

SEC Number: CS200321240

File Number: _____

CEBU LANDMASTERS, INC.

(Company's Full Name)

**10TH FLOOR, PARK CENTRALE TOWER
JOSE MA. DEL MAR ST., B2 L3
CEBU IT PARK, BRGY. APAS
CEBU CITY, PHILIPPINES 6000**

(Company Address)

(032) 231-4870

(Telephone Number)

December 31, 2023

(Fiscal Year Ended)

**SEC Form 17-A
Annual Report**

(Form Type)

-

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2023**
2. SEC Identification Number **CS200321240**
3. BIR Tax Identification No. **227-599-320**
4. Exact name of issuer as specified in its charter **CEBU LANDMASTERS, INC**
5. Province, Country or other jurisdiction of incorporation or organization **CEBU CITY, CEBU, PHILIPPINES**
6. Industry Classification Code (SEC Use Only)
7. Address of principal office
10TH FLOOR, PARK CENTRALE TOWER, JOSE MA. DEL MAR ST., B2 L3 CEBU IT PARK, BRGY. APAS, CEBU CITY, PHILIPPINES Postal Code **6000**
8. Issuer's telephone number, including area code **(032) 231-4870**
9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares Issued and Registered
Common Shares - Outstanding	3,465,201,467
Common Shares - Treasury	158,250,530

11. Are any or all of these securities listed on a Stock Exchange.

Yes [X] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Stock Exchange: **Philippine Stock Exchange**

Securities listed: **Common shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No []

13. Aggregate market value of the voting stock held by non-affiliates: **₱8,559,047,623** as of December 31, 2023

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SIGNATURES

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. DESCRIPTION OF BUSINESS

Business Development

CLI is the leading residential developer in Visayas and Mindanao. The Company's story commenced with a vision to provide quality homes for everyday Filipinos. Jose R. Soberano III founded CLI and incorporated the Company on September 26, 2003. On June 2, 2017, the Company was listed on the PSE with "CLI" as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share. CLI's initial public offering was instrumental in this growth, as it raised ₱2.15 billion worth of fresh capital from investors – boosting its expansion in new locations and fueling its various projects.

As of December 31, 2023, CLI has a total of 119 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 16 key cities in the VisMin region.

CLI's approach to the business has been acknowledged through prestigious accolades, including Best Developer of the Philippines in 2019, Best Developer in Visayas and Mindanao in 2021 and 2022, and Best Developer in Mindanao in 2023. These recognitions, earned at the Philippine Property Awards and Asia Property Awards winning against other well-established players in the industry, testify to the company's unwavering commitment to quality and innovation.

In 2023, an independent study by Colliers International reaffirmed CLI's leading position in the VisMin residential market. The study identified CLI as the top residential developer in the region, having the largest market share among real estate firms. With a 23% overall residential share in net take-up value, CLI continues to grow market share in key VisMin cities, indicating increasing consumer confidence and recognition in the market.

CLI's vision extends beyond the present accomplishments. The Company remains steadfast in its pursuit of expansion and innovation. CLI's robust growth strategies aim to further solidify its market leadership, foster strategic partnerships, and explore new avenues for sustainable development and community enhancement.

Business of the Issuer

The Company's operating segments 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:

- Real Estate Segment – covers the development and sale of residential, condotel and office units to individual and corporate buyers.
- Rental Segment – includes leasing of office and commercial spaces to corporate organizations.
- Management Services Segment – focuses on the management of real estate projects and keeps services to condominium corporations and homeowners' associations.
- Hotel Operations Segment – related to the management of hotel business operations that caters to hotel guests and condotel owners.

The following table sets forth each segment's contribution to the Company's total revenues for the years ended December 31, 2023, 2022, and 2021:

Business Segment	For the years ended December 31					
	2023		2022		2021	
	In ₱	%	In ₱	%	In ₱	%
Real Estate	18,508,302,086	98.35%	15,439,136,362	98.61%	10,996,247,695	98.51%
Hotel Operations	138,551,300	0.74%	83,418,279	0.53%	48,683,577	0.44%
Rental	112,343,856	0.60%	79,277,559	0.51%	74,272,000	0.67%
Management Services	59,216,126	0.31%	55,465,803	0.35%	42,967,412	0.38%
Total	18,818,413,368	100.00%	15,657,298,003	100.00%	11,162,170,684	100.00%

As of 2023, residential projects made up the majority of the Company's operations and project portfolio. Real estate sales recorded a significant 20% y-o-y increase in revenue to ₱18.51 billion from ₱15.44 billion. Higher construction progress and more units that qualified for revenue recognition were the drivers for the improvement.

The Company's fastest growing and most popular brand is Casa Mira Series (economic market) which reported a revenue of ₱8.13 billion, driven by Casa Mira Towers Bacolod T1-T2, Casa Mira South Ph3A.2, Casa Mira Homes Davao, Casa Mira Towers Guadalupe T3, Casa Mira Homes Ormoc, Casa Mira Homes Danao and Casa Mira Towers Palawan.

Another established brand of CLI that targets the mid-market is the Garden Series. Subdivisions under this brand are called Velmiro, while condominium projects are known as Garden Residences. Revenue from the said segment grew 35% y-o-y from ₱4.16 billion to ₱5.60 billion. The increase was mainly attributable to The East Village, the first residential project of CLI's Davao Global Township ("DGT") and Mandtra Residences in Cebu.

CLI's Premier Masters (premier market) are high-end developments which are in prime urban areas, offering a holistic lifestyle and world-class living. This segment recorded revenues of ₱4.69 billion, an increase of 23% y-o-y from ₱3.83 billion mainly driven by Costa Mira Beachtown Mactan, Costa Mira Panglao, Terranza in Iloilo, Citadines Paragon in Davao, Calle 104 in Cebu, and One Paragon Place also in Davao.

The Company mainly caters to domestic demand but also captures some foreign customers. The following table approximates the sales mix per nationality:

Nationality	%
Filipino	95%
American	2.64%
Australian	0.07%
British	0.41%
Canadian	0.07%
Chinese	0.07%
Colombian	0.14%
French	0.07%
Hong Kong	0.07%
Japanese	0.14%
Korean	0.20%
Moldovan	0.07%

New Zealand	0.20%
Panamanian	0.07%
Singaporean	0.34%
Swiss	0.20%
Arab	0.20%
Italian	0.07%
Total	100%

Strengthening leadership in the Visayas and Mindanao Region

CLI has rapidly grown from its humble beginnings on a single three-ha. land in Balamban. The Company has evolved into a fully integrated RED with a growing, highly varied portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and townships spanning Visayas and Mindanao.

The Company has successfully expanded its residential offerings into the high-end segment with the Premier Masters selections. Its lineup of premium projects includes high-rises such as Base Line Premier, 38 Park Avenue, Astra Center, and Paragon Center, that are designed for holistic living in prime urban locations. Garden Series, which promises open spaces and well-designed homes like Mivela Garden and Velmiro Greens Bohol cater to the middle market. Casa Mira remains to be the Company’s flagship business as it caters to the affordable and economic housing sector where demand is most robust and persistent. The Villa Casita line serves the socialized housing market. In 2023, CLI introduced its newest market segment called “Mirani”. This brand is designed to cater to the more affordable housing segment with a price range of around ₱1.90 to ₱2.90 million. In June 2023, CLI launched Mirani Steps in Danao, its pioneer project under the newest brand. The project has sold out 48.37% within 3 months of launch.



Venturing into township developments

In 2018, CLI started venturing into bigger ventures with the establishment of Davao Global Township (DGT), a 22-ha estate in Matina, Davao. CLI immediately started land development in 2019 and is currently completed, allowing for the start of Phase 1 operations which includes the City Center, and Cultural Center, Pavilion, the launch and start of pre-selling for East Village condominiums, and lot sales.



To further expand on townships, CLI has also ventured into a reclamation project with the government of Minglanilla, Cebu to reclaim and develop 100 has. of land into a business park that integrates residential, commercial, and light industrial through the Company's JV project named MMDC. In 2021, CLI increased its stake in MMDC from 20% to 78%. This is expected to streamline CLI's operations as the developer and project manager of the Minglanilla Techno Business Park (Ming-Mori). In June 2021, MMDC obtained project approval from the Philippine Reclamation Authority ("**PRA**"), which coordinates and administers reclamation projects nationwide. The approval was the culmination of a comprehensive and stringent five-year review. This included the issuance of an Environmental Compliance Certificate ("**ECC**") by the Department of Environment and Natural Resources ("**DENR**"), which required consultations with a wide range of stakeholders and the submission of development objectives showing its responsiveness to the environment. In October 2021, PRA issued its Notice to Proceed with the reclamation.



In 2021, CLI signed a Memorandum of Agreement ("**MOA**") to acquire 14.3 has. of Xavier University – Ateneo de Cagayan's Manresa Property in uptown CDO. Proceeds of CLI's purchase will be used by Xavier to develop the new Xavier University Masterson Campus. CLI plans to build developments as an essential part of the master plan, integrated into this university community. The new 21-ha. Xavier University Masterson Campus is envisioned to catalyze further development of CDO as Northern Mindanao's education hub with a sustainable and New Normal-ready Campus Master Plan. In 2023, CLI obtained the ECC from the DENR to proceed with the development. Immediately, bidding for the land development is currently underway, while construction is forecasted to start in the middle of 2024.



Furthermore, the Company is actively engaged in ongoing negotiations with landowners in Cebu, Iloilo and Bacolod, underscoring its commitment to fortify its presence in estate developments. This proactive approach reflects the Company’s strategic vision for more estate development projects in the future.

Distribution methods of the products or services

Residential products from the Company are offered to a broad variety of customers by several sales teams and accredited brokers and agents.

CLI has one of the industry-leading sales support teams. With over 73 sales support personnel, this team collaborates, coordinates, and supports the over 11,000-strong accredited broker/agent network of CLI. This is CLI’s strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

Completed Projects

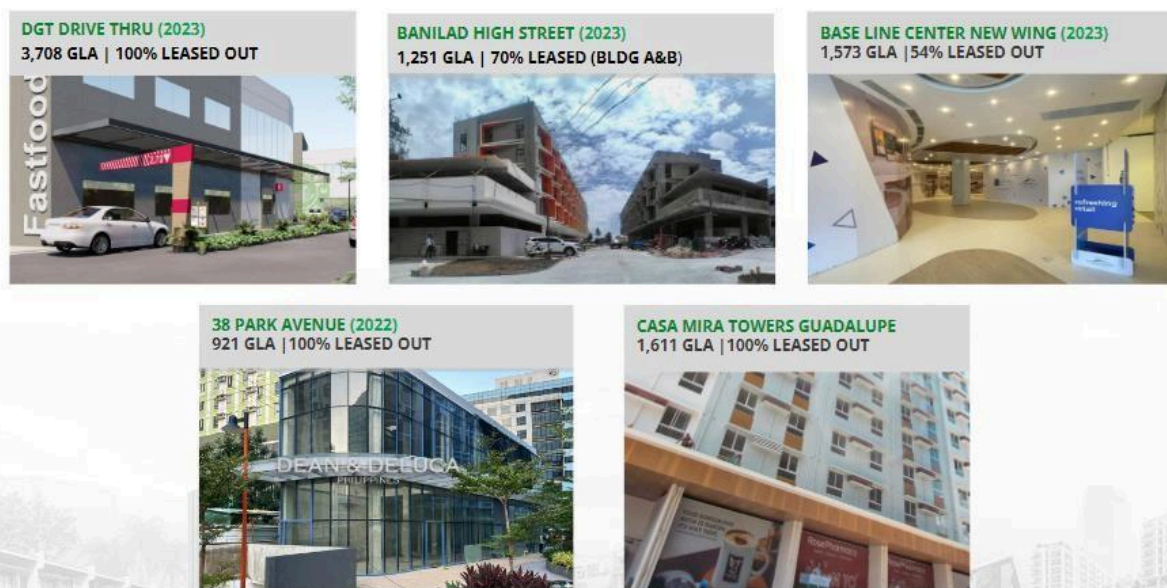
Vertical and horizontal residential, mixed-use, office, hotel, and retail projects make up the 51 completed developments of the Company.

The Company has successfully completed 45 residential and office projects in Cebu, Bacolod, CDO, and Davao. One of these projects, the three-tower MesaVerte Garden Residences, marked its first expansion outside of its base in Cebu, and it was turned over in starting 2020. Other projects, such as MesaTierra Garden Residences in Davao, MesaVirre Garden Residences A & B in Bacolod, and 38 Park Avenue in Cebu, among others, started their buyer turnovers in 2021 and 2022. Throughout the year, CLI has been turning over projects in Cebu, Casa Mira Towers Guadalupe, Baseline Prestige, and Mivela Tower 1. As of December 31, 2023, its completed residential developments were 97% sold out.

In addition to its residential developments, the Company owns three operational office buildings and various leasable spaces, with Park Centrale in IT Park, Cebu serving as its headquarters. This development has maintained full occupancy since completion and received the prestigious Best Commercial Development in Cebu award from the Philippine Property Awards in 2014.

Latitude Corporate Center, a 24-storey structure completed in 2020, stands tall in the heart of Cebu’s business district. Benefiting from the return of sectors like IT-BPO to office spaces, the Company is confident that this 5-Star BERDE-certified green building is positioned well to meet such a rebound.

In terms of retail as of 2023, CLI has significantly expanded its GLA to 35,772 sq.m., a 19% increase from the previous quarter’s 30,006 sq.m. This growth is attributed to the successful turnover of Banilad Highstreet, 38 Park Avenue retail, Baseline Center phase 2, and DriveThru spaces in Davao Global Township.



Diversifying its portfolio, the Company entered the hospitality sector in 2019 with the opening of Citadines Cebu City, a 180-room serviced residence, its first partnership with The Ascott Limited as the hotel manager.

As of December 31, 2023, the Company's completed projects are 97% sold-out, with only ₱3,078 million remaining in inventory in terms of sales value. Looking ahead, CLI is preparing to grow within the VisMin real estate market, with plans to introduce new projects in key locations, expand into new markets, and cater to diverse demographics.

