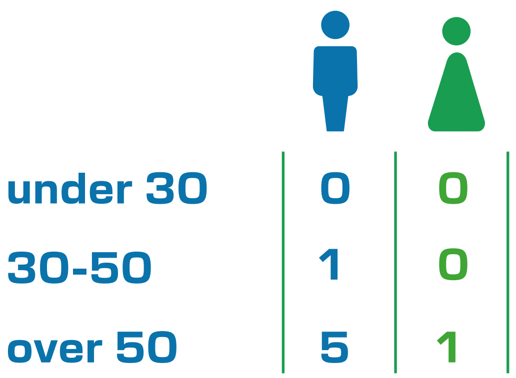
Empire East promotes open communication channels and actively solicits employee feedback to ensure that every team member feels involved and well-informed and that their perspectives are genuinely valued.

Diversity and Equal Opportunity 405-1

Board diversity, by gender



Board diversity, by age



Gender diversity across organizational levels

Age diversity

	Senior Management		Middle Management		Rank and File	
	2022	2023	2022	2023	2022	2023
Under 30	0	0	9	8	255	386
30-50	8	11	44	45	227	175
Above 50	6	3	14	11	6	9

Occupational Health and Safety 3-3; 403-1; 403-2; 403-3

Empire East is committed to creating a safe and pleasant workplace environment and ensuring the safety and health of its employees in accordance with the Labor Standards Act, industrial safety, and occupational safety and health regulations. To uphold these standards, the Company has established a Health and Safety Committee comprising representatives from various departments to oversee and implement safety measures across all operations.

	2022	2023
Safe Man-Hours	4,857,198	3,258,005
No. of work-related injuries	0	4
No. of work-related fatalities	0	0
No. of work-related ill-health	0	0
No. of safety drills	11	7

Occupational Health Services 403-7; 403-9; 403-10

The Project Development Department (PDD) ensures that safety is a top priority for all parties involved in construction. Contractors are required to adhere to safety provisions outlined in their contracts with Empire East, and they undergo pre-qualification inspections. Daily safety inspections are conducted, and safety checklists are completed to mitigate risks. Safety permits, like Hot Work permits, are issued to ensure equipment and work areas comply with safety standards. Contractors must submit health and safety plans, which are regularly reviewed by EELHI. All contractors' workers must have Philhealth coverage, and accident insurance should be provided.

Empire East employees receive Philhealth, HMO, and life insurance coverage, with an annual physical exam available. The Company is committed to maintaining a safe workplace in accordance with labor and safety regulations, with a dedicated Health and Safety Committee (HSC) overseeing compliance.

Worker Participation 403-4

Workers report work-related hazards and situations through daily toolbox meetings led by the project's HSC. During these meetings, the committee provides instructions and reminders to all workers, encouraging them to raise any issues regarding work execution, safety, and security. Representatives from subcontractors, designated safety officers, project leaders, and foremen are required to attend weekly HSC safety meetings.

Health and safety measures are based on approved plans from the Department of Labor. Input and concerns from workers at toolbox meetings are used to enhance these plans and programs.

Worker Training 403-5

The Construction Safety and Health Seminar (COSH) Training for Safety Officers is an essential course designed to equip Safety Officers (with SO2-certification) with the necessary knowledge and skills in occupational safety and health. This training ensures that Safety Officers can effectively implement safety and health protocols within their respective teams. While not obligatory, COSH training is highly recommended for technical staff to further enhance their understanding and capabilities in ensuring workplace safety and health standards are met.

Promotion of Worker Health 403-6

In 2021, the Company launched the Social Spaces campaign to promote a caring workplace culture focused on employee well-being and engagement in a hybrid work environment. Employees can join groups based on their interests, fostering a supportive community. The Company also conducts Kumustahan sessions and departmental consultations to address workplace challenges. In 2023, these initiatives were continued, maintaining a strong focus on promoting employee well-being and engagement in the workplace.

Labor Laws and Human Rights 3-3

Empire East upholds human rights and complies with labor laws in all its operations. Additionally, the Company ensures that any reports of violations within its business operations are carefully monitored. Only candidates who meet the criteria outlined in the Company's hiring process are eligible for employment consideration. This process involves verifying the eligibility of potential applicants through the required submission of appropriate personal documentation.

Disclosure on Labor Law Violations and Human Rights Incidents

Empire East's commitment to Sustainable Development Goal (SDG) 8, which aims to protect children from abuse and exploitation, is evident in both its social initiatives and internal policies. The Company rigorously monitors reports of violations within its operations and maintains stringent hiring practices to ensure compliance with legal minimum age requirements. By requiring proper documentation to verify the eligibility of prospective employees, Empire East upholds its commitment to safeguarding children's rights and promoting ethical employment standards.

Project leaders at Empire East are also careful about selecting partners who are legally compliant with labor laws and share the same commitment to eradicating child labor. The Company ensures that its partners submit the necessary documentation before commencing any work or hiring processes. Empire East also maintains its commitment to fair labor practices by only engaging with legitimate contractors and subcontractors.

Project leaders at Empire East are careful about selecting partners who are legally compliant with labor laws and share the same commitment to eradicating child labor. The Company ensures that its partners submit the necessary documentation before commencing any work or hiring processes.

Disclosure	Quantity
No. of legal actions or employee grievances involving forced or child labor	0

Disallowing Violation of Human Rights 3-3

According to Empire East's Employee Code of Discipline, actions such as provoking conflicts, intimidation, and harassment are considered serious offenses, punishable by suspension or termination. Detailed provisions are outlined in Parts II and IV of the EELHI Code of Discipline. The Board is tasked with ensuring the Company's compliance with all relevant laws, regulations, and best practices, as per Section 2.2.6 of the Code.

Business Innovation: Digitalization of Systems and Processes

All departments at EELHI have implemented digitization and automation in response to specific stakeholder concerns.

The Audit Management Services (AMS) introduced a system for automating payment verification, integrating it into the Proof of Payment Module using Payment Monitoring and Online Bank Access. This move eliminates manual errors and improves payment verification efficiency. AMS also implemented automation and process improvements in title processing, utilizing CNR to aid in account verification, automate reminders and notices, and streamline title processing.

The Document Management Group (DMG) initiated the digital documents rehabilitation project to enhance the accessibility, accuracy, and completeness of digital records and documents. This effort included identifying and resolving internal user pain points and improving digital infrastructure for better stability, speed, and ease of use, ultimately reducing requests for physical documents and cfp improving turnaround times for internal processes.

The General Administrative Services Department (GAS) digitized all department reference materials, including company and department manuals, forms, and asset lists per employee, through the Centralized Form Program, enhancing accessibility for all employees.

The Legal Department continues to digitize the major process flow of the Legal Documentation Group and Property Registration Group, providing beneficiaries with a readily accessible systems database to monitor the status of buyers' accounts after full payment.

The Management Information System department expanded the Group's Central Form Processor (CFP) and other applications to simplify processes for employees, contractors, and suppliers. The Central Form Processor (CFP) portal allows employees to submit various online forms, while the Accreditation Portal (ACP) enables contractors to submit proposals and communicate with the company upon approval. The Contract Event Tracker (CET) allows internal stakeholders to monitor and collect client information, generating automated emails or text messages based on client history. The Help Desk facilitates direct ticket submission to concerned departments.

These developments have expedited and streamlined processes, increased accessibility, and facilitated inter-departmental collaboration within the Company.

HR Process Digitization

Empire East is committed to business innovation, evident in its digitalization efforts across systems and processes, especially within Human Resources (HR). This strategic move is geared towards enhancing operational efficiency by automating repetitive tasks and ensuring data accuracy. Additionally, the Company aims to elevate the employee experience through the provision of seamless and user-friendly HR services. Moreover, EELHI is leveraging HR data analytics to gain valuable insights into its workforce, enabling informed decision-making and strategic planning. These initiatives underscore EELHI's dedication to staying at the forefront of efficiency and effectiveness in the real estate industry.

HR implements basic HR technologies to automate common processes like recruitment, employee services, and exit management.

- Digital platforms like Viber and Facebook Groups are actively used for communication.
- Integrated government online sites are used to streamline benefit availments and monitoring.
- HR analytics provide insights for identifying areas for improvement and making data-driven decisions regarding recruitment, performance management, and employee engagement.

Digitization of the Central Form Program

The Central Form Program (CFP) has been a key component of Empire East's operations, encompassing various forms and documents crucial for project management, customer relations, and internal processes. As an essential tool for the Company, Empire East continuously aims to innovate on the CFP's capabilities, particularly by embracing modern technology to revolutionize its operations.

The digitalization of the CFP will achieve several key objectives:

- Reduce the reliance on paper-based processes
- Enhance data security and accessibility
- Improve overall efficiency and productivity
- Facilitate better integration with other digital systems and technologies
- Providing a foundation for future innovations

Drawing on the lessons learned from the pandemic and recognizing the increasing need for automation and digitalization, Empire East's MIS is constantly seeking and creating ways to streamline the processes that led to the creation of the CFP.

Transitioning to a paperless system offers significant cost savings, efficiency, sustainability, and overall productivity advantages. It allows users to access information, documents, and forms at any time with the help of the Internet, especially since forms are organized and indexed for faster search functionality. The digital forms also eliminate printing and physical storage requirements and can easily adapt to changes in business needs or growth.

The digitalization of the CFP will further increase the efficiency and cost-effectiveness of Empire East's operations, while also improving both data security and collaboration between departments. As a centralized platform, CPF forms are secured through the customized provision of access lists, ensuring both ease of access and quicker retrieval of stored information. Expedited forms are completed through automated notification of the reviewer or approvers upon creation, reducing the administrative burden.

Automation also allows Empire East to maintain a detailed record of activities, simplifying compliance and auditing processes. Creating structured forms becomes more accessible as documents are pre-formatted for editing, and generating reports in PDF and Excel is also simplified. With the digitalization of the CFP, Empire East allows its employees to free up their time for more strategic endeavors by automating repetitive tasks.

Summary for 2023-24: 126 types of forms and generated 168,466 pages
Previous Summary for 2022: 115 types of forms and generated 132,187 pages

Digital Fridays

Empire East's initiative, Digital Fridays, is a comprehensive digital content guide designed specifically for its salesforce. This resource is pivotal for educating the marketing and sales teams on effective digital communication and content creation strategies tailored to the homebuyer's journey. Digital Fridays emphasize the optimal use of digital platforms to maintain contact with clients, ensuring that sales teams are well-versed in leveraging digital assets responsibly and effectively.

The guide promotes digital literacy with such topics as social media best practices and also offers tips for more technical knowledge, such as how to create and edit videos. Following the challenges that many companies faced during the pandemic, Empire East recognized the importance of adapting online avenues and empowering its salesforce with the necessary skills to use digital media effectively.

This program is a key component of the Company's governance strategy, fostering skill development and best practices in digital engagement.

Customer Care 3-3

Empire East has adeptly responded to the digital acceleration catalyzed by the pandemic, augmenting client engagement through the rollout of the www.askaboutyourhome.com portal. This innovative ticketing system has been instrumental in streamlining communications for homeowners and buyers, facilitating efficient issue resolution. The Company has integrated digital tools for virtual property walkthroughs and presentations, introduced digital payment options, and automated document handling to streamline processes.

Additionally, strategic collaborations with Pag-IBIG for housing loans and the introduction of flexible payment schemes have been implemented to address economic concerns, contributing to enhanced customer satisfaction and operational efficiency.

Improving Customer Satisfaction 3-3; 416-2

Empire East has established a central customer grievance bank to facilitate the formal filing, evaluation, and resolution of complaints. Additionally, the Company has launched digital tools aimed at optimizing tasks and enhancing connectivity to provide a more attentive level of service to all stakeholders.