No	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion
1	San Jose Maria Village – Balamban	Balamban, Cebu	Horizontal	Residential	Garden Series	231	223	2006
2	San Jose Maria Village – Minglanilla	Minglanilla, Cebu	Horizontal	Residential	Garden Series	145	145	2008
3	San Jose Maria Village – Talisay	Talisay City, Cebu	Horizontal	Residential	Garden Series	96	96	2012
4	San Jose Maria Village – Toledo	Toledo City, Cebu	Horizontal	Residential	Garden Series	144	106	2010
5	Villa Casita Balamban	Balamban, Cebu	Horizontal	Residential	Villa Casita	101	98	2015
6	Midori Plains	Minglanilla, Cebu	Horizontal	Residential	Garden Series	370	370	2014
7	Asia Premier Residences	Cebu City	Vertical	Residential	Premier Masters	88	88	2012
8	Base Line Residences	Cebu City	Vertical	Residential	Premier Masters	201	201	2013
9	Midori Residences	Mandaue City, Cebu	Vertical	Residential	Garden Series	396	396	2014
10	Park Centrale Tower	Cebu City	Vertical	Office	Office	55	55	2015
11	Mivesa Garden Residences (Phase 1)	Cebu City	Vertical	Residential	Garden Series	479	473	2016

12	Mivesa Garden Residences (Phase 2)	Cebu City	Vertical	Residential	Garden Series	458	451	2016
13	Velmiro Heights (Phase 1)	Minglanilla, Cebu	Horizontal	Residential	Garden Series	348	347	2016
14	Casa Mira Linao (Phase 1 and 2)	Minglanilla, Cebu	Horizontal	Residential	Casa Mira	725	725	2016
15	Casa Mira Towers Labangon Tower 1	Cebu City	Vertical	Residential	Casa Mira	272	272	2018
16	Casa Mira Towers Labangon Tower 2	Cebu City	Vertical	Residential	Casa Mira	414	412	2019
17	Casa Mira South Phase 1A	Naga, Cebu	Horizontal	Residential	Casa Mira	342	342	2018
18	Casa Mira South Phase 1B	Naga, Cebu	Horizontal	Residential	Casa Mira	667	666	2018
19	Casa Mira South Phase 2A	Naga, Cebu	Horizontal	Residential	Casa Mira	494	493	2019
20	Casa Mira South Phase 2B	Naga, Cebu	Horizontal	Residential	Casa Mira	250	249	2019
21	MesaVerte Residences Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Garden Series	252	250	2019
22	MesaVerte Residences Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Garden Series	252	252	2019
23	MesaVerte Residences Tower 3	CDO City, Misamis Oriental	Vertical	Residential	Garden Series	294	291	2019
24	Base Line Retail	Cebu City	Vertical	Mixed-Use	Retail	-	-	-
25	Citadines Cebu City	Cebu City	Vertical	Hospitality	Hotel	5,918 sq.m	-	2019
26	*Citadines Cebu City	Cebu City	Vertical	Residential	Garden Series	74	74	2019
27	Base Line HQ	Cebu City	Vertical	Office	Office	60	60	2019
28	Base Line Premier	Cebu City	Vertical	Residential	Premier Masters	379	379	2019
29	Guadalupe Pinamalayan	Mindoro	Horizontal	Residential	Villa Casita	338	291	2019
30	Latitude Corporate Center	Cebu City	Vertical	Office	Office	70	58	2020
31	Villa Casita North	Bogo City, Cebu	Horizontal	Residential	Villa Casita	663	658	2020
32	Mivesa Garden Residences (Phase 3)	Cebu City	Vertical	Residential	Garden Series	576	575	2020
33	MesaTierra Garden Residences	Davao City	Vertical	Residential	Garden Series	677	661	2021
34	Casa Mira Coast	Dumaguete City	Horizontal	Residential	Casa Mira	543	543	2021

35	MesaVirre Building A	Bacolod City, Negros Occidental	Vertical	Residential	Garden Series	294	290	2021
36	MesaVirre Building B	Bacolod City, Negros Occidental	Vertical	Residential	Garden Series	442	431	2021
37	Davao Global Township	Davao City	Estate	Townships	Estate	-	-	2023
38	Velmiro Uptown CDO	CDO City, Misamis Oriental	Horizontal	Residential	Garden Series	395	391	2023
39	Base Line Prestige	Cebu City	Vertical	Residential	Premier Masters	351	351	2023
40	MesaVirre Building C	Bacolod City, Negros Occidental	Vertical	Residential	Garden Series	336	296	2023
41	38 Park Avenue	Cebu City	Vertical	Residential	Premier Masters	764	723	2023
42	The Park @ 38 Park Avenue	Cebu City	Vertical	Mixed-Use	Retail	1,899 sq.m	-	2023
43	Velmiro Plains Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Garden Series	342	312	2023
44	Casa Mira Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Casa Mira	431	319	2023
45	Velmiro Greens Bohol (Phase 1)	Dauis, Bohol	Horizontal	Residential	Garden Series	204	198	2023
46	Casa Mira Iloilo	Iloilo City, Panay	Horizontal	Residential	Casa Mira	1109	1012	2023
47	Casa Mira South (Phase 3B)	Naga, Cebu	Horizontal	Residential	Casa Mira	454	454	2023
48	Casa Mira Towers Guadalupe T1	Cebu City	Vertical	Residential	Casa Mira	544	532	2023
49	Casa Mira South (Phase 3A)	Naga, Cebu	Horizontal	Residential	Casa Mira	162	162	2023
50	Base Line Lyf Hotel	Cebu City	Vertical	Hospitality	Hotel	159	-	2023
51	The Pad	Banilad, Cebu	Vertical	Hospitality	Dorm	258	-	2023

Notes:

* Citadines Cebu City has a total of 180 condotel units with 74 units sold and the rest retained for the Company's recurring income portfolio.

Ongoing Projects (under construction)

CLI has 58 ongoing projects in various stages of construction as of 2023. These projects are spread out over 16 key areas in Visayas and Mindanao.

Thirty-nine residential projects with a total project sales value of ₱64.52 billion are among the projects that are currently being developed. These projects have 17,728 units of which 96% were already sold and the aggregate sales value of remaining inventory amounts to ₱5.81 billion. CLI prioritizes a strategy of selling projects at high velocity, quick turnover of its developments, and swift movement from pre-selling to construction and delivery. Continuing sales efforts are being made to sell out the projects as they get closer to completion. The Company leverages on this market absorption of its products to cultivate the 1,795 accredited real estate brokers and 11,000 sales agents across the VisMin region who continuously support CLI.

Investing in capital to support recurring revenue from both hospitality and leasing businesses is one of the strategies CLI is currently aggressively pursuing banking on the region's future growth. CLI's long term strategy is to build up its office, retail, and hospitality portfolio's GLA to 200,000 sq.m. – eventually contributing to 10% of the growing top line within the next five years.

In the last quarter of 2023, the company is finishing 3 more hospitality projects, The Pad in Banilad Highstreet in Cebu with 156 long stay rooms and 102 shorts stay rooms, Citadines Bacolod with 200 rooms and 159 rooms in Lyf Cebu. In addition to the finishing hotels, the Company is currently constructing seven hospitality projects with a total of 1,126 room keys and various office and commercial projects totaling over a GLA of 75,000 sq.m. More projects are in the pipeline at the planning and design stage to meet CLI's strategy to continue its build-up of its recurring income portfolio.

No .	Project	Location	Construction	Type	Use	No. of Units	Sold Units	% of completion	Completion Date
1	Astra Lifestyle Mall	Mандаue City, Cebu	Vertical	Mixed-Use	Retail	13,464 sq.m.	-	75%	2024
2	Radisson Red	Mандаue City, Cebu	Vertical	Hospitality	Hotel	144	-	67%	2024
3	One Astra Place Residences 1	Mандаue City, Cebu	Vertical	Residential	Premier Masters	478	477	98%	2024
4	One Astra Place Residences 2	Mандаue City, Cebu	Vertical	Residential	Premier Masters	533	532	95%	2025
5	Citadines Paragon	Davao City	Vertical	Hospitality	Hotel	263	-	98%	2025
6	DGT Pavilion & Retail pods	Davao City	Vertical	Mixed-Use	Commercial	4,398 sq.m	-	53%	2024
7	One Paragon Convention Center	Davao City	Vertical	Mixed-Use	Retail	2,252 sq.m	-	55%	2024
8	Citadines Paragon	Davao City	Vertical	Residential	Premier Masters	188	165	98%	2024
9	One Paragon Place	Davao City	Vertical	Residential	Premier Masters	554	541	98%	2024
10	Casa Mira Towers CDO Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Casa Mira	444	441	95%	2024
11	Casa Mira Towers CDO Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Casa Mira	542	538	95%	2024
12	Casa Mira Towers Mандаue (Phase 1)	Mандаue City, Cebu	Vertical	Residential	Casa Mira	821	713	99%	2024
13	Patria Plaza	Cebu City	Vertical	Mixed-Use	Commercial	1,772 sq.m	-	46%	2025

14	Patria de Cebu Office	Cebu City	Vertical	Office	Office	4,562. sq.m	-	58%	2025
15	Patria de Cebu Hotel	Cebu City	Vertical	Hospitality	Hotel	167	-	32%	2025
16	Citadines Bacolod	Bacolod City, Negros Occidental	Vertical	Hospitality	Hotel	200	-	87%	2024
17	Mivela Garden Residences	Cebu City	Vertical	Residential	Garden Series	1585	1455	99%	2024
18	Casa Mira Towers Mandaue Tower 2	Mandaue City, Cebu	Vertical	Residential	Casa Mira	407	330	86%	2024
19	Casa Mira Towers Guadalupe T2	Cebu City	Vertical	Residential	Casa Mira	234	231	95%	2024
20	Casa Mira Dumaguete (Phase 1)	Dumaguete City, Negros Oriental	Horizontal	Residential	Casa Mira	517	517	99%	2024
21	Casa Mira Towers LPU	Davao City	Vertical	Residential	Casa Mira	930	929	97%	2024
22	LPU Town Davao	Davao City	Vertical	Mixed-Use	Commercial	-	-		2025
23	Casa Mira Linao (Phase 3)	Minglanilla, Cebu	Horizontal	Residential	Casa Mira	126	126	88%	2024
24	Velmiro Heights CDO	CDO City, Misamis Oriental	Horizontal	Residential	Garden Series	518	487	75%	2024
25	Casa Mira Towers Guadalupe T3	Cebu City	Vertical	Residential	Casa Mira	453	449	91%	2025
26	Mandtra Residences T1	Mandaue City, Cebu	Vertical	Residential	Garden Series	595	550	80%	2025
27	Terranza Residences	Iloilo City	Vertical	Residential	Premier Masters	600	596	80%	2025
28	Casa Mira Ormoc	Ormoc	Horizontal	Residential	Casa Mira	685	683	93%	2024
29	Casa Mira South Phase 4A	Naga, Cebu	Horizontal	Residential	Casa Mira	666	666	95%	2024
30	Casa Mira South Phase 4B.1	Naga, Cebu	Horizontal	Residential	Casa Mira	198	198	80%	2024
31	Mandtra Residences T3	Mandaue City, Cebu	Vertical	Residential	Garden Series	599	490	75%	2025
32	Casa Mira Towers - Bacolod	Bacolod City, Negros Occidental	Vertical	Residential	Casa Mira	706	701	85%	2024
33	Costa Mira Beachtown Mactan	Mactan, Cebu	Vertical	Residential	Premier Masters	659	659	70%	2026
34	Masters' Tower	CBP Cebu	Vertical	Office	Office	4,886 sq.m	-	36%	2026
35	Masters' Tower Retail	CBP Cebu	Vertical	Mixed-Use	Commercial	300 sq.m	-	36%	2026
36	Sofitel Cebu	CBP Cebu	Vertical	Hospitality	Hotel	195	-	17%	2026
37	Banilad High Street Retail	Banilad, Cebu	Vertical	Mixed-Use	Commercial	1,033 sq.m	-	86%	2024
38	Abaca Resort	Mactan, Cebu	Vertical	Hospitality	Resort	125	-	36%	2025

39	Magspeak Mountain Resort	Cebu	Horizontal	Hospitality	Resort	32	-	7%	2025
40	Astra Corporate Center	Mandaue City, Cebu	Vertical	Office	Office	66	12	95%	2025
41	Casa Mira Dumaguete Ph2	Dumaguete City, Negros Oriental	Horizontal	Residential	Casa Mira	87	87	72%	2027
42	East Village T1	Davao City	Vertical	Residential	Garden Series	414	409	70%	2027
43	East Village T2	Davao City	Vertical	Residential	Garden Series	314	311	70%	2027
44	East Village T3	Davao City	Vertical	Residential	Garden Series	359	359	65%	2027
45	Velmiro Bohol Expansion Ph2	Dauis, Bohol	Horizontal	Residential	Garden Series	52	44	50%	2027
46	East Village T4	Davao City	Vertical	Residential	Garden Series	387	387	65%	2027
47	Casa Mira Towers Palawan T1	Puerto Princesa, Palawan	Vertical	Residential	Casa Mira	227	226	30%	2027
48	Casa Mira Towers Palawan T2	Puerto Princesa, Palawan	Vertical	Residential	Casa Mira	253	253	30%	2027
49	CALLE 104 T1 (RAMOS)	Cebu City	Vertical	Residential	Garden Series	325	324	40%	2027
50	CALLE 104 T2 (RANUDO)	Cebu City	Vertical	Residential	Premier Masters	192	185	40%	2027
51	Calle 104 Retail	Cebu City	Vertical	Mixed-Use	Commercial	4,784 sq.m	-		2027
52	Casa Mira South Phase 4B.2	Naga, Cebu	Horizontal	Residential	Casa Mira	159	159	90%	2024
53	Casa Mira Homes Danao	Danao, Cebu	Horizontal	Residential	Casa Mira	595	595	36%	2027
54	COSTA MIRA BEACHTOWN PANGLAO T1-T2	Dauis Panglao Island, Bohol	Vertical	Residential	Premier Masters	692	587	30%	2027
55	Casa Mira Towers Bacolod T3	Bacolod City, Negros Occidental	Vertical	Residential	Casa Mira	327	324	35%	2027
56	Casa Mira Towers Palawan T3	Puerto Princesa, Palawan	Vertical	Residential	Casa Mira	241	233	0%	2027
57	Ming-Mori	Cebu City	Estate	Townships	Estate	-	-		-
58	Manresa Town	Davao City	Estate	Townships	Estate	-	-		-

Notes:

** Mixed-use – individual components already describe its respective number of units, hotel keys and gross leasable area ***
Not applicable as the project relates to pure hotel operations

Newly launched and Pipeline projects for 2023

CLI launched a total of ten projects valued at ₱18.7 billion in 2023. Part of the launch is the introduction of the Mirani brand addressing the needs of the lower-income segment, offering residences priced at around ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences in Davao with almost 546 of its units being sold out, amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Homes Davao, which is now 95% sold out. Velmiro Heights – Consolacion Ph1, another CLI's mid-market product located in Northern Cebu was launched last December 2023. Velmiro Heights Consolacion Ph1, will have 378 units composed of a series of single detached models with lot areas ranging from 100 to 197 sq.m. The project sold 93% within days of being introduced to the market, indicating strong demand for such a project. Other project launches include Casa Mira Towers Mandaue T1, Mandra T2, CMT Palawan T4, CMT Bacolod T4 and Costa Mira Panglao T3. This substantial fresh inventory, coupled with the continued high demand for the established Casa Mira brand, propelled CLI to achieve a record-breaking sales of ₱20.6 billion, up by 14% versus the same period in 2022.