The Company has implemented virtual walkthroughs and digital project presentations to effectively engage homebuyers who prefer to learn more about their products from the safety of their homes. To facilitate virtual engagement, EELHI has also developed digital payment schemes and marketing strategies.

To streamline processes and improve efficiency, Empire East has enhanced the handling of documents and receipts through automation, reducing processing times and improving the overall customer experience. These initiatives underscore Empire East's commitment to providing innovative and customer-centric solutions to meet the evolving needs of its stakeholders.

Disclosure	
Incidents of non-compliance resulting in fine or penalty	0
Incidents of non-compliance resulting in a warning	0
Incidents of non-compliance with voluntary codes	0

Data Privacy and Security

Empire East gathers client information, such as names, birth dates, marital status, and taxpayer identification numbers (TINs), to streamline property title transfers. Currently, the Company securely stores 49,393 individual client records on its in-house servers. Access to this data is strictly limited to internal applications and enterprise accounting systems, ensuring confidentiality and privacy. Additionally, authorized personnel from the Management Information Systems (MIS) department have controlled access to the client database within the local network, further safeguarding sensitive information.

To ensure data security, any electronic component containing data, whether Company or client-related, is securely removed and stored before disposal. For example, before disposing of a computer, Empire East removes the hard disk drive platter and magnetic read heads, storing them securely before proper disposal.

Empire East is dedicated to addressing customer issues through its Credit and Collections department and Customer Relations department.

Disclosure	
No. of data breaches, including leaks, thefts, and losses of data	0

Digitalization and Customer Privacy 3-3; 418-1

Empire East is committed to digitalization while prioritizing customer privacy. The Company's digital transformation efforts aim to enhance customer experiences and streamline processes, all while ensuring the highest standards of data protection.

Disclosure	
No. of substantiated complaints on customer privacy* from outside parties.	0
No. of complaints from regulatory bodies	0

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms, as well as complaints that were lodged to and acted upon by government agencies.*

Customer Engagement Innovations 3-3

Marketing and labeling serve as crucial channels for Empire East to deliver honest and impactful communications about its new products to its target audience. These efforts include producing marketing materials for announcements or advertisements, enabling new customers to discover the brand and connect with sales agents to facilitate their purchasing journey. The Company also ensures consistency in its condominium concepts, providing detailed information on the neighborhood and payment terms.

Empire East prioritizes truth in advertising and is a member of the Philippine Association of National Advertisers (PANA), a self-regulating body that sets standards for advertising. The Company complies with Department of Human Settlements and Urban Development (DHSUD) regulations, which require the disclosure of relevant details regarding design, construction, and turnover commitments. All promotional materials undergo a rigorous internal review process before submission for DHSUD, PANA, and ASC (Ad Standards Council) compliance.

The Company has a comprehensive plan to effectively manage and enhance the marketing efforts of its independent contractors, ensuring zero claims of false advertising. This plan includes seamless coordination, a reliable ticketing system, and a 100% response rate to customer inquiries. Independent contractors, including brokers and sales agents, undergo regular retraining to stay updated with trends and best practices, enabling them to consistently perform their roles efficiently. In cases of complaints, a grievance committee is assigned to address the issue in close coordination with relevant regulatory bodies. Empire East also maintains various communication channels, such as the Ask About Your Home portal and social media platforms, to keep all stakeholders connected and informed.

Disclosure of complaints about marketing, labeling, and customer outreach (table

Disclosure	2022	2023
No. of substantiated complaints on marketing and labeling*	0	0
No. of complaints addressed	N/A	N/A

*****Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms, as well as complaints that were lodged to and acted upon by government agencies.***

Supplier Management 3-3; 308-1; 414-1

EELHI has implemented rigorous measures to ensure that its suppliers adhere to stringent social and environmental criteria. Currently, 61% of new suppliers in the Property Development Division (PDD) are screened using social criteria, and all suppliers undergo screening using environmental criteria. The Purchasing Department requires government permits for assessment, with one new supplier screened using environmental criteria only.

To assess supplier backgrounds, PDD mandates that suppliers create an account and log in to the Company's accreditation website, where the supplier policy is readily accessible. In contrast, the General Administrative Services Department (GAS) requires suppliers to submit government permits, with the Mayor's/Sanitary Permit and PCAB license serving as indicators of environmental performance.

Empire East has not encountered any suppliers engaged in illegal practices with its current processes. For social assessment, the Pre-Construction Group's (PrCG) Pre-Qualification criterion focuses on evaluating technical competence through training certificates and overall satisfaction ratings based on background investigations. While technical assessment is a small part of the evaluation system, it aids in qualification assessment and document completion.

PrCG conducts background investigations to verify social commitments and ensure that vendors have no history of serious legal actions before accreditation. Additionally, to foster trust and mutual respect with vendors, EELHI-PrCG accepts vendors' product presentations and training invitations to enhance team knowledge.

EELHI-PrCG continually ensures social compliance and relations through systematic evaluation, using collected data as a basis for further improvements to current accreditation questionnaires. In line with ongoing improvement efforts, the Company plans to enhance its assessment of vendors' credentials based on environmental compliance in the coming year, as outlined in the Environmental Compliance section of the report.

	Property Development Division	General Administrative Services
Environmental Performance	N/A	The Company requires suppliers to submit government permits. The issued Mayor's/Sanitary Permit and PCAB license provide assessments relative to Environmental performance.
Forced Labor	As part of Empire East PDD background investigations, suppliers are required to create an account and sign into the company's Accreditation Portal, wherein the supplier policy is already embedded for easy access. The Accreditation Portal (ACP) enables contractors to submit proposals and communicate succeeding actions with the Company upon its approval. We only engage with legitimate contractors compliant with labor laws and standards to ensure legitimate job contracting practices and conditions following DOLE DO 13 & 19	N/A
Child Labor		Included in the Vendors Info File to be filled out by the supplier
Human Rights		N/A
Bribery and Corruption	N/A	Included in Letter 101. The Company bans suppliers engaging in bribery and corruption.

Environmental Impact Management

Empire East prioritizes sustainability in its construction and design of integrated townships and innovative lifestyle concepts. Alongside transport-oriented planning, the Company ensures its buildings comply with the Philippine Green Building Code, emphasizing resource management efficiency and site sustainability.

Empire East maintains strict compliance with regulatory codes and requirements throughout the project design and construction phases. The Company collaborates closely with contractors to ensure full compliance with regulatory mandates, such as obtaining the Environmental Compliance Certificate (ECC) from agencies like the Department of Environment and Natural Resources (DENR) or the Laguna Lake Development Authority (LLDA). These compliance measures are clearly outlined in the contracts of their technical consultants and contractors.

Professionals from the Design, Pre-Construction, and Construction Management Groups, as well as technical consultants and contractors, oversee compliance with environmental regulations. In 2023, there were no environmental infractions reported, highlighting the Company's commitment to sustainable practices and regulatory compliance.

Environmental Compliance 2-27

Disclosure	Quantity
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0
No. of cases resolved through dispute resolution mechanism	0

Materials Management 3-3; 301-1; 301-2

Empire East meticulously monitors and manages the materials it uses, a practice overseen by dedicated department staff within the Design and Construction Management Group in conjunction with third-party technical consultants. This commitment is a fundamental aspect of the Company's ethos, ensuring that all design processes prioritize resource efficiency. To guide these efforts, Empire East provides Design Terms of Reference, which serve as a comprehensive guide to ensure that all designs align with sustainability goals and best practices.

A notable achievement in resource efficiency in 2023 was the initiative undertaken by the Property Management Group (PMG) to reduce paper consumption. This was achieved by transitioning to online transactions for form applications and payments, a move that significantly decreased the need for physical paperwork. The PMG successfully rolled out the PMG mobile and web applications (E-PrOS) across all managed properties. Furthermore, the group has actively promoted the use of these applications among residents, encouraging the majority of administrative-related transactions that previously required physical forms to be conducted digitally.

To enhance energy efficiency, engineers have been deployed to each site to oversee the maintenance and replacement of lights. Specifically, they have been tasked with implementing the use of LED lights, which are more energy-efficient and have a longer lifespan compared to traditional lighting solutions.

Disclosure	Quantity	Units	Amount (kg)
Materials used by weight or volume			
Renewable			
Paper	750	reams	1,868
Folders	6000	pcs	150
Non-renewable*			
Construction Stage			
Cement	403,768	kgs	20,188,366
Ceramic tiles	205,440	pcs	228,038
Paint	2,995	sqm	17,732
Gypsum Board	11,920	sqm	297,989
PVC Pipes	235,862	m	37,738
Reinforcing steel bars	8,103,409	kgs	8,103,409
Wood (doors and cabinets)	42,586	kgs	42,586
Glass	153,968	kgs	153,968
Wires	5,236,677	lm	200,402
Steel pipes	22,191	m	248,539
Property Operation Stage			
Fluorescent Lights	3,360	pcs	2,560
LED Lights	7,000	pcs	238
Paint	2,731	gls	10,338
Magnetic Contactors	100	pcs	15
Fuel	N/A	L	N/A
Ink	782	bot	55
TOTAL			**29,533,991**
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%	

Note: The quantities of non-renewable materials listed above are estimates only.

Property Management Group and the Push For Paperless

Empire East's Property Management Group is spearheading a transformative push towards a paperless environment. This strategic initiative aligns with the Company's commitment to operational excellence and environmental responsibility. By transitioning to digital documentation and workflow systems, Empire East aims to streamline processes, enhance data security, and reduce its ecological footprint.

The Pre-Construction Group was responsible for the creation of an online bidding portal. This allows for the submission of electronic bid files, which contractors, suppliers, and other vendors can simply upload to the portal. Apart from simplifying the collection of these documents, this transition further supports environmental sustainability through reduced paper usage and lower transportation-related emissions.
In the Construction Group, improvements were made to the Contractors-Consultants Portal. The group collaborated with Management Information Systems (MIS) so that documentation for four additional processes can be included in the portal.

Electronic copies of IR, QCIR, NCR, and CWN construction documents are now supported, drastically reducing the use of paper. Furthermore, the introduction of eco-boards, made from recycled plastic materials, for use in formworks has increased the reusability of construction materials and decreased the quantity of debris that needs to be disposed of.
The Post Construction Group has also embraced this initiative by facilitating the online acceptance and turnover of parking slots, residential units, and lots. CFTs are sent via email for signature collection and a Digital Turnover Kit designed by the Turnover Group is distributed to the new owners, eliminating the need for paper documents.