As of December 31, 2023, CLI has successfully sold out 63% of its inventory from newly launched projects, underscoring its ability to capture demand where it competes. CLI aims to sell the remaining units over its construction period.

Looking ahead to the coming months, CLI plans to launch more developments from its 11 pipeline projects, with an aggregate sales value of ₱27.6 billion.

CLI will be selective in acquiring high potential landbank to drive sustained revenue growth in the future. As of 2023, the company recorded 107 hectares of land for development across VisMin locations. During the year, CLI further expanded in Mindanao with its most recent purchase of 21 has. in General Santos City, increasing its landbank to a value of ₱9.80 billion.

Residential Developments

Residential developments constitute the cornerstone of the Company's operations and project portfolio. CLI's overarching goal is to meet the persistently unmet demand for quality-built, cost-effective housing, and well-planned communities that align with the needs of the market. In response to the housing backlog and the heightened desire for safe and secure homes, the Company consistently launches new housing projects.

To effectively address diverse market segments, the Company categorizes its housing developments into distinct brands. The largest contributing brand is Casa Mira, which has emerged as the fastest growing and most popular brand in VisMin. Starting with a typically priced at ₱120,000.00 per sq.m. or ₱2.00 million per housing unit, Casa Mira caters specifically to the economic market. Over time, the Casa Mira series has become a pivotal asset, securing the largest residential market share in Visayas and Mindanao. Its success can be attributed to its value proposition, providing residents with reasonably priced homes in aesthetically pleasing communities, complete with several amenities more associated with higher-priced developments. These include a clubhouse with multi-purpose halls, a chapel, swimming pool, multiple basketball courts, tennis courts and children's playground.

In a strategic move to grow the Company into more segments, CLI introduced the "Mirani" brand last July 2023. Designed to cater to the more affordable housing demand within the market spectrum with a price point of around ₱1.90 million, the Mirani brand debuted with Mirani Steps in Danao and is 48.37% sold out in 3 months.

The Garden Series, targeting the mid-market segment, features selling prices starting at ₱140,000.00 per sq.m., with each housing unit price ranging from ₱2.50 million to ₱3.20 million. Subdivisions under this brand are known as Velmiro, while condominium projects go by the name Garden Residences. The Garden Series distinguishes itself by offering an upgraded array of amenities over the economic segments, including a swimming pool, multi-level clubhouse with function rooms, fitness gym, basketball court, and playgrounds situated in an expansive landscaped park.

Strategically, CLI offers Premier Masters, the high-end residential buildings with prices starting at ₱180,000.00 up to ₱300,000 per sq.m. These luxurious developments, located in prestigious urban areas, include Terranza Residences in Iloilo, Costa Mira Mactan, the two Baseline condominiums and 38 Park in I.T. Park Cebu.

Lastly, Villa Casita represents CLI's business in socialized housing, offering units at a price of ₱580,000.00. Through these socialized housing projects required under specific compliance terms, the Company endeavors to provide decent and affordable housing to the market segment. The list below categorizes the projects according to market segments:

Horizontal (Subdivision) Projects:

Socialized:	Villa Casita North and Villa Casita Balamban in Cebu; Guadalupe Pinamalayan Socialized Housing Project
Mirani:	Mirani Steps Danao
Economic:	Casa Mira Linao and Casa Mira South in Cebu; Casa Mira Coast and Casa Mira Homes Dumaguete in Negros Oriental; Casa Mira Bacolod in Negros Occidental; Casa Mira Iloilo in Panay, Casa Mira Danao in Cebu and Casa Mira Davao
Mid-Market:	San Jose Maria Villages (" SJMV "), Midori Plains and Velmiro homes in Cebu, CDO, Bacolod and Bohol

Vertical (Condominium) Projects:

Economic:	Casa Mira Towers in Labangon Cebu, CDO, Mandaue Cebu, Guadalupe Cebu, LPU in Davao, Bacolod and Palawan
Mid-Market:	Midori Residences, Mivesa Garden Residences and Mivela Garden Residences in Cebu; MesaVerte Garden Residences CDO; MesaTierra Garden Residences in Davao; MesaVirre Garden Residences in Bacolod, Mandtra Residences in Cebu, The East Village towers in DGT Davao, Calle 104(Ramos Tower) in Cebu and Mindara Residences in Davao
High-End:	Asia Premier Residences, Base Line Residences, Base Line Premier, Base Line Prestige, 38 Park Avenue, and One Astra Place in Cebu; and One Paragon Place in Davao, Calle 104 (Ranudo Tower) in Cebu, Costa Mira Beachtown in Cebu and Panglao Bohol

Overall, a substantial portion of buyers of CLI's projects obtain financing either through Pag-IBIG, or through commercial banks under their home mortgage lines. The Company does not offer in-house financing. Historically, 18.34% of buyers obtained their financing through Pag-IBIG. 63.17% use commercial banks under their home loans lines. The rest pays in cash.

Horizontal (Subdivision) Projects

Villa Casita Balamban

Launched in 2014, CLI's first socialized housing development is located at Buanoy, Balamban, Cebu. With a land area of 8,128 sq.m., it consists of 101 row house units with a lot area of 36 sq.m. and a floor area of 22.65 sq.m. Pre-sold units were priced at about ₱400,000.00. It is fully developed, completed, and sold out.

Villa Casita North

The second project of the Company's Villa Casita brand offers its homeowners well-designed homes, well-planned site development, and sizable green spaces for parks and community facilities

traditionally found only in mid-market or upscale developments. The development is designed to provide over 663 homes to families in the North of Cebu with a selling price of ₱480,000.00 per unit.

Guadalupe Pinamalayan Socialized Housing Project

This socialized housing project in Pinamalayan, Oriental Mindoro, was started in 2015 in collaboration with Habitat for Humanity. The 3.9-ha. initiative includes 338 single-story and detached units, with 77 of them going to Habitat for Humanity recipients.

Mirani Steps Danao

Mirani Steps Danao, launched in July 2023, stands as the pioneer project under the newest Mirani brand by CLI. Specifically designed to meet the demand for affordable housing, these homes are envisioned to provide functional living spaces, quality finishes, and community amenities for its buyers, with a price range of around ₱1.90 million to ₱2.90 million. CLI unveiled Mirani Steps Danao, marking the inaugural venture of this brand. The project has sold out 48.37% in 3 months since launch. The project is expected to turnover by the last quarter of 2028.

Casa Mira Linao

Launched in 2015, Casa Mira Linao is CLI's first foray into economic housing development. The project is located in the hills of Linao-Lipata, Minglanilla, Cebu on a 12-ha. property. Phases 1 and 2 comprise 725 townhouse units with floor areas ranging from 37 to 62 sq.m. and average selling price starting from ₱0.90 million to ₱1.40 million. It is fully developed, completed and sold out.

In 2020, CLI launched Casa Mira Linao Phase 3, which consisted of 126 single-detached townhouse units with 59 sq.m. in floor areas at an average selling price of ₱3.50 million.

Casa Mira South

Launched in 2016, this economic housing development is located in Naga City and the Municipality of San Fernando, both in Cebu Province. This 32-ha community built on a rolling terrain that allows for expansive views and generous open spaces and amenities, is divided into four phases consisting of over 3,000 townhouse units, with each unit having floor areas ranging from 36 to 59 sq.m. Average pre-selling price ranges from ₱1.10 million to ₱1.60 million. Phases 1 and 2 are completed and turnover to unit owners is almost complete. In 2018, it was awarded as the Best Housing Development in Cebu at the Philippine Property Awards.

In 2020, CLI launched Casa Mira South Phase 3A and Phase 3B with 616 units at an average pre-selling price of ₱1.20 million to ₱2.60 million. Due to the robust demand for the project, CLI launched Phase 4 in 2022 with a total of 1,023 units and sales value of ₱2.40 billion. As of the end 2022, these projects are fully sold.

Casa Mira Coast

Casa Mira Coast, a residential economic subdivision located in Barangay Maslong, Sibulan, Negros Oriental, is a 5.3-ha project that consists of 543 townhouses selling at ₱1.60 million to ₱2.20 million. It offers quality amenities that sets it apart from other economic housing projects. Adding to its appeal, the project has a view of the nearby coast and is only 2 kilometers away from the Dumaguete Airport.

Casa Mira Dumaguete

Launched in 2020, the second Casa Mira project in Negros Oriental is located in a 7-ha land in Junob, Dumaguete City. Its modern architecture and design were inspired by the classic American country home. This development is split into two phases with a total of 604 house-and-lot units. Average floor range is 60 to 135 sq.m.

Casa Mira Bacolod

Casa Mira Bacolod is the seventh Casa Mira project of CLI with 431 house-and-lot units. With its accessible location, homeowners enjoy more of the conveniences brought by business establishments, malls, schools, churches, and major institutions. The development offers generous open spaces and well-planned amenities at an affordable price ranging from ₱1.70 million to ₱2.20 million. The houses range from 40 to 46 sq.m. in floor area.

Casa Mira Homes Iloilo

This 14-ha community features a contemporary mix of townhouses and single detached units inspired by the cultural evidence of the Spanish colonial era that has been part of Philippine history. Its design and architecture mimic that of the Bahay na Bato that is one of the most iconic historical places in Iloilo. In 2020, CLI launched its first project in Iloilo City, Panay comprising 1,109 house and lots with a typical floor area of 48 sq.m. and average pre-selling price of ₱1.80 million to ₱2.70 million.

Casa Mira Homes Ormoc

Casa Mira Ormoc is the first Casa Mira brand in Leyte. It has a very strategic location, and it offers affordable townhouse units with very generous payment schemes. Casa Mira continues to expand to major key cities in Visayas and Mindanao and is launching its first project in Eastern Visayas. Casa Mira Homes Ormoc is a 9.13-ha residential subdivision in Brgy. Luna Ormoc City.

Casa Mira Danao

Strategically located in Danao City Cebu, this development in Northern Cebu will provide homes that allow buyers to maintain peace and privacy, while still having close proximity to essential establishments. CLI launched 595 units of this project in Q4 2022 with a sales value of ₱1.97 Billion. Site development works are being implemented while full completion is expected to be in 2027.

Casa Mira Davao

Casa Mira Danao is located in Brgy. Magtuod with 836 house and lot units on 135,842 sq.m. of land. Launched in June 2023, it is anticipated for completion in Q3 of 2027.

SJMV

This series of villages located in the south and southwest of Cebu City paved the way for CLI in providing affordable mid-cost quality homes to the middle market segment. SJMV offered a mix of single detached, semi-attached townhouses and lot-only options to the buyers. SJMV-Balamban is a 3.0-ha development with 231 units launched in 2013 SJMV-Minglanilla is a 2.9-ha development with 145 units launched in 2007. SJMV-Toledo is a 3.0-ha development with 144 units launched in 2009. SJMVTalisay is a 1.9-ha development with 96 units launched in 2010. Lots were pre-sold at ₱7,000.00 per sq.m., while house and lot units averaged at ₱1.40 million to ₱3.60 million. All SJMV projects are fully developed and completed, with both SJMV-Minglanilla and SJMV-Talisay sold out.

Midori Plains

Launched in 2011, this mid-market development is located in the Municipality of Minglanilla, Cebu. This 7.0-ha Asian-inspired subdivision south of Cebu City has 370 residential units ranging from townhouse units with 40-sq.m. floor areas to single-detached units with an area of 77 sq.m. each. It is fully developed, completed, and sold-out.

Velmiro Heights Cebu

This mid-market development was launched in 2013 and is located on an 8.80-ha property in Tunghaan, Minglanilla, Cebu. This 348-unit development offers 11 different house models, ranging from townhouses to single-detached, two-storey units. Townhouses have 60-sq.m. floor areas, while the largest unit contains 131 sq.m. of living space. Townhouses were pre-sold at an average price of

₱1.70 million while the largest single-detached unit was about ₱5.30 million. Phase 1 & 2 is now fully developed, completed. Phase 1 already fully sold out.

Velmiro Uptown CDO

Launched in 2017, Velmiro Uptown is located in Upper Canituan, CDO City, providing easy access to various establishments in the city. This 14-ha. mid-market residential subdivision has a total of 395 house-and-lot units nestled at a prime spot in CDO City. The project offers a mix of units from townhouses to single detached houses with floor areas 60 to 106 sq.m., respectively. The average selling price ranges from ₱2.40 million to ₱5.00 million. The project has started turnover to new homeowners in 2022.

Velmiro Plains Bacolod

This 8.3-ha development is a modern mid-market residential community comprising 342 house and lot units with floor area ranging from 60 sq.m. to 106 sq.m. Located strategically at Granada, Bacolod City, the average selling price ranges from ₱2.60 million to ₱4.20 million per house and lot.

Velmiro Greens Bohol

CLI's first development in this 3.6-ha property in Daus Panglao, Bohol is accessible to schools, places of worship, tourist spots, malls, beach resorts, and other major establishments. The project offers a mix of units from townhouses to single detached houses with average floor area ranging from 48 sq.m. to 67 sq.m. Average prices range from ₱2.30 million to ₱3.60 million per house and lot.

Vertical (Condominium) Project

Casa Mira Towers Labangon

Launched in 2016, this is CLI's primary venture in the economic segment of residential condominiums. The project is located in Labangon, Cebu City on a 3,681-sq.m. property that used to be the location of the old CLI headquarters. This two-tower development on top of a commercial podium has a total of 686 residential units. It offers 20-sq.m. studio units and 1-bedroom units averaging 37 sq.m. units pre-sold at ₱1.25 million to ₱1.43 million. Construction for the development started in 2016 and was completed in 2018.

Casa Mira Towers Guadalupe

Located across the Fooda intersection of V. Ramos St., and V. Rama, this three-tower residential condominium has a total of 1,231 condominium units and retail components. A studio room currently costs around ₱2.60 million from its pre-selling price at ₱1.58 million. Tower 1, with 544 condo units, is fully sold and unit turnovers began in 2022. Tower 2, with 234 units, was launched in 2020 while 453 units Tower 3 was launched in 2021 with development now ongoing.

Casa Mira Towers Mandaue

Launched in 2019, Casa Mira Towers Mandaue, a four-tower mid-rise condominium located in Marciano Quizon, St, Mandaue City, Cebu, is the 8th development of CLI's Casa Mira flagship housing community. The project offers a mix of studio and one-bedroom units with prices ranging from ₱75,000.00 to ₱80,000.00 per sq.m. Phase 1 and Phase 2 development has 821 units and 663 units, respectively. This includes Tower 1 which was launched in Q1 of 2023. The project is expected to be delivered and turned over by 2024.