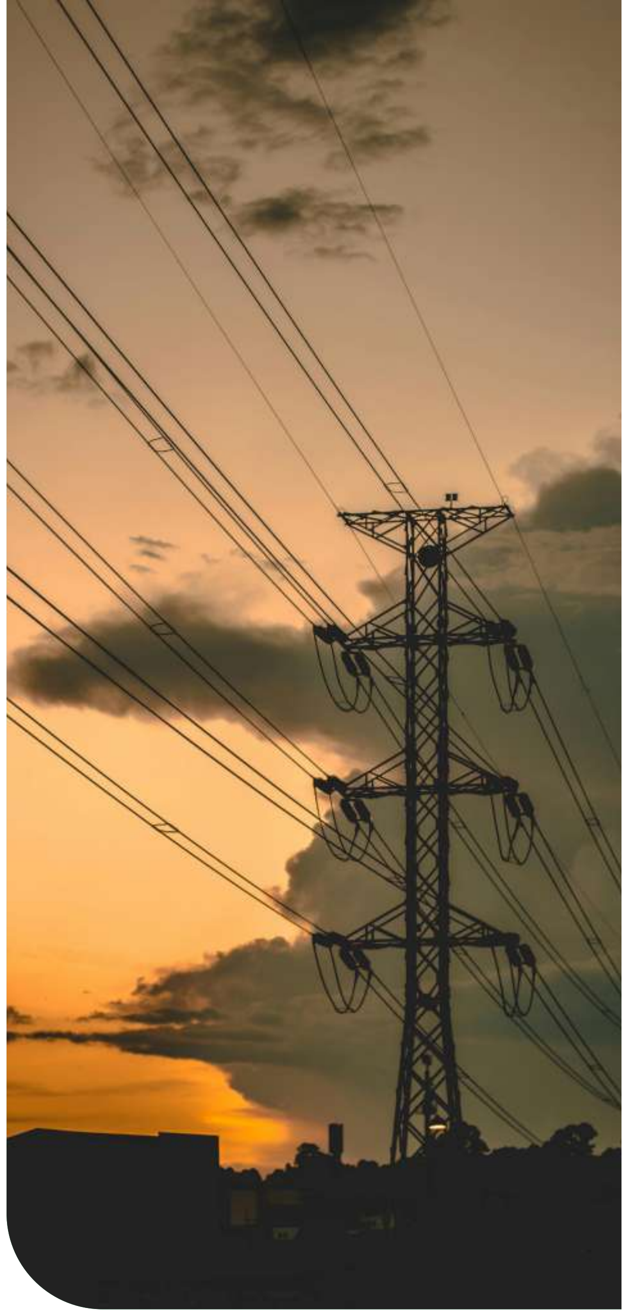
Within the Property Management Group, the creation of PMO mobile applications and websites with administrative functions enables residents to engage in paperless transactions for payments, work permit applications, gate pass approvals, and other admin-related activities. Additionally, the development of an online marketplace supports residents in marketing their small businesses, which contributes to community building.

Energy Use 3-3; 302-1

Empire East regards energy efficiency as a critical aspect of its business operations. In the construction of its integrated townships and innovative lifestyle concepts, sustainability is a key consideration. The Company ensures that its policies and energy usage guidelines align with local regulations to promote efficient energy practices.

EELHI is committed to complying with the requirements of the Philippine Green Building Code, which emphasizes resource management efficiency and site sustainability. The Design and Construction Management Group, in collaboration with third-party technical consultants and contractors, is responsible for ensuring compliance with these regulations. Contractors are tasked with identifying and implementing energy conservation measures in their projects, while the design team works closely with technical consultants to develop energy-efficient designs.

To achieve its energy efficiency objectives, the Property Management Group (PMG) provides engineers with training to become Pollution Control Officers (PCOs), ensuring compliance with regulations set by the Department of Environment and Natural Resources (DENR) and other relevant bodies. Additionally, sites collaborate with service providers to maintain the operation of generator sets, further contributing to energy efficiency efforts. Furthermore, the organization was able to convert all lights to LED.This initiative is part of the Company's broader efforts to reduce greenhouse gas (GHG) emissions across its properties. Furthermore, the Company is committed to planting more trees and adopting forests to offset carbon footprints, demonstrating its dedication to environmental stewardship.



Overview of Empire East Total Energy Consumption (in GJ)

Department/Facility	2022			2023		
	Electricity	Gasoline	Diesel	Electricity	Gasoline	Diesel
EPHI	891.57	-		1,195.15	-	
GAS	908.67	10.36	955.81	1,247.29	136.40	1,148.83
PDD	1,487.50	0	15.41	1,498.17	0	12.74
Additional showrooms	80.14	-		117.27	-	
Subtotal	3,367.88	10.36	971.22	4,057.88	136.40	1,161.58
TOTAL	4,349.46			5,355.86		

Empire East Total Energy Consumption by Source (in GJ)

Disclosure	Quantity	
	2022	2023
Energy consumption (gasoline)	10.34	136.40
Energy consumption (diesel)	971.22	1,161.58
Energy consumption (electricity)	3,367.88	4,057.88
Total energy consumption	4,349.44	5,355.86

Empire East Total Reduction in Energy Consumption (in GJ)

Disclosure	Quantity		
	2021-2022	2022-2023	Units
Energy reduction (gasoline)	63.37	-126.05	GJ
Energy reduction (diesel)	-90.16	-190.35	GJ
Energy reduction (electricity)	-284,665.82	-191,667.38	kWh
	-1,024.80	-690	GJ
Total energy reduction	-1,051.59	-1,006.40	GJ

Energy Intensity 302-3; 302-4

Internal energy intensity

Metric	Metric Amount	Energy (GJ)		Within the organization	Outside Upstream
		Within the organization	Outside Upstream		
Revenue	4,707.00	5,355.86	33,101.41	1.14 GJ/mPHP	7.03 GJ/mPHP
Employee	648			8.27 GJ/Employee	51.08 GJ/ Employee

Water Use and Discharge 3-3; 303-1; 303-2

The construction and real estate sectors have a significant impact on water resources, both during development and operation. These activities not only require substantial water usage but also generate effluents that can harm water bodies. It is crucial for businesses in these sectors to implement water conservation measures and effective effluent management policies to mitigate these impacts.

EELHI sources water from various sources, including deep wells, Maynilad, and Manila Water, for its construction projects, fire water reserves, recreational facilities such as pools and fountains, office and household use, as well as for cleaning and maintenance purposes. The organization has cistern tank storage and elevated water tanks to store water, which is deemed safe for use in condominium units. Regular monthly water potability testing is conducted at all sites to ensure water safety. Additionally, the Company employs a third-party contractor to maintain pool water quality, ensuring it is safe for swimming.

The design stage for each project is meticulously planned, considering relevant sanitary and plumbing codes as well as adhering to Department of Environment and Natural Resources (DENR) environmental guidelines. Empire East ensures compliance with regulations outlined in DENR Administrative Orders (DAO) 34 and 35, as well as DAO 2016-08.

Effluent management is also a priority for Empire East. All sites engage a third-party contractor to monitor sewage treatment plant operations and ensure compliance with regulatory requirements before effluent discharge. However, challenges arise from uninformed unit owners disposing of inappropriate materials through toilets and sinks, which can impact STP processes. To address this issue, Empire East issues circulars to remind unit owners to dispose of materials properly, thereby maintaining the effectiveness of their effluent management practices.