Casa Mira Towers Cagayan De Oro

Casa Mira towers Cagayan De Oro is a two-tower residential condominium with 986 units. Launched in 2019, the development also has its own retail spaces on the ground floor area still owned by CLI. The project had sold out in 2020, despite the nationwide community quarantines and the global pandemic.

Casa Mira Towers LPU

Located within minutes from Davao's Francisco Bangoy International Airport, Casa Mira Towers LPU is composed of two residential towers with 930 condominium units. The project will have a retail component at the ground floor for retail and food outlets to cater students from Lyceum of the Philippines – Davao. This two-tower project is integrated with the LPU Davao campus and serves its students, faculty, administrators and others in the school community.

Casa Mira Towers Bacolod

CLI launched its fifth Casa Mira condominium development in Bacolod City. Casa Mira Towers Bacolod is a four-tower residential project that's part of a master planned CLI complex along Lacson Avenue. Within that development is a Citadines hotel, a commercial complex, and another three-tower residential condominium of CLI garden series MesaVirre.

Casa Mira Towers Bacolod Towers 1, 2 and 3 are now 100% sold, generating a sales value of ₱2.72 billion for 1,033 units. In May 2023, CLI launched Tower 4, comprising 378 units, of which 68% have been sold to date.

Casa Mira Towers Palawan

CLI positioned its fastest selling brand in Palawan as it launched its first development in the city. The first four buildings of Casa Mira Towers Palawan have 1,105 units and were able to generate ₱2.98 billion reservation sales from the expected ₱3.45 billion sales. The Palawan project has projected gross revenues of ₱6.00 billion from the seven towers with Phase 1 set for completion in the last quarter of 2027.

Midori Residences

This zen-inspired twin-vertical mid-market residential condominium development is located in Mandaue City, Cebu. Its 22-sq.m. studio and 40-sq.m. 1-bedroom units were pre-sold at an average of ₱1.30 million to ₱2.60 million. It is fully developed, completed, and fully sold out, with a total of 396 units having been sold.

Mivesa Garden Residences

Located in Lahug, Cebu City and launched in 2013, this 1.8-ha development is a home to seven midrise, mid-market residential buildings, and is designed as a garden-inspired community which has 60% open spaces within a convenient location. This is a three-phase project with the first two phases covering the first five buildings. The first two phases offered 937 units consisting of studio, 1-bedroom and 2-bedroom units. Pre-selling started at ₱1.20 million for a 20-sq.m. studio unit, and up to ₱2.90 million for a 2-bedroom 48-sq.m. unit. Phases 1 and 2 are completed and delivered. Phase 3, which has a total of 576 units, is completed and its turn-over started in 2020.

Mivela Garden Residences

Mivela Garden Residences is a ₱5.30 billion project, located in Banilad, Cebu City, with four-towers and 1,585 condo units. The Best-Selling Garden Series development has generated strong buyer interest as it is 80% sold out after three weeks of selling. The project is close to major establishments and commercial spaces in the Banilad neighborhood of Cebu. Construction immediately started and will be completed by the first half of 2025.

MesaVerte Residences

Launched in 2015, this is CLI's initial entry into the Mindanao market. It is located on an 8,740-sq.m. property in downtown CDO, Misamis Oriental, and 60% of the property is dedicated to open spaces. The project offers 20-sq.m. studio and 39-sq.m. 1-bedroom units which were pre-sold at ₱1.47 million and ₱2.88 million, respectively. The development is fully sold and is completed.

MesaTierra Garden Residences

Located in Emilio Jacinto Extension, the heart of Davao City, this 5,094 sq.m. mid-market condominium has a total of 677 residential units priced between ₱1.60 million to ₱3.40 million. This development has various amenities like swimming pools, sky garden, playground, and workspace. This condo project is now completed and turned over.

MesaVirre Garden Residences

Launched in the first quarter of 2018, MesaVirre Garden Residences, a three-tower mid-market condominium with 1,072 condo units, is CLI's first project in Bacolod. The project is only 17 minutes away from the airport, 3 kilometers from the Riverside hospital and situated near a number of malls.

Mandtra Residences

Mandtra Residences is a JV project between CLI and CHDI, Mandtra Residences offers living spaces from studio units and 1-bedroom units with balcony and terrace. This ₱3.00-billion project has a total land area of 12,405 sq.m., 3 residential towers and a retail component in the common podium.

The East Village @ Davao Global Township

The East Village at DGT is the first residential development in the township with over 2,000 residential unit offerings spread across the six-tower vertical village. In 2022, CLI launched the first four towers of which were sold out in 4 days with new record breaking sales of ₱5.8 billion. The project immediately broke ground in the second quarter of 2022 and is scheduled for completion in the third quarter of 2026. And in 2023, Tower 5 was launched bringing additional 429 units and a sales value of ₱2.5 billion. The East Village is a project of YHEST Realty Development Corp., CLI's JV with the Yuson, Huang, and Tan families belonging to the Villa-Abrille families of Davao.

Asia Premier Residences

Launched in 2010, CLI's first vertical high-end residential condominium project is located at the Cebu IT Park, Cebu City. The development is also the first residential development in the area. The units ranged from studio units sized at 28 sq.m. and 3-bedroom units measuring 109 sq.m. It is fully developed and completed and has since sold out its 88 units.

Base Line Residences

This 201-unit residential condominium project is located in uptown Cebu City on Juan Osmeña Street. The project offered 23-sq.m. studio units at a pre-selling price of ₱1.59 million, while its 41-sq.m. 1 bedroom unit pre-sold at ₱3.15 million. The project was launched in 2011, and is fully developed and completed, with its 201 units having been sold out.

Base Line Premier

This development was launched in 2015 as one of the residential component of Base Line Center, a one-ha mixed-use development located along Juan Osmeña Street, Cebu City and right beside another CLI project, Base Line Residences. It has 379 units consisting of a 24-sq.m. studio and 45-sq.m. 1 bedroom units. Studio units pre-sold at ₱2.22 million, while 1-bedroom units pre-sold at ₱4.16 million. Construction started in March 2016 and was completed in 2018.

Base Line Prestige

Within Base Line Center, this high-end residential condominium is the other residential tower to rise in the popular mixed use development. The 351 units are accessible to various establishments. This tower has a range of amenities, from retail podiums, fitness gyms, pools, and playgrounds. Units for this project are being sold for ₱2.00 million to ₱10.00 million. The project is currently in its turnover phase to buyers.

38 Park Avenue

38 Park Avenue was launched last 2017 with a total of 764 units. This 38-floor New York inspired condominium is designed to be the highest building in Cebu I.T. Park. 38 Park Avenue presents five types of condo residences: studio (24 sq.m.), one-bedroom (54 to 56 sq.m.), two-bedroom (80 sq.m.), three-bedroom (111 to 137 sq.m.), and penthouse (320 to 420 sq.m.). Turnover of the units to buyers is currently on-going.

One Astra Place Residences

Situated in the heart of A.S. Fortuna Street, one the major thoroughfares of Mandaue City, One Astra Place is the residential component of Astra Centre, a mixed-use development with residential towers, an upscale lifestyle mall, a Radison hotel, and modern office spaces. One Astra place is a 15-storey condominium that comes with amenities and features. Both the first and second residential towers were launched and are fully sold out to date. The project is scheduled to be completed by 2024.

One Paragon Place

This is a high-end residential tower integrated within The Paragon Davao, a master-planned development designed to be a lifestyle destination in Davao City. Standing 26 storeys-high, it has a full range of amenities that residents can enjoy and units with panoramic views of the city. One Paragon Davao is currently 98% sold, with 554 units selling for ₱2.14 billion.

Terranza Residences

Terranza Residences is a partnership with International Builders Corp. under a JV called GGTT. The 33-storey Terranza Residences is CLI's second Iloilo City project. It is expected to be completed by 2025, bringing in as much as ₱2.72 billion in revenues. It will be home to 600 units on a 2,539-sq.m. property. The residential segment will offer one-bedroom units spanning 24 sq.m. to 174 sq.m., which may be combined, as well as penthouse units with 117 sq.m. of space to as much as 174 sq.m. The project will feature a sky lounge, a rooftop garden, a play area, fitness gym, and a helipad.

Costa Mira Beachtown Mactan

The first CLI resort living project, Costa Mira Beachtown, is located in Mactan, Cebu. The development consists of three towers, the first two of which were launched in 2021 and are sold out and scheduled to be completed by 2027.

Calle 104

Calle 104 is a JV project of CLI and Borromeo Brothers Estate, Inc. under CBLRV. It is located in Cebu City's Ramos and Ranudo streets. The 5,530-sq.m. property has two towers: Ramos Tower has 20 floors while Ranudo Tower has 18 floors. Ramos Tower has 325 studios and one-bedroom units, while Ranudo Tower has 192 studios and three-bedroom penthouse units. Prices of the units range from ₱3.50 million to ₱23.70 million. Calle 104, which was immediately sold-out during launch, will be completed by the fourth quarter of 2026 and is projected to bring ₱3.00 billion in gross revenues.

Costa Mira Beachtown Panglao

Costa Mira Panglao is CLI's second resort living condominium. The development is under the JV company CLI-LITE and is designed to have three towers beside the renowned Panglao beach. In November of 2022, the JV launched two towers with a total project value of ₱3.50 billion. The last tower opened for pre-selling in Q2 2023 while the whole development is set to complete by 2027.

Office Projects

In 2013, CLI opened its first office property, Park Centrale at I.T. Park Cebu, taking advantage of the growing BPO sector in Cebu. CLI's current strategy is to significantly expand its recurring revenue projects in order to deliver 200,000 sq.m. over the next five years in terms of GLA.

In 2020, the Company turned over Latitude Corporate Center, a Grade A office tower at the Cebu Business Park with a Gross Floor Area (“GFA”) of 21,000 sq.m. Building development for Astra Corporate Center (18,823 sq.m. GFA) and Patria de Cebu Office (4,562 sq.m. GFA) are currently ongoing.

Office buildings include Park Centrale Tower, Base Line HQ, Latitude Corporate Center, Astra Corporate Center, Patria de Cebu Office, and Masters Tower Cebu Office.

Park Centrale Tower

Park Centrale Tower is CLI’s first office development. Located at the Cebu IT Park, the 19-storey office tower was launched in 2013 with a total GFA of 11,920 sq.m. and was completed in only two years of construction. The project caters to both BPOs and executive offices. 60% of the office spaces were offered for lease, while the rest were fully sold as office condo units. In 2014, the project was awarded as the Best Commercial Development (Cebu) during the 2014 Philippines Property Awards (“PPA”).

Base Line HQ

This project is the office component of the Base Line Center, a major mixed-used development of CLI. Similar to Park Centrale, the said project also caters to both BPOs and executive offices. CLI offered for sale 60 of the 74 office units, while the remaining were retained for the Company’s growing leasing business. The strategic location attracted customers in the medical, legal, government, and outsourcing services.

Latitude Corporate Center

Latitude is a green building project registered with BERDE, the nationally accepted green building rating system used to measure, verify, and monitor the environmental performance of buildings that exceed existing mandatory regulations and standards in the Philippines. This 21,000-sq.m. (in GFA) development is a project of BL Ventures, a JV company of CLI and Borromeo Bros, Inc. With 24 storeys, Latitude will be the tallest office development at the Cebu Business Park. As the project developer and manager, CLI positioned this project as a three-product office development with BPO, enterprise and executive office offerings. The BERDE project was completed in 2020.

Astra Corporate Center

Part of the mixed-use project in AS Fortuna is Astra Corporate Center, the office leasing component of Astra Centre. The Office building is 15-storey high with a total of 18,823 sq.m. of GFA. The project is expected to be completed and be a source of leasing income for the Company by 2025.

Patria de Cebu Office

In 2018, CLI announced its partnership with the Archdiocese of Cebu to develop and operate a mixed-use project on the 6,670 sq.m. property. This is based on a 40-year lease. The project will be a redevelopment of the existing Patria de Cebu, an old Spanish establishment to accommodate hotel, retail, and offices. It will have approximately 21,000 sq.m. of GFA, with 4,562 sq.m. (GFA) of office spaces. The project is expected to be completed and fully operational by the year 2025.

Masters Tower Cebu Office

On February 19, 2021, the Company unveiled its ₱4.00 billion skyscraper that is set to open in 2026. This mixed-use tower located on a 2,840 sq.m. area in the Cebu Business Park will have a prime office component in anticipation of a robust economic recovery in the next few years.

The tower’s office spaces from the eighth to the 12th floor anticipate the needs of locators who value efficiency and sustainability. The spaces will highlight horizontal louvers to reduce solar heat by almost 70% and to create a comfortable work environment. In addition to the louvers that reflect

Cebuano craftsmanship, sky gardens in every floor and throughout the Leadership in Energy and Environmental Design (“LEED”)-registered building adds a pleasant visual component to its occupants.

Hotel and recreational development

In addition to its residential and office developments, CLI has entered the hospitality business starting with the completion of its first hotel, Citadines Cebu City in September 2019. The following are the projects under the hospitality business of CLI, its Subsidiaries and its associate Magspeak:

Hotel:	Citadines Cebu City, Radisson Red, Base Line Lyf Hotel, Citadines Paragon Davao, Citadines Bacolod, Mercure Hotel and Sofitel Cebu City
Co-living:	The Pad
Resort:	Abaca Resort Mactan Cebu and Magspeak

Citadines Cebu City

Starting operations in September 2019, the project is an international serviced residence with 180 rooms of which 74 units were sold and 106 units were retained by the Company for recurring revenue. Citadines Cebu City is part of the mixed-use Base Line Center located in Juana Osmeña St, Cebu City, Cebu. It complies with international hospitality standards as it operates under the management of The Ascott Limited, the world’s largest international serviced residence owner-operator.

Radisson Red

CLI partnered with another international hotel brand by signing a management contract with Radisson Hotel Group, one of the world’s largest and most dynamic hotel groups, for the first Radisson RED in the Philippines. Radisson RED will be part of the Astra Centre, a major mixed-use development of CLI, along A.S. Fortuna St. in Mandaue City, Cebu. Radisson RED is intended to have 146 guest rooms with its unique designs and upscale select service offering, injecting life into the hotel through informal services. The development is scheduled for completion and operations by 2025.

lyf Cebu

A portion of the third tower in Base Line Center project is lyf Cebu. This 159-room serviced residence project targets the booming local and foreign millennial market in Cebu City. The hotel will be managed by Ascott Limited, one of the world’s leading international serviced residences under their eponymous lyf brand. This project, featuring 80 rooms, was launched in the final quarter of 2023 and will have all rooms ready by 2024.