Wastewater from Empire East's developments is carefully managed. It is siphoned and processed by a third-party company before being discharged into surface water bodies such as Laguna Lake, Manila Bay, and the Pasig River.

In addition to wastewater management, Empire East is proactive in preventing water leakage in its developments. Engineers and in-house technicians conduct daily monitoring of major equipment to prevent leaks. Moreover, project site teams collaborate with contractors to identify and implement water conservation measures. These measures include regular maintenance of water pipelines and cistern tanks, as well as conducting regular water potability tests. These efforts underscore Empire East's commitment to sustainable water management practices.

Water consumption within the organization 303-3; 303-4; 303-5

Disclosure	Quantity	
	2022	2023
Water withdrawal	1,299,796	1,922,880
Water discharge	692,526	541,992
Water consumption	607,270	1,380,887

In 2023, there was an increase in EELHI's water withdrawal, reaching 1,922,880 units, compared to 2022. This increase is due to higher water demand as well as operational changes. Despite this increase, there was a decrease in water discharge to 542,000 units, indicating improved efficiency in water use or changes in operational processes. Water consumption nearly doubled to 1,380,890 units because of increased production. The Company continues to monitor its water usage closely and implements sustainable water management practices across its operations to mitigate environmental impacts.

Greenhouse Gas (GHG) Emissions 3-3; 303-5

Empire East's greenhouse gas emissions stem from two primary sources. The first source is the consumption of energy from non-renewable resources like diesel and gas for diesel generator sets and owned transportation. The second source is organizational operations, specifically the consumption of purchased electricity, 100% of which is sourced from the grid.

To mitigate emissions and their potential impacts, PDD engineers and PCOs conduct a five-minute no-load test on each generator set every week. This practice is aimed at reducing emissions and ensuring optimal performance. Monitoring sheets are also deployed to track the performance of generator set operations.

EELHI has made substantial progress in reducing greenhouse gas (GHG) emissions across its properties, demonstrating a strong commitment to environmental stewardship. The Company pledged to enhance its carbon offset efforts by planting more trees and engaging in forest adoption initiatives. Empire East actively promotes energy conservation within its communities, encouraging participation in initiatives such as Earth Hour. Furthermore, in collaboration with MERALCO, Empire East is actively pursuing partnerships under the Green Energy Option Program (GEOP) of the Department of Energy to transition towards renewable energy sources.

In 2023, EELHI achieved a notable decrease in its GHG emissions compared to 2022. This reduction in GHG emissions can be attributed to several factors, including improved energy efficiency measures, the adoption of renewable energy sources, and changes in operational practices.

GAS Scope 1 emissions and Scope 2 emissions 305-1; 305-2; 305-3

Disclosure	Amount	
	2022	2023
Direct (Scope 1) GHG Emissions	74.29	94.90
Energy indirect (Scope 2) GHG Emissions	372.00	506.40

PDD Scope 1 emissions and Scope 2 emissions

Disclosure	Amount	
	2022	2023
Direct (Scope 1) GHG Emissions	1.15	0.947332
Energy indirect (Scope 2) GHG Emissions	294.28	296.39

Empire East Scope 1 Emissions and Scope 2 Emissions 305-6

Disclosure	Quantity		
	2021-2022	2022-2023	Units
Direct (Scope 1) GHG Emissions	75.44	95.84	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	666.28	802.79	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	n/a	n/a	Tonnes

Empire East Scope 3 Emissions

Disclosure	Amount			
	2020	2021	2022	2023
Energy indirect (Scope 3) GHG Emissions	2.6	239.37	9,903.28	6,315.98

Solid and Hazardous Wastes 3-3; 306-1; 306-2; 306-3; 306-4; 306-5

In the operation of condominiums and subdivisions, common waste includes administrative paper usage and engineering materials for property maintenance.

Hazardous waste includes broken fluorescent lights found in common areas, which contain small amounts of mercury. To manage this, Empire East employs Pollution Control Officers (PCOs) who oversee the maintenance of temporary storage facilities for broken lights and garbage rooms. PCOs also monitor garbage cans and hazardous waste, providing recommendations for the pickup of hazardous waste in board meetings.

Total Waste Generated (in metric tons)

2022 = 18,734.77 metric tons

2023 = 26,990.99 metric tons

The Company generates waste from its activities and upstream value chain, including food waste, discarded construction material packaging, and damaged materials such as cartons, plastics, debris, and plywood. To reduce waste, particularly paper, EELHI has been transitioning to digital forms. Housekeeping personnel regularly monitor garbage cans and hazardous waste, presenting recommendations for pickup in board meetings.

Hazardous materials, like broken fluorescent lights containing mercury, are managed by Pollution Control Officers (PCOs). PCOs ensure temporary storage facilities are maintained and coordinate with accredited collectors for proper disposal.

Construction and office wastes, such as excess metals and PVC pipes, are sold to third-party recyclers. The purchasing department contracts services for scrap metal disposal.

Unit owners' and residents' waste is segregated and collected daily by garbage collectors. Third-party collectors maintain individual waste collection records for monitoring and recording purposes.

Disclosure	Quantity	
	2022	2023
WASTE GENERATED		
Total waste generated	**18,734.77**	**26,990.99***
Non-hazardous	18,733.15	26,988.40
Hazardous	1.62	2.59
WASTE DIVERTED/WATE PREVENTED		
Total waste diverted from disposal	**1.37**	**2,601.19***
Hazardous	0	0.03
Non-hazardous	1.37	2,601.16
WASTE DIRECTED TO DISPOSAL		
Total waste diverted from disposal	**18,733.4**	**24,389.80**
Hazardous	1.62	2.56
Non-hazardous	18,731.78	24,387.24

**The total amount of wastes also include scrap metals which are neither categorized as Property Operation nor Construction Stage*

Local Community Connections 3-3

Empire East's community engagement practices are voluntary and responsive, extending beyond the immediate areas of the Company's developments to reach a broader audience and make a positive impact.

FinHUSAY 3-3
Startup For A Cause

FinHUSAY Startup For A Cause empowers budding entrepreneurs in the community by providing them with the necessary skills and resources to succeed. Through mentorship programs and workshops, participants are equipped with the knowledge and tools needed to launch their own businesses, thereby contributing to the local economy and fostering a culture of entrepreneurship.

Brigada Eskwela 3-3

Empire East actively participates in Brigada Eskwela, a yearly nationwide initiative that aims to prepare public schools for the opening of classes. Through this program, Empire East volunteers join forces with educators, parents, and other stakeholders to clean, repair, and beautify school facilities, ensuring a conducive learning environment for students.

In 2023, the General Administrative Services (GAS) Department played a crucial role in assisting CAA Elementary School in Las Piñas. The GAS team undertook classroom repairs and performed substantial electrical installations, including fans and LED lights. Additionally, they installed various fixtures that collectively enhanced the school's learning environment, creating a more conducive atmosphere for the students.

Corporate Governance

Corporate Governance Structure [2-9]

Management and executive officers

ATTY. ANTHONY CHARLEMANGE C. YU

President and Chief Executive Officer

LINO P. VICTORIOSO JR.

Chief Financial Officer, Corporate Information Officer and Compliance Officer

EVELYN G. CACHO

Senior Vice President

JHOANNA LYNDELOU T. LLAGA

Senior Vice President for Marketing

GIOVANNI C. NG

Treasurer

DENNIS E. EDAÑO

First Vice President for Legal and Corporate Affairs/ Corporate Secretary

CELESTE Z. SIOSON-BUMATAY
First Vice President for Credit and Collection/Assistant Corporate Secretary

FRANEMIL T. RAMOS
First Vice President for Management Information System

ARMINIUS M. MADRIDEJOS
First Vice President and Head for Property Development Division

AMIEL VICTOR A. ASUNCION
Senior Assistant Vice President for Human Resources

KIM CAMILLE B. MANANSALA
Senior Assistant Vice President for Audit & Management Services

Board of Directors

Dr. Andrew L. Tan

Atty. Anthony Charlemagne C. Yu

Kevin Andrew L. Tan

Evelyn G. Cacho

Enrique Santos L. Sy

Cresencio P. Aquino

Sergio R. Ortiz-Luis, Jr.

Executive Committee

Dr. Andrew L. Tan – Chairman
Atty. Anthony Charlemange C. Yu – Member
Evelyn G. Cacho – Member

Audit Committee

Cresencio P. Aquino (Independent Director) - Chairman
Sergio R. Ortiz-Luis, Jr. (Independent Director) – Member
Evelyn G. Cacho – Member

Corporate Governance Committee

Cresencio P. Aquino (Independent Director) - Chairman
Sergio R. Ortiz-Luis, Jr. (Independent Director) – Member
Enrique Santos L. Sy – Member

Board Risk Oversight Committee

Sergio R. Ortiz-Luis, Jr. (Independent Director) – Chairman
Cresencio P. Aquino (Independent Director) - Member
Enrique Santos L. Sy – Member

Related Party Transaction Committee

Cresencio P. Aquino (Independent Director) - Chairman
Sergio R. Ortiz-Luis, Jr. (Independent Director) – Member
Enrique Santos L. Sy – Member

Conflict of Interest 2-15

Directors are expected to uphold honesty and integrity in the execution of their duties, ensuring the highest standard of best practices for the Company (Section 2.2.6, Code). They must engage in fair business transactions with the Company, avoiding conflicts of interest with its interests (Section 2.2.7 (i), Code).

The internal control system incorporates a mechanism for monitoring and managing potential conflicts of interest involving management, members, and shareholders.

As a listed company, the Board is required to fully disclose all relevant and material information regarding individual board members and key executives. This disclosure allows for the evaluation of their experience and qualifications and the assessment of any potential conflicts of interest that could influence their judgment. The Company maintains transparency and provides stakeholders with comprehensive disclosure of material information.

Evaluation of Performance 2-18

The Corporate Governance Committee:

a. Oversees the periodic performance evaluation of the Board and its committees, as well as executive management. It also conducts an annual self-evaluation of its performance; and
b. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.

Communication of Critical Concerns 2-16

The Board is responsible for establishing comprehensive policies and programs to ensure fair treatment and protection of stakeholders, encompassing customers, employees, suppliers, shareholders, investors, creditors, the community, society, government, regulators, competitors, and external auditors. The Board also maintains open and transparent communication through the Investor Relations Office and the Office of the Corporate Secretary.

Remuneration Policies 2-19

All departments are mandated to prepare a Manpower Plan, which undergoes annual review, revision, and approval as an integral part of the Budget Preparation Process. This plan adheres to the Salary Structure, which outlines salary grades and levels per rank, prepared by the HR & Finance Department. The Manpower Plan is submitted to the Human Resource Department at the outset of the Budgeting Process each year, detailing the projected salaries of employees for the upcoming year. Performance-based pay and other bonuses are contingent upon Management approval.

Financial Statement

P&A Grant Thornton

Consolidated Financial Statements and Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2023, 2022 and 2021

P&A Grant Thornton

Report of Independent Auditors

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

T +63 2 8988 2288

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.

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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.

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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.

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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.

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

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__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.

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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

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

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**	P 4,551,528,008
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	Amount of Transactions 2022	Amount of Transactions 2021	Outstanding Balance 2023	Outstanding Balance 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.