Citadines Paragon Davao

Located at General Douglas MacArthur Highway, Bucana Tolomo, Davao City, Citadines Paragon is a serviced apartment condotel which will be managed by Ascott. The hotel is designed to provide guests its world class amenities, such as a fully equipped kitchen, home entertainment, dining, and access to retail outlets. Citadines Paragon is set to open by 2025.

Citadines Bacolod

Citadines Bacolod will be the first internationally branded hotel of Bacolod managed by Ascott Limited. The international hotel / serviced residences will provide 200 hotel units, an events hall, function rooms, meeting rooms, restaurants, bar and various hotel amenities within a 4,502 sq.m. property. The project is scheduled to open and start contributing to CLI’s hotel revenues by 2024.

Mercure Hotel

In 2018, CLI announced its partnership with the Archdiocese of Cebu to develop and operate a mixed-use project on the 5,186 sq.m. property through a 40-year lease. The project will be a redevelopment of the existing Patria de Cebu to accommodate hotel, retail, and offices. This Filipino-Spanish inspired hotel development will cater to 167 guest rooms and is expected to be completed and fully operational by year 2025.

Abaca Resort Mactan Cebu

The all-suite Abaca Resort Mactan is a luxury resort in the Punta Engaño area of Mactan island that has received the highest ratings from global travel experts. With a footprint of 4,328 sq.m., the property is one of the few remaining prime properties in the area with an attractive oceanfront and just a short drive from the Mactan Cebu International Airport. CLI envisions the Abaca Resort Mactan to expand to a 125-room all-suite luxury development from its current nine rooms, to be completed in 2025.

In 2020, Abaca Boutique Resort in Cebu was nominated as Asia's Leading Boutique Beach Resort 2020 and Asia's Leading Boutique Resort 2020 in the 27th World Travel Awards.

Sofitel Cebu City

The first five-star luxury hotel in Cebu will rise on one of the best corner properties with an area of 2,840 sq.m. in Cebu Business Park, Cebu City's primest central business district developed by Ayala Land. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The sustainability of this LEED-registered building will be reflected in the design and operations of the 14th to the 32nd floors which will house the luxury hotel with 195 guest rooms, a grand ballroom, two restaurants, executive lounge, meeting rooms, roof deck, swimming pool, gym, and spa.

The Pad

In 2021, CLI signed a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu near the IT Park. The Pad, with over 258 dormitory rooms, is currently turning over and was completed in 2023.

The Pad is the first entry of CLI on co-living spaces. The dormitory will have 258 semi-furnished rooms that can occupy three to four transients. The project is located along Banilad road, Cebu City which is strategically located near schools and BPOs. The Pad is integrated in the mixed-use development, Banilad Highstreet with retail and commercial spaces.

MagSpeak Resort and Villas

The 21-ha mountain estate in Magsaysay Peak in Balamban, Cebu, with an elevation of 800 meters is owned by a JV company, MagsPeak, composed of CLI and Cebuano businessmen and fellow Camoans, Bob Gothong, Segundino Selma Jr., Richard Ray King, and Douglas Gacasan. CLI is developing the project and will eventually operate it under its own management.

MagsPeak will be one of the starting points of the Camino de Cebu trail favored by pilgrims expressing their religious devotion. The MagsPeak to Compostela pilgrim trail is a 42-kilometer route traversing the mountainside of Manunggal Balamban down to the Municipality of Compostela, whose patron, St. James the Apostle, is also a featured saint in the MagsPeak chapel. The Camino de Cebu is based on the traditional Camino of Spain which is composed of several trails that converge on the city of Santiago de Compostela in northwestern Spain.

MagsPeak devotees can further immerse in a spiritual retreat inside the beautiful Our Lady of the Pillar Chapel which overlooks the mountains, or contemplate the 20 stations along the 800 meter-long Rosary Walk, or meditation quietly the Pieta in a garden inspired by Michelangelo or do penance by climbing the 14 stations of the Way of the Cross from the entrance to the top of MagsPeak.

MagsPeak's offers a unique hospitality experience managed by CLI's Hospitality arm, CLI Hotels & Resorts. Opening in 2025, the resort comprises 13 exclusive mountain villas and 20 hotel rooms highlighting views of the Balamban mountain landscape and the western Cebu seascape.

Mixed-use developments and Townships

With its growing brand, experience, and portfolio, CLI pursued larger scale developments in prime urban locations. They have a mix of residential, commercial, office, retail and hospitality with MICE components.

Mixed-Use and Township: Base Line Center, 38 Park Avenue, Astra Center, Paragon Center, Patria de Cebu, Banilad Highstreet, Masters Tower, Cebu; Manresa Town, Ming-mori Reclamation Project and Davao Global Township

Base Line Center

CLI's first major mixed-use development is the Base Line Center, a 1.6-ha modern redevelopment in the heart of midtown Cebu. The Company removed the existing structures in the old Base Line, a well-known favorite gathering place of Cebuano families, and built a mixed-use development. The project started operations in 2019.

38 Park Avenue

CLI, through its JV, El Camino, acquired a 1.18-ha property inside the Cebu IT Park, the largest remaining private property inside the prestigious address. This property, called 38 Park Avenue at the Cebu IT Park, will be transformed into a mixed-use urban park with a 38-storey residential tower and retail boulevard.

Astra Center

In 2017, CLI launched another major mixed-used development, the Astra Center, in the AS Fortuna Mandaue area, a growing commercial district and the major thoroughfare that connects Cebu and Mandaue. This medium-density project will feature a hotel, residential condo, office, and a lifestyle mall.

Paragon Center

Another mixed-use development by CLI is the Paragon Center, a JV project in Davao that was launched in 2018. The development comprises the high-end condominium, One Paragon Place, Citadines Davao Hotel, a convention center, and a lifestyle retail strip.

Patria de Cebu

In 2018, CLI announced its partnership with the Archdiocese of Cebu to develop and operate a mixed-use project on the 6,670 sq.m. property through a 40-year lease. The project will be a redevelopment of the existing Patria de Cebu, an old Spanish establishment to accommodate hotel, retail, and offices. It will have approximately 21,000 sq.m. of GFA and is expected to be completed and fully operational by the year 2025.

Banilad Highstreet

CLI has inked a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu nearby the IT Park. SPE, the JV company, has a long-term 20-year lease on a 7,500sq.m. property along Banilad and nearby Cebu IT Park which houses several business process outsourcing firms. The JV is with the Farrarons family who owns two hotels and a strip mall in Cebu City. Banilad Highstreet will have commercial spaces, over 258 dormitory rooms, and other retail offerings.

Masters Tower Cebu

Set to be completed in 2026, it will offer prime office and retail spaces and the first five-star luxury hotel in the Queen City of the South. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The groundbreaking of the LEED-registered Masters Tower Cebu took place in September 2021. CLI is aiming for the building's LEED Gold certification.

Manresa Town

Manresa Town is a 14.3-ha. mixed-use development that's envisioned to be a vibrant university town fully integrated with the Xavier University Masterson Campus of the Future. The campus and the adjacent university town is a collaboration between CLI and Xavier University-Ateneo de Cagayan. Manresa Town is designed to be complete with retail spaces, offices, and, most importantly, student and teacher friendly residential offerings.

Davao Global Township

CLI also entered into a JV to develop a central business district in Matina, Davao. The 22-ha estate, called Davao Global Township, will be developed into a large-scale self-contained community with office, residential, mall and institutional uses. Its first residential condominium project, The East Villages has launched and is under construction.

Ming-mori Reclamation Project

CLI is currently working on the Ming-mori Reclamation Project in its pipeline projects. This master planned reclamation development covering 100 ha was issued an ECC by the DENR on July 22, 2020, following a comprehensive two-year review. This project is a JV, MMDC, between CLI and UKC Builders. The techno business hub will be a township project to house light industrial facilities with residential, commercial areas and an integrated port facility and to generate over 75,000 jobs in the municipality while meeting sound environmental guidelines.

Competitive strengths

Leading property developer in VisMin with a distinguished brand and reliable track record of project execution proven during the pandemic

In 2023, an independent study by Colliers International reaffirmed CLI's unrivaled position in the VisMin real estate market. The study identified CLI as the top residential developer in the region, boasting the largest market share among real estate firms. Holding a commanding 23% overall residential share in net take-up value, CLI continues to dominate key VisMin cities, a testament to its market presence and consumer confidence.

CLI has responded well to the increasing market demands of VisMin, outpacing other developers in finishing construction and delivering completed units to its customers. On the average, CLI can convert raw land to a turned-over project in less than two to three years, depending on the project size. CLI's condominium developments BaseLine Residences, Park Centrale Tower, Mivesa Garden Residences, Midori Residences, and Casa Mira Labangon were delivered to the buyers in two years, as committed by the Company in its marketing materials.

The Company adopted a rigorous project management team approach, wherein key personnel from each business unit are given a regular platform to monitor project milestones and discuss important synergies and shared deliverables among business units.



CLI has shown its capacity to execute project delivery during the height of the COVID-19 pandemic. Construction activity at the Company's 24 locations continues to advance at a modest pace while following local health protocols and required permitting to continue its site operations. This effort is motivated by the Company's dedication to deliver quality real estate developments on schedule to its customers.

By the end of 2021, the economy had gradually reopened, allowing CLI to resume full swing in construction, with catch-up measures being implemented to make up for any delays brought about by the pandemic lockdowns.

Strategic location selection to provide value-for-money proposition to customers

The criteria for choosing a location for CLI are very rigid. The Company continues to be on the lookout for properties of high value appreciation potential. CLI's site quality has always been a catalyst for its excellent sales success, whether for a high-end condominium project or an affordable housing project. CLI has projects in the region's most valuable real estate major key areas in Cebu, Iloilo, Bacolod, CDO, and Davao. The Company looks at locations within a two-kilometer radius of the closest highway for its mid-market and affordable housing developments. The Company has enhanced the facilities in the neighborhoods where its housing developments are located. This has always proved to be a win-win for the residents as well as the local neighborhood.

CLI's experience with the city and its communities, as a native developer, allows the Company to choose the best locations for its projects and to cater to the market's needs and tastes. San Jose Maria Village, Balamban, CLI's first project, was established when CLI's founder, Mr. Jose R. Soberano III, recognized that there was a ready demand for affordable housing among employees of Balamban's manufacturing companies.

Because of CLI's proven track record, landowners who wish to sell or develop their properties jointly find it easier to approach and work together with the Company. This is evidenced by the number of proposals from landowners regularly received by CLI to buy or develop their properties.

CLI gives its clients more value for their investments. Its properties are distinguished by the quality of its locations, award-winning planning and design, generous amenities, timely and quality construction, and industry-best customer service, after-sales, and property management support at very competitive prices. The Company has a strong pipeline in various affordability levels and will strive to continuously improve its products' value proposition. As a success criterion and as practiced, CLI has always projected its initial pre-selling prices to appreciate by at least 20-25% by the time the construction is completed. As an indication of the positive market response, a number of its projects have set selling records in the markets where they are launched, and 97% of the inventory from its completed projects has been sold out.

Highly diversified and expanding project portfolio and socio-economic markets

CLI has highly diversified expanding portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and a township across 16 major locations in VisMin – Greater Cebu, Bohol, Dumaguete, CDO, Davao, Iloilo, Bacolod, Ormoc, Butuan, Palawan, and Gensan.

During the pandemic, the Company was able to maintain earnings stability because of its wide portfolio of projects that addressed the demands of consumers from various socioeconomic strata. In 2020, CLI expanded its affordable housing offerings to address the rising need for high-quality housing where everyone can feel safe and comfortable in their residence, which serves as a hub for work, school, and recreation.

With the market's growing need for safe and secure homes, CLI launched the "Embrace Home" campaign to emphasize the value of homes. CLI also quickly made available online platforms where buyers can purchase quality homes under flexible and comfortable payment terms and enticing promos. Continued from 2020, a year to reflect and adapt, and as for CLI—the Company took prompt action to continue its excellent services to its stakeholders, homeowners, and surrounding communities— through technology. CLI quickly adapted to change to strengthen the Company's digital presence, to attend to the stakeholders' concerns despite all the limits COVID-19 has given.

Experienced management team and organizational culture

The Company aims to grow its workforce in line with high standards of professionalism, as it has over the last 20 years. The Group has grown from two employees to a dynamic team of 914 executives, managers, officers, and staff, with an average age 46 and over 50 years combined cumulative professional experience in their respective fields, who have contributed to the Company's culture of excellence and strong corporate governance. CLI's customer-first attitude and family-oriented team enables it to achieve high stakeholder satisfaction and establish strong brand equity.

CLI is led by a family of real estate professionals. Its founder, Chairman of the Board of Directors, President and CEO, Jose R. Soberano III, was a former executive at Ayala Land, where he played an integral role in the development of Cebu Business Park and Cebu IT Park, the two most valuable commercial districts in Cebu City up to this day. CLI has grown its talent pool with the addition of knowledgeable accounting and finance, business development, engineering, legal, marketing, and sales professionals with extensive experience and success in their respective professional careers. CLI's key executives have had prior experience in reputable companies from related industries such as real estate development, construction, power, banking, business process outsourcing, consulting, and others.

Corporate Social Responsibility

CLI's corporate social responsibility agenda is pursued through the CLFI, the CSR arm of the company, with focus on 1) Socialized Housing and Integrated Social Development, 2) Environment, 3) Education, and 4) Livelihood/Enterprise Development.

Socialized Housing Development and Integrated Development

CLI, through its socialized housing projects, provides decent and affordable housing to hundreds of homeless and informal settler families. Currently, CLI's completed projects include Villa Casita Balamban, Pinamalayan Housing, and Villa Casita North. The Company has also contributed to public infrastructures such as access roads, drainage systems, public markets, and transport terminals.

To better tackle every growing housing backlog in the country and to incorporate more sustainable socialized housing projects within the city, in 2021, CLFI team created a three-way collaboration among the Company, the Cebu City local government, and the Philippine National Government through the DHSUD in developing a five-storey, 100-unit housing project for informal settlers, called Sugbo Walk up One located in Lorega San Miguel, Cebu City. Each dwelling unit has an area of 23.75 sq.m. Beneficiaries are informal settlers who live along rivers, creeks, coastal areas, and other danger zones.

Going beyond construction, CLI assisted partner LGU with the beneficiary selection, social preparation, and provided training in property management to prepare them for turnover and better integrate social development. The Company continues to assist the LGU in the pre-settlement process, providing guidance as the beneficiary community transitions from horizontal to vertical living. As of 2023, CLI has developed and turned over one mid-rise building to Cebu City LGU and has started constructing the next building with 90 units that will benefit informal settler families hit by a

major fire incident in 2019 in Brgy. Tipolo, Mandaue City. CLI plans to develop more socialized housing projects in the VisayasMindanao region.