		2023		2022	
	Notes	Carrying Amounts	Fair Values	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

GRI Index

Statement of Use	Empire East Land Holdings, Inc. (EELHI) has reported in accordance with the GRI Standards for the period 01 January 2023 to 31 December 2023. Empire East Land Holdings, Inc. (EELHI) has reported in accordance with the GRI Standards for the period 01 January 2023 to 31 December 2023.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	DIRECT ANSWER	OMISSION	
				REASON	EXPLANATION
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organizational details	5			
	2-2 Entities included in the organization's sustainability reporting	2			
	2-3 Reporting period, frequency and contact point	2			
	2-4 Restatements of information		There are no restatements of information for 2023.		
	2-5 External assurance		This report did not undergo external assurance.		
	2-6 Activities, value chain and other business relationships	5, 10-13			
	2-7 Employees	44			
	2-8 Workers who are not employees			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-9 Governance structure and composition	69-71			
	2-10 Nomination and selection of the highest governance body				
	2-11 Chair of the highest governance body				
	2-12 Role of the highest governance body in overseeing the management of impacts			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-13 Delegation of responsibility for managing impacts			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-14 Role of the highest governance body in sustainability reporting				
	2-15 Conflicts of interest	72			
	2-16 Communication of critical concerns	72			
	2-17 Collective knowledge of the highest governance body			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-18 Evaluation of the performance of the highest governance body	72			
	2-19 Remuneration policies	72			
	2-20 Process to determine remuneration				
	2-21 Annual total compensation ratio			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-22 Statement on sustainable development strategy	6-9			
	2-23 Policy commitments			Information unavailable/ incomplete	The Company has not yet gathered the required information.

GRI 2: GENERAL DISCLOSURES 2021	2-24 Embedding policy commitments			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-25 Processes to remediate negative impacts	16-18			
	2-26 Mechanisms for seeking advice and raising concerns			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-27 Compliance with laws and regulations	58			
	2-28 Membership associations			Information unavailable/ incomplete	The Company has not yet gathered the required information.
	2-29 Approach to stakeholder engagement	36-40			
	2-30 Collective bargaining agreements			Not Applicable	The Company is non-unionized.
MATERIAL TOPICS					
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	18			
	3-2 List of material topics	19			
STRATEGIES AND POLICIES					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	23			
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	23			
	201-2 Financial implications and other risks and opportunities due to climate change	32			
	201-3 Defined benefit plan obligations and other retirement plans	43			
STRATEGIES AND POLICIES					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	10-13			
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1 Infrastructure investments and services supported	10-13			
	203-2 Significant indirect economic impacts	10-13			
PROCUREMENT PRACTICES, SUPPLIER MANAGEMENT					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	25			
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending on local suppliers	25			
ANTI-CORRUPTION, BUSINESS ETHICS AND INTEGRITY					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	24			
GRI 205: ANTI-CORRUPTION 2016	205-1 Operations assessed for risks related to corruption				
	205-2 Communication and training about anti-corruption policies and procedures	25			
	205-3 Confirmed incidents of corruption and actions taken	25			
MATERIAL CONSUMPTION					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	58-59			
	301-2 Recycled input materials used	58-59			
	301-3 Reclaimed products and their packaging materials				
ENERGY, CLIMATE CHANGE					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	60-61			
	302-3 Energy intensity	61			
	302-4 Reduction of energy consumption	61			
WATER					
GRI 3: Material Topics 2021	3-3 Management of material topics	61-63			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	61-63			
	303-2 Management of water discharge-related impacts	61-63			
	303-3 Water withdrawal	62			
	303-4 Water discharge	62			
	303-5 Water consumption	62			
GHG EMISSIONS, CLIMATE CHANGE					
GRI 3: Material Topics 2021	3-3 Management of material topics	63			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	63-64			
	305-2 Energy indirect (Scope 2) GHG emissions	63-64			
	305-3 Other indirect (Scope 3) GHG emissions	64			
	305-4 GHG emissions intensity				
	305-5 Reduction of GHG emissions	63-64			
	305-6 Emissions of ozone-depleting substances (ODS)	64			
WASTE MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	64-65			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	64-65			
	306-2 Management of significant waste-related impacts	64-65			
	306-3 Waste generated	64-65			
	306-4 Waste diverted from disposal	64-65			
	306-5 Waste directed to disposal	64-65			
STAKEHOLDER MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	48			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes		4 weeks		
WORKFORCE HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	49			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	49			
	403-2 Hazard identification, risk assessment, and incident investigation	49			
	403-3 Occupational health services	49			
	403-4 Worker participation, consultation, and communication on occupational health and safety	49			
	403-5 Worker training on occupational health and safety	50			
	403-6 Promotion of worker health	50			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49			

	403-8 Workers covered by an occupational health and safety management system					
	403-9 Work-related injuries	49				
	403-10 Work-related ill health	49				
EMPLOYEE TRAINING AND EDUCATION						
GRI 3: Material Topics 2021	3-3 Management of material topics	44				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	45				
	404-2 Programs for upgrading employee skills and transition assistance programs	46-47				
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	43				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	48				
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 3: Material Topics 2021	3-3 Management of material topics	50-51				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		None			
HUMAN RIGHTS (LABORERS)						
GRI 3: Material Topics 2021	3-3 Management of material topics	50-51				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		None			
COMMUNITY IMPACT OF DEVELOPMENTS						
GRI 3: Material Topics 2021	3-3 Management of material topics	54				
GRI 413: Local Communities 2016	416-1 Assessment of the health and safety impacts of product and service categories		100% of significant product and service categories were assessed for health and safety impacts and improvement			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	54				
SUPPLIER MANAGEMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	56-57				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	56				
CUSTOMER SATISFACTION, STAKEHOLDER MANAGEMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	54				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		100% of significant product and service categories were assessed for health and safety impacts and improvement			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	54				
BUSINESS ETHICS AND INTEGRITY, STRATEGIES AND POLICIES						
GRI 3: Material Topics 2021	3-3 Management of material topics	56				

GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		100% of significant product or service categories were assessed for compliance			
	417-2 Incidents of non-compliance concerning product and service information and labeling		None			
	417-3 Incidents of non-compliance concerning marketing communications		None			
BUSINESS ETHICS AND INTEGRITY, STRATEGIES AND POLICIES						
GRI 3: Material Topics 2021	3-3 Management of material topics	55				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	55				

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