Education: Leap Scholarship Program

In the area of education, the Company, through its corporate foundation, CLFI, launched the Leadership and Educational Assistance Program (LEAP) targeting CLI employee dependents. At present, CLI has 23 scholars taking up Architecture, IT, Engineering and Business courses at the University of San Carlos. CLI continues to expand its education program to include community-based skills training for livelihood and employment for identified beneficiaries.

Environment: Ecosystems Protection

On the aspect of biodiversity management, CLI through its partnership with LGU and a Civil Society Organizations (CSO), has planted 173,449 trees as of the end of 2023. The tree-growing program serves to enhance local forest and mangrove sites and supports the livelihood of farmers and fisherfolk in various locations. In addition, CLI assisted coastal barangays in the Municipality of Minglanilla to fabricate and deploy trash trap systems in the area's major riverway, which has helped prevent waste from reaching the coastal waters. CLI continues to engage and support farmers and fisherfolks organizations through its tree growing and other environmental initiatives under the Green Resources and Opportunities for Work (GROW) program.

Enterprise Development / Livelihood

CLI, through the foundation's program aims to promote self-reliance among its beneficiaries through the Livelihood Assistance for Multi-sectoral Beneficiary Organizations (LAMBO) program, lambo meaning "to flourish". The Company provides livelihood assistance to people's organizations, farmers, fisherfolks, women and other sectors in the community through a Business Assist Program and a Community Livelihood Program. The Business Assist Program helps communities organize cooperatives and build entrepreneurial skills through training, while the Community Livelihood Program provides support for micro-enterprise start-ups of community and peoples organizations.

In 2022, the foundation assisted one of the homeowners' associations in a relocation site in Brgy. Paknaan, Mandaue City through the formation of a consumer's cooperative. CLI provided guidance on the coop formation requirements and livelihood training sessions to prepare the coop for its small business.

In 2023, CLI assisted a vegetable farmers' cooperative BUKID-Multipurpose Cooperative in Brgy Sunog, Balamban, Cebu by providing resources and by promoting and patronizing their farm-fresh produce. The coop has benefited from the monthly 'Tabo sa CLI' events that cater to the needs of CLI employees, customers, and homeowners. This farm-to-market program benefited the farmers with higher income and is expected to expand with more residential communities to be served. Brgy. Punta Engano is also among the communities assisted by the foundation by organizing the womenfolk into a barangay-registered organization which will be the Company's beneficiary for livelihood programs in Lapu-Lapu City, Cebu. CLI provided seed funds for livelihood through its Community Entrepreneurial Challenge benefiting two communities in Mandaue City and one in Punta Engano, Lapu-Lapu City.

CLI continues to create value for its communities as it strengthens its relationship with 21 key cities and municipalities, particularly in 48 barangays across the Visayas and Mindanao regions.

Strategic JV partnerships

CLI takes pride in its ability to collaborate with and deliver great value to its JV partners. CLI is the project manager and developer in all its JVs. These JVs enable the Company to position itself in strategic locations such as Cebu Business Park through BL Ventures, and Cebu IT Park through El Camino.

CLI's JV partnerships are typically of a closer and more collaborative nature than the norm, where it treats its JV partners as true and equal business partners. Its collaboration results in better-suited products in the markets they are launched in, while benefiting from the market intelligence of its partners. Product execution and delivery are also improved by leveraging the professional and regulatory networks of its partners.

Collaborating with a JV partner also facilitated the Company's forays into new markets such as Davao, Bacolod, and Iloilo. After the success of MesaTierra, the Company entered into new partnerships with YHES to develop Paragon Center and with YHEST to develop Davao Global Township, both in Davao.

Another JV company, CHDI with Ixidor holdings as a partner, is set to develop a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu as its first project. It is called Mandra Residences. It has also acquired a strategic landbank in Talamban, Cebu, just outside the prestigious Pristina North subdivision, from AboitizLand. The plan is for a high-end mid-rise mixed-use development that is in the planning and design stages.

After the success of Latitude Corporate Center, CLI and Borromeo Bros. partnered afresh to develop another project in another prime location within Cebu City. CBLRV was incorporated in 2020 to develop a mixed-use multi-tower residential condominium in Ramos Cebu City.

Additionally, CLI recently signed a JV agreement with prominent Iloilo businessman Alfonso Tan, chairman of International Builders Corporation, for a high-rise residential tower on a prime corner lot in Iloilo City's downtown area. The tower will be the first condominium offering in the highly accessible location.

CLI created two JV partnerships in 2021. SPE was formed to build the 7,500-sq.m. property. A great location along Banilad Cebu City will be transformed into a mixed-use development with retail spaces and a 300-room dormitory. In addition, the Company formed CLI-LITE, a JV with Jun Lim of Lite Shipping Corp., to develop 4 has of property in Panglao, Bohol, into a residential condominium project launched in 2022 and 2023.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This JV is geared towards the development of premium-grade residential towers in the heart of Cebu City.

The Company's successful JV partnerships in its past and present projects underscores CLI's prominence as a preferred JV partner because of the priority it gives to its partners, its transparency in terms of project planning and accountability, and its quick execution and delivery of projects. The fast business development cycle it implements makes the Company attractive to its current and future JV partners.

Financial strength: Strong profitability, prudent financial management and a healthy balance sheet

CLI's net income to its shareholders has increased at a compound annual growth rate of 24% from its first public offering in 2017 to the recent full year 2023. The Company has continually proven great profitability and prudent financial management throughout its expansion. CLI's gross profit and net income increased steadily while maintaining good margins and debt management discipline.

CLI ended the pandemic year 2020 with a Consolidated Net Income of ₱2.08 billion and Net Income attributable to equity shareholders of ₱1.85 billion, a slight decline of 8% y-o-y from ₱2.01 billion in 2019, based on its audited financial statements. The modest earnings results were due to the reduced construction operations caused by the lockdown measures imposed by the government during the enhanced community quarantine period. In 2020, CLI was able to benefit from the attractive interest rate environment as it raised a total of ₱8.00 billion in March, which was completely subscribed by several financial institutions at an average fixed rate of 4.15%.

For the year ended 2021, CLI recorded ₱2.61 billion net income attributable to CLI shareholders in 2021, an increase of 42% from ₱1.85 billion y-o-y. CLI's topline grew by 35% to ₱11.16 billion from

2020's ₱8.30 billion driven by significant construction accomplishments and robust sales, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition, based on its audited financial statements. The Company also maintained prudent debt management during the year. The Net Debt to equity ratio remained at modest levels standing at 1.72x while lowering down cost of borrowing to 4.75% from 4.96% in 2020.

In 2022, CLI recorded Normalized Net income to parent shareholders of ₱3.17 billion, an increase of 21% from ₱2.61 billion in 2021, the remainder after tax adjustments for the year were factored out.

In 2023, the Company's consolidated net income increased to ₱4.64 billion, a y-o-y 29% increase from ₱3.61 billion. While net income to parent posted a solid 13% increase to reach ₱3.58 billion from ₱3.17 billion. Earnings grew as a result of strong performance across all revenue streams, which led to CLI's consolidated revenue to increase by 20% to ₱18.82 billion from ₱15.66 billion the previous year. This is supported by higher construction progress and take-up of new launches that also led to record-breaking nine-month reservation sales, which also grew 14% y-o-y.

The Company also prides itself in its cost discipline. While CLI utilizes contractors for its projects, it purchases its own raw materials and employs a dedicated project management team to ensure that quality and costs meet the Company's requirements.

CLI also has one of the most organized and responsive accounts receivable and customer support departments in the industry. The delinquency rate improved to 3.27% in 2023 from 3.82% in 2022, and 5.21% in 2021.

CLI also has a dedicated accounts management team who facilitates the take-out process, whether through a bank mortgage or a cash payout for the contract balance.

In respect of its debt management, CLI endeavors to match its debt maturity profile with that of the cashflow it is generating from every project being funded. CLI's cash cycle is typically four to five years depending on the project type. So especially in a rising interest rate environment, the proceeds raised from the Bonds are intended to be a means to carry out CLI's ongoing strategy of moving its debt maturity profile towards the longer end of the curve and at the same time mitigating the impact of higher borrowing costs since the Bonds involve fixed interest rates.

Operational excellence

CLI has a fully integrated real estate set-up encompassing different areas, namely, acquisitions, business development, technical planning, engineering and project management, sales and marketing, documentation and licensing, legal services, customer service, and property management. The Company prides itself on its hands-on and personalized approach, which allows itself to respond effectively to its clients and industry partners.

Construction

For each horizontal and vertical development, CLI engages various general and specialty contractors with both local and national experience. With over 170 engineers in its roster, CLI handles the project and construction management aspect of every project and manages the various contractors and subcontractors that are utilized. As the project manager, CLI controls the delivery of its projects with priority on promptness, quality, and professionalism. CLI does not have any in-house construction or any affiliated general contracting business.

Sales

CLI has one of the industry-leading sales support teams. With over 73 sales support personnel, this team collaborates, coordinates, and supports the over 11,000-strong accredited broker/agent network of CLI. This is CLI's strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

Key Strategies

Expansion to key cities in the Visayas and Mindanao

Regional Developments:

Bohol	: Velmiro Plains Bohol Ph1-2, Costa Mira Beachtown Panglao
Dumaguete	: Casa Mira Coast, Casa Mira Dumaguete Ph1-2
Bacolod	: MesaVirre Garden Residences A-C, Casa Mira Granada, Velmiro Plains Granada, Casa Mira Towers Bacolod T1-T4
Iloilo	: Casa Mira Iloilo, Terranza Residences
Palawan	: Casa Mira Towers Palawan T1-T4
Ormoc	: Casa Mira Ormoc
CDO	: MesaVerte Garden Residences, Velmiro Uptown CDO, Casa Mira Towers CDO, Velmiro Heights CDO
Davao	: MesaTierra Garden Residences, The Paragon Center, Davao Global Township, Casa Mira Towers LPU, The East Village T1-T5, Casa Mira Homes Davao, Mindara Residences

In 2015, CLI embarked on its regional expansion when it launched MesaVerte Residences in CDO. This is the mid-market condominium offering of CLI with three 15-storey residential towers having a total of 798 units which almost sold out in less than a year of pre-selling. In 2018, the Company then introduced its mid-market horizontal project in the same city – Velmiro Uptown CDO. The subdivision's master plan shows an inventory of 395 units intended to meet the housing demand in the area.

In CDO, the Company set up its first satellite sales, administrative, and engineering offices. The Company found a unique advantage in being homegrown, as it can distinguish itself further in these new regional markets with similar local dynamics as that of Cebu's.

In 2016, CLI successfully set its foothold in Davao by launching MesaTierra Garden Residences, a 22 storey residential condominium.

In 2017, CLI strengthened its market presence in Davao by entering into two new JVs to develop the Paragon Center and Davao Global Township, a 22-ha. estate project. The Company then launched Casa Mira Coast, a five-ha. property in Sibulan, Negros Oriental. After the successful launch of its first Casa Mira brand outside Cebu, CLI expanded its footprint from Negros Oriental to Negros Occidental by introducing MesaVirre Garden Residences, a three-tower residential condominium project in Bacolod City.

In 2018, the Company launched Astra Center, its first mixed-used building in Mandaue, Cebu. The Astra Centre is composed of Astra Centre Mall, Radisson RED, One Astra Place and Astra Corporate Centre.

In 2019, the Company acquired Abaca Resorts Mactan and Lowaii Marine Cebu Resort in Mactan, Cebu to increase revenues from its hotel segment. CLI entered into a JV with an Aboitiz Company, to develop Mandtra Residences, a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu.

In 2020, CLI sets footprint in Bohol and Iloilo with the successful launching of Velmiro Greens Bohol, a

3.6-ha. modern mid-market horizontal development in Jaro Daus, Panglao, Bohol, and Casa Mira Iloilo, 14.4-ha. economic subdivision project in Jaro, Iloilo City with 1,109 housing units. With the fully take-up Casa Mira Coast in Sibulan, Negros Oriental, the Company launched Casa Mira Dumaguete, a 6.1ha. project to develop 604 economic horizontal housing units. CLI also launched Casa Mira Towers LPU, a 930-unit economic condominium project, as a housing option for students in Lyceum of the Philippines University.

In 2021, CLI launched its first project in Ormoc, Casa Mira Ormoc is the first Casa Mira brand in Leyte. It has a very strategic location, and it offers affordable townhouse units with very generous payment schemes. Casa Mira continues to expand to major key cities in Visayas and Mindanao and is launching its first project in Eastern Visayas. Casa Mira Homes Ormoc is a 9.13-ha residential subdivision in Brgy. Luna Ormoc City.

In 2022, CLI purchased 17.2 has. of land in Butuan City to be developed into Casa Mira Butuan by Q1 2024. During 2023, the company also expanded to General Santos City by purchasing 21 has. of land. The company envisions launching both its Casa Mira and Velmiro brands as entry points to the Gensan market. To date, planning and permitting is ongoing for the said project.

CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod, CDO, and Davao. CLI continues to pursue its aggressive plans to establish and deliver quality developments across the VisMin region. Further, CLI is actively engaged in negotiations with landowners in Naga City, Luzon, as part of its strategic expansion. These discussions aim to pave the way for the launch of CLI's inaugural Casa Mira project in Luzon, marking a significant milestone in the company's regional expansion.

Building recurring income developments

As CLI sets its sight on a long-term growth trajectory, the Company is committed to growing its recurring income portfolio. In 2013, CLI launched its first office building in Cebu IT Park. The project, Park Centrale Tower, was designed to host both BPO and executive offices (office condominium units). With its Grade A design and features, Park Centrale Tower was awarded as the Best Commercial Development in Cebu in the 2014 PPA.

In 2015, CLI made another significant step in growing its recurring income portfolio when it launched its Phase 1 of Base Line Center, a redevelopment of one of the largest remaining properties in the prime midtown Cebu area. The project is a mix of retail, office, hotel, and residential projects.

In 2016, CLI launched Latitude Corporate Center, a JV development under BL CBP Ventures Inc. This is a 24-storey Grade A office building offering future-ready spaces for businesses with a 13,000 sq.m. GLA.

In 2017, the Company launched 38 Park Avenue, a residential high-rise project with 3,000 sq.m of retail space located in the last 1.18-ha. patch of green in Cebu I.T. Park, one of the Philippines' top 20 prime real estate properties.

In 2018, the Company launched Astra Center, a mixed-use development located in Mandaue City designed to have a boutique mall, hotel, office, and residential tower adding over 30,000 sq.m. GLA.

The first hotel business of the Company started operations in September 2019 allowing CLI to recognize a new stream of revenue from the segment. Citadines Cebu City, the 180-room condotel, is operated and managed by Ascott International Management Pte Ltd., the world's largest international serviced residence owner-operator.

In 2021, CLI launched Masters Tower, the project is a 31-storey hotel and office tower that will establish a destination within Cebu Business Park and bolster Cebu's status as an international city. It will be the tallest tower in the district, with over 7,000 sq.m. of Class A office space and the first 5-star hotel in Cebu, Sofitel Cebu City. The property is located on a 2,840-sq.m. area in the Cebu Business Park and will be among the top three tallest structures in the metropolis, which would top off at 192 meters above sea level.

CLI's current recurring income assets include BPO floor space, executive office space, residential units, and various commercial and retail units in its condominium projects. These assets are now delivering a lease income to CLI of ₱112.34 million in 2023 with their combined GLA of 35,772 sq.m. At present, the Company's rental leased rate is at 72% after the newly delivered spaces from Latitude Corporate Center, DGT Drive thru, Banilad High street, Baseline Center new wing, 38 Park Avenue, Casa Mira Towers Guadalupe were substantially leased out. Several under construction commercial developments that will further boost its recurring income includes Astra Center, Patria de Cebu, DGT Commercial Center, Masters Tower among others. These new developments are designed to boost the recurring income of the Company by 2025 by integrating a hotel, commercial center, office, and residential tower into one development.

Vertical integration – property management services

On April 20, 2017, CLPM, a wholly owned subsidiary of the Company, was incorporated to provide property management services to housing, condominium and office projects developed by the Company. With the goal of making CLPM a self-sustaining and revenue generating business unit, CLPM is envisioned to eventually offer and expand its services to outside clients. Currently, CLPM is managing 30 projects with revenue for the period ending December 31 2021, 2020, and 2019 are ₱42.97 million, ₱42.59 million, and ₱36.84million respectively. In 2023, property management fees increased by 7% to ₱59.22 million, from ₱55.47 million in the same period last year, reflecting an increase in managed projects by CLPM.

Growth of economic housing brand (Casa Mira)

The Casa Mira brand of CLI is designed to answer the underserved demand in the affordable housing sector. And even after the pandemic, Casa Mira remained CLI's fastest selling and most sought-after brand. Unit prices range from ₱1.80 million to ₱3.00 million. Correspondingly, the monthly amortizations range from as low as ₱6,000.00 to as high as ₱15,000.00. This caters to households with monthly incomes of ₱15,000.00 to ₱30,000.00.

Despite the pandemic, strong housing demand in VisMin enabled CLI to sell a number of housing units from Casa Mira which accounted for 69% of the Company's reservation sales in 2020 amounting ₱14.25 billion. In 2021, as the economy reopens, demand for the Casa Mira brand remains resilient, accounting for 41% of the ₱16.53 billion reservation sales that the Company recorded during the year. In 2022, Casa Mira accounted for 32% or ₱5.88 billion of the total reservations sales for the year. With the new launches in 2023, Casa Mira segment led the sales with 45% of total sales during the year, primarily from Casa Mira Davao, Casa Mira Danao, and Casa Mira Towers in Palawan and Bacolod.

Currently, there are 15 Casa Mira communities and a total of 16,879 housing units in VisMin namely: (1) Casa Mira Linao, (2) Casa Mira South, (3) Casa Mira Towers Guadalupe, (4) Casa Mira Towers Labangon, (5) Casa Mira Towers Mandaue, (6) Casa Mira Coast, (7) Casa Mira Bacolod, (8) Casa Mira Towers CDO, (9) Casa Mira Iloilo, (10) Casa Mira Dumaguete, (11) Casa Mira Towers LPU, (12) Casa Mira Ormoc, (13) Casa Mira Towers Bacolod, (14) Casa Mira Towers Palawan, and (15) Casa Mira Davao.

By 2024 onwards, CLI will roll out this brand in its newly acquired expansion sites in Butuan and Gensan. The Company sees this as a great opportunity to tap into the classes B, C, and D markets where most of the working population belongs to. With the Philippines' young and growing workforce, the need for affordable permanent housing options will continue to escalate.

Capitalizing on pipeline projects

CLI continues to position for growth with a robust pipeline of over 11 projects valued at ₱27.60 billion slated for the upcoming year. In 2023, CLI strategically secured a total landbank of 107 hectares across key VisMin locations, laying the groundwork for future development initiatives. Notably, a portion of this land comprises gestating township projects, offering a potential source of landbank for

up to five years. Underlining its commitment to expansion, CLI continues its proactive search for high-potential landbank across VisMin, ensuring a continuous and strategic approach to securing opportunities for future development. This foresighted land acquisition approach solidifies CLI's position for sustained growth and innovation in the real estate sector.

Establish and leverage strategic partnerships, alliances, JVs, and cooperation

CLI will also continue to pursue local partnerships that will serve to enhance its expansion plans. The Company has proven that strategic alliances can provide a winning formula for securing strategic locations and entering new markets for as long as the JVs are executed with best practices. Its existing JVs are BL Ventures, CCLI, Cebu BL-Ramos Ventures Inc., CHDI, CPH, El Camino, GGTT, MGR, YHESPH, YHEST, YES, and YHES.

SPE and CLI-LITE, Inc. are CLI's new JV agreements for 2021. In addition, the business expanded its stake in MMDC from 20% to 78%, making it the JV's project manager and principal developer.

In October 2023, CLI initiated a strategic partnership with NTTUDA, a Japanese entity recognized for its expertise in developing commercial properties such as office buildings, residences, and mixed-use developments across Southeast Asia. This collaborative venture is specifically designed for the development of premium-grade residential towers situated in the heart of Cebu City. The partnership between CLI and NTTUDA signifies a shared commitment to delivering high-quality real estate solutions and marks a significant milestone in elevating the standards of residential developments in the region.

Corporate Organization

CLI is presently engaged in real estate-related activities such as real estate development, sales, leasing, and property management. Its real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as hotels, office projects, retail spaces, and townships.

In 2016, AB Soberano, formerly AB Soberano International Corporation, one of CLI's stockholders, assumed control of CLI by acquiring an additional 400,000,000 shares of CLI and became the parent company of CLI. ABS is a holding company and is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

On January 6, 2017, the board of directors approved CLI's application for the registration of 1,714 million of its common shares with the SEC and application for the listing thereof in the PSE. The board of directors' approval also covered the planned initial public offering of 430 million unissued common shares of CLI. CLI's shares were listed in the PSE on June 2, 2017.

On February 26, 2021, the Company increased its authorized capital stock to ₱10.00 billion common shares and ₱100.00 million voting preferred shares.

On July 14, 2021, CLI distributed stock dividends of 123% per share. This resulted in an increase in total outstanding shares after the stock dividends to 3,461,851,997. This is net of the total shares held under treasury as of the end of December 31, 2021, amounting to 161,600,000 shares.

On January 4, 2024, the SEC issued and released the Certificates of Filing of Amended Articles of Incorporation, both dated December 29, 2023, which approved CLI's applications for amendment of its Articles of Incorporation to create a new class of preferred shares through the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share to 1.0 billion Series "A" preferred shares with a par value of ₱1.00 per share. The SEC applications are in line with the approval of the Board of Directors during the special board meeting held on April 25, 2023, and approval of the Stockholders during the Annual Stockholders' meeting held on June 1, 2023 on the amendment of Article VII of CLI's Articles of Incorporation, including the creation of the new class of preferred shares. As a result of the reclassification and amendment of the Articles of Incorporation, CLI's authorized capital stock now comprises ₱9.00 billion common shares, ₱1.00 billion Series "A" Preferred Shares, and ₱100.00 million Series "B" Preferred Shares.

Article VII of CLI's latest Amended Articles of Incorporation grants to its Board of Directors the express authority to determine, fix, and approve all other features, salient and commercial terms, issuance and redemption features, and all other terms and conditions of the Series "A" preferred shares, including any tranche or sub-series thereof.

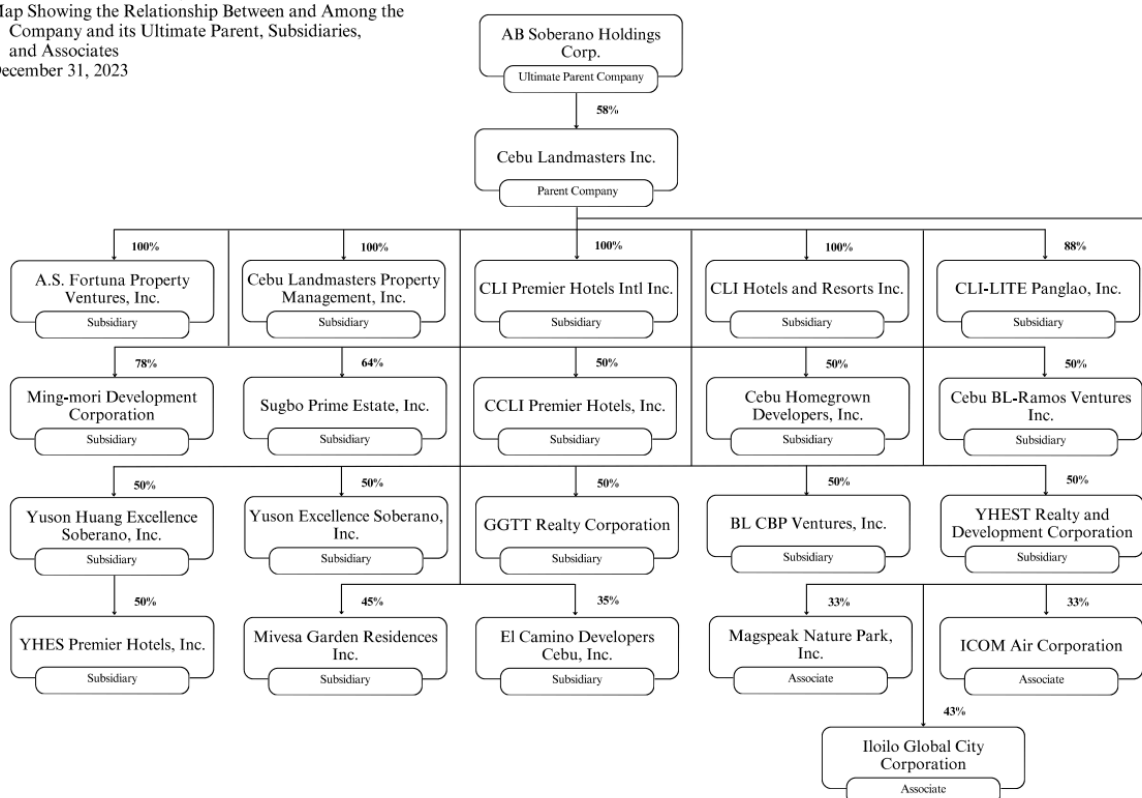
In relation thereto, and during its special board meeting held on January 8, 2024, the CLI Board of Directors approved and authorized the Company's public offering of 3,000,000 Series "A" Preferred Shares with an oversubscription option of up to 2,000,000 Series "A" Preferred Shares at an offer price of ₱1,000.00 per share. The CLI Board of Directors also approved the terms and conditions of the Offer Shares during the same board meeting.

CLI and its Subsidiaries are not involved in any bankruptcy, receivership, or similar proceedings, and have no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Subsidiaries and Affiliates

Corporate structure

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and Among the Company and its Ultimate Parent, Subsidiaries, and Associates
December 31, 2023



The Company holds ownership interests in the following Subsidiaries and associates as of December 31, 2023:

Entity	<u>Effective Percentage of Ownership</u>
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	2023	2022
<i>Subsidiaries</i>		
(1) A.S. Fortuna Property Ventures, Inc. (“ ASF ”)	100	100
(2) CLI Hotels and Resorts, Inc. (“ CHR ”)	100	100
(3) CLI Premier Hotels Intl. Inc. (“ CPH ”)	100	100
(4) Cebu Landmasters Property Management, Inc. (“ CLPM ”)	100	100
(5) CLI-LITE Panglao Inc. (“ CLI-LITE ”)	88	88
(6) BL CBP Ventures, Inc. (“ BL Ventures ”)	50	50
(7) Yuson Excellence Soberano, Inc. (“ YES ”)	50	50
(8) Yuson Huang Excellence Soberano, Inc. (“ YHES ”)	50	50
(9) YHEST Realty and Development Corporation (“ YHEST ”)	50	50
(10) CCLI Premier Hotels, Inc. (“ CCLI ”)	50	50
(11) YHES Premier Hotel Inc. (“ YHESPH ”)	50	50
(12) Mivesa Garden Residences, Inc. (“ MGR ”)	45	45
(13) El Camino Developers Cebu, Inc. (“ El Camino ”)	35	35
(14) Cebu Homegrown Developers, Inc. (“ CHDI ”)	50	50
(15) Cebu BL-Ramos Ventures, Inc. (“ CBLRV ”)	50	50
(16) Ming-Mori Development Corporation (“ MMDC ”)	78	78
(17) GGTT Realty Corporation (“ GGTT ”)	50	50
(18) Sugbo Prime Estate, Inc. (“ SPE ”)	64	64
	Effective Percentage of Ownership	
Entity	2023	2022
<i>Associates</i>		
(19) Magspeak Nature Park, Inc. (“ Magspeak ”)	25	25
(20) Icom Air Corporation (“ ICOM ”)	33	33
(21) Iloilo Global City Corporation (“ IGCC ”)	43	-

- (1) ASF was incorporated as a JV on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential, and office development and a boutique mall. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary as of December 31, 2017. Its principal office is located on the 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (2) CHR was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group’s various hotel projects. Its principal place of business is located in Cebu City.
- (3) CPH, a wholly owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company’s future hotel developments. The commercial operations started on September 14, 2019. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (4) CLPM, a wholly owned subsidiary of the Company, was incorporated on April 20, 2017, to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. CLPM started commercial operations on September 1, 2017. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (5) CLI-LITE was incorporated on July 19, 2021, as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a

possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.

- (6) BL Ventures was incorporated on February 3, 2016, to develop Latitude Corporate Center, a 24 storey office development at the Cebu Business Park. BL Ventures was a JV of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.
- (7) YES was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a JV between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences, a 21-storey residential condominium, and two other mixed-use projects in Davao City. It will also engage in real estate brokering to facilitate the marketing and sale of the JV developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave., Davao City.
- (8) YHES was incorporated on November 10, 2017, to develop the Paragon Davao, a 1.9-ha property in Riverside Davao. The development will become a mixed-use real estate which will include a residential, retail, hotel, and convention center. YHES Inc., is a JV of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located at MesaTierra Garden Residences Showroom, E. Quirino Avenue, Davao City.
- (9) YHEST was incorporated on August 10, 2018 to develop the Davao Global Township. It is a JV between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at MesaTierra Garden Residences Showroom, E. Quirino Avenue, Davao City.
- (10) CCLI was incorporated on November 12, 2018, as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The Citadines hotel is planned to be managed by Ascott. The principal place of business of CCLI is located at the 2nd floor MesaVirre showroom in Bacolod City.
- (11) YHESPH was incorporated on October 28, 2019, as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. YHESPH has not yet started its commercial operations.
- (12) MGR was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property to be registered in the Company's name. Its principal office is located on the 10th Floor, Park Centrale Tower, J.M. del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.
- (13) EL Camino was incorporated on August 15, 2016, to develop a 1.17-ha. property inside the Cebu IT Park, and to construct (1) 38 Park Avenue at the Cebu IT Park, a 38-storey high-end residential condominium, and (2) Park Avenue Corporate Center, a Grade A office building with over 20,000 sq.m. of leasable area. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.
- (14) CHDI, a JV of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex, with sellable and leasable units, in a 12,405 sq.m. lot area in Mandaue City, Cebu. The Company has a 50% stake in Aboitiz CLI Cebu Developers, Inc.
- (15) CBLRV was incorporated on February 21, 2020, as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business is located in Cebu City.
- (16) MMDC was incorporated on August 1, 2013, to undertake and execute land reclamation projects, submit bids, and accept awards for reclamation projects, and manage, hold, and sell

reclaimed land and other real property. MMDC is the private consortium that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves the development of the Minglanilla TechnoBusiness Hub, a 100-ha. techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has increased its stake to 78% from 20% in MMDC in 2021. This transaction enabled CLI to become the project manager and principal developer of the reclamation project.

- (17) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City. On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for by the Group as an asset acquisition as discussed in Note 7 in the Audited Financial Statements. During the first quarter of 2021, GGTT started commercial operations, and is now considered as a subsidiary of CLI.
- (18) SPE was formed in 2019 as a one-person corporation and was converted into an ordinary stock corporation (“**OSC**”) after entering into a JV with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is in Cebu City.
- (19) Magspeak was incorporated on October 21, 2011, to acquire, lease and develop lands into nature and eco-tourism parks in Balamban Cebu, and to manage, and operate the same. CLI holds a 25% stake in Magspeak.
- (20) ICOM was incorporated in December 2020 as an undertaking of CLI and various individual stockholders to import aircraft(s) and operate a transportation business in the Philippines. ICOM’s principal place of business is located in Iloilo City.
- (21) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business is also located in Iloilo City.

CLI also has an 18% stake in Tagbilaran Waterfront Development Corporation, which was incorporated on July 4, 2019 as a joint undertaking for the development of a reclamation project in Bohol.

Real Estate Landscape in Visayas and Mindanao

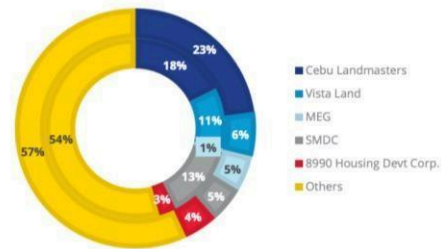
Based on Colliers Philippines’ 2023 Real Estate Market Study, it was reported that CLI remained as “*The Leading Residential Developer in VisMin*”, with the largest market share among real estate firms that provide condominiums and house and lot projects in the region. The 2023 study shows that CLI leads the residential market with a 23% market share (vs. 18.3% in 1H 2022) in terms of net take-up from 4,233 units across key VisMin cities.

Figure 1. *VisMin Residential Market Share*

Developer	Net Take-up in Units		Net Take-up Value (In Php)		% Share (in Units)		Previous Rank (In Units)
	2H 2021 to 1H 2022	2H 2022 to 1H 2023	2H 2021 to 1H 2022	2H 2022 to 1H 2023	2H 2021 to 1H 2022	2H 2022 to 1H 2023	
Cebu Landmasters	3,885	4,233	11.36 B	17.28 B	18.3%	22.8%	1
Vista Land	2,416	1,109	6.12 B	5.47 B	11.4%	6.0%	3
MEG	150	902	1.36 B	6.47 B	0.7%	4.9%	13
SMDC	2,937	893	9.65 B	3.21 B	13.8%	4.8%	2
8990 Housing Devt	689	849	1.11 B	2.06 B	3.1%	4.6%	4
Profriends	3	820	0.00 B	0.50 B	0.0%	4.4%	35
Ayala Land	574	763	3.07 B	5.17 B	2.7%	4.1%	5
Johndorf	473	747	0.56 B	1.34 B	2.2%	4.0%	6
DMCI	57	712	0.22 B	2.79 B	0.3%	3.8%	18
Grand Land	151	440	0.98 B	2.10 B	0.7%	2.4%	12
Others*	10,690	7,083	40.05 B	33.82 B	39.7%	25.8%	

Note:
 * Others - Includes ALL other developers outside of the Top 5.
 ** Others in Table - includes ALL other developers outside of the Top 10.

Top 5 Developers - Net Take-up (In Units)



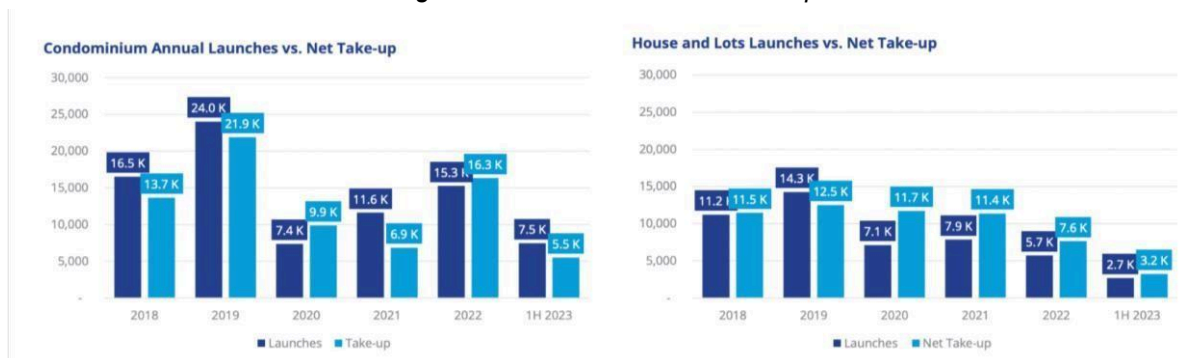
Covers all projects, except those on-hold, cancelled, and have stopped selling

Source: Colliers Philippines

The real estate industry in VisMin and its trend

There is a decline in both launches and take-up due to limited supply and increasing prices of both land and units. In the condominium sector, despite the decline, the figures still show a faster pace compared to the pandemic figures (2020-2021). Conversely, for the house and lots segment, there is a downward trend since 2019 due to higher land prices and an increase in mortgage rates. Thus, several developers have been holding up launches of new horizontal projects.

Figure 2. Launches vs. Net Take-Up



Source: Colliers Philippines

Bulk of supply comes from the lower-mid income segment for condominiums and affordable segment for houses and lots. A recent directive issued by the DHSUD adjusted the price ceiling of economic housing projects, increasing it from ₱1.70 million to ₱2.50 million. Consequently, these projects now fall within the purview of the affordable housing segment.

Figure 3. Supply of Condominiums and Supply of House and Lots

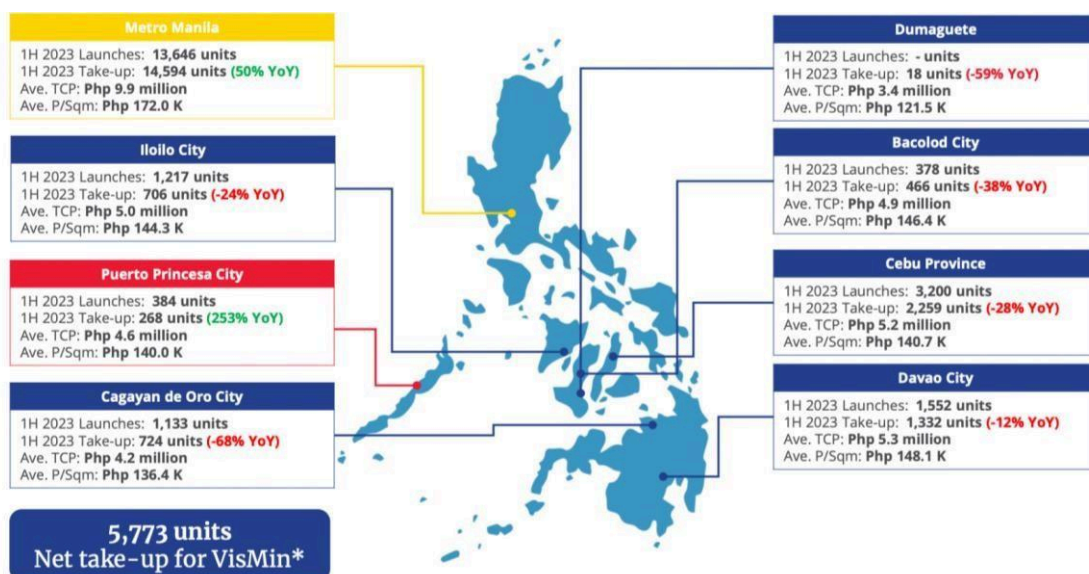


Source: Colliers Philippines

There are a total of 5,773 condominium units net take-up for VisMin with only Puerto Princesa showing positive take-up growth at 253% y-o-y. The highest average total contract price is Davao at ₱5.30 million, though significantly lower than Metro Manila at ₱9.90 million.

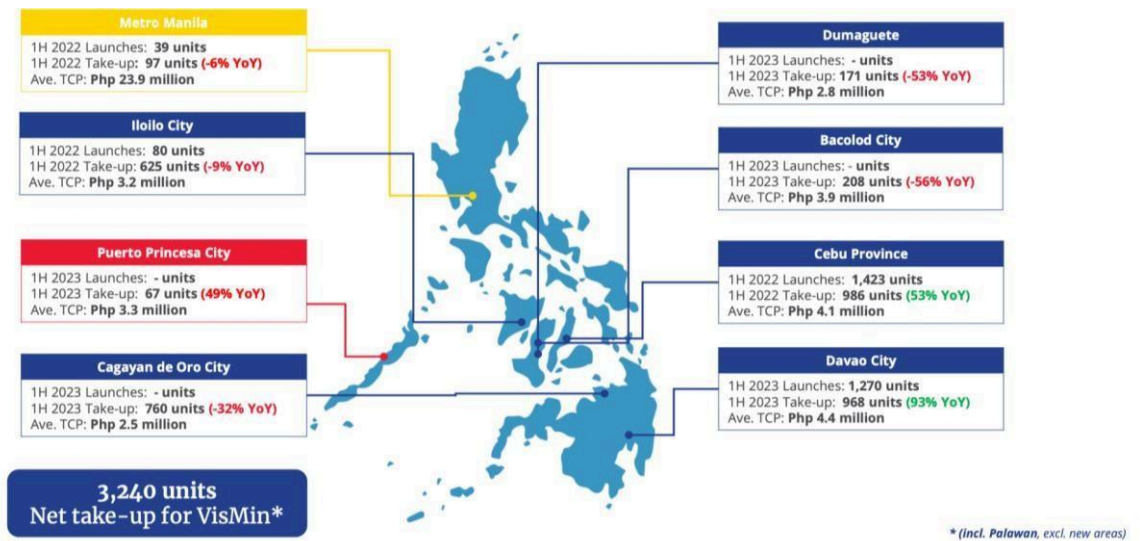
There is a total of 3,240 house and lot units' net take-up for VisMin with only Cebu and Davao showing positive take-up performance versus previous year. The highest average total contract price is in Davao at ₱4.40 million, though significantly lower than Metro Manila at ₱23.90 million.

Figure 4. Take-up and Pricing of Condominiums



Source: Colliers Philippines

Figure 5. Take-up and Pricing of House and Lots



Source: Colliers Philippines

Office and Retail Market in Cebu City

Office supply in Cebu City is at about 80,000 sq.m with a vacancy rate of 22.2% as of Q2 2023 and net take-up of 19,800 sq.m. as of Q2 2023. On the other hand, retail supply in Cebu City is 898,133 sq.m. as of Q3 2023, 93.5% supply include those with GLA of above 10,000 sq.m.

Figure 6. Office Supply in Cebu City



Source: Colliers Philippines

Figure 7. Retail Supply in Cebu City



Source: Colliers Philippines

Hospitality Market in Cebu, Bacolod, and Davao

The increase in the tourist activity all over the Philippines has been driving the increase in occupancy levels for the hotel market in Cebu City, Bacolod City, and Davao City, with 60-80% occupancy rates. Hotels have reported higher bookings and are expected to reach above 70% in Q4 2023. Resorts, more specifically, have been driving the increase in room rates as these hotels expect foreign vacationers to start coming as the peak season begins.

Figure 8. Hospitality Performance in Cebu, Bacolod, and Davao



Province/City	Tourist Arrivals	Total Number of Operating Rooms (3Q 2023)	Occupancy Rates (3Q 2023)	Average Daily Rates (3Q 2023)
Cebu		11,943	67%	2,736 - 17,017
Cebu City	1,063,503	6,202	68%	2,971 - 6,469
Mandaue	369,416	1,861	56%	2,736 - 9,448
Lapu-Lapu	584,872	4,082	67%	5,000 - 17,017
Davao City	897,269	2,890	64%	3,779 - 5,167
Bacolod	618,682	1,778	81%	2,313 - 5,254

ADR is exclusive of breakfast and taxes
Excludes rooms under renovation, temporarily unavailable rooms

Source: Colliers Philippines

Competitors

CLI is within the field of top industry players and local developers across its product range. The Company goes head-to-head with national players such as Vista Land, Megaworld Corporation, SM Development Corporation, Ayala Land Inc., 8990 Holdings, AboitizLand Inc., and DMCI Holdings Inc.

The Company also competes with established local developers in Cebu, and other parts of VisMin, like Profriends Inc., Primary Homes Inc., Wee Community Developers Inc., Johndorf Ventures Corporation, and Grand Land Inc.

The Company's direct competitors in the different markets tend to be the local developers entrenched in those cities. But the Company's advantage is the breadth and quality of its offerings while delivering them at the same competitive price points in their respective markets.

CLI uses its fundamental competencies – hands-on personalized service, local (i.e., VisMin) real estate experience, strategic location selection, and responsible development – as well as its aggression, business productivity, and best value projects – to leverage itself against competitors.

Suppliers

Through a pre-qualification and bidding procedure, CLI obtains construction materials and services from third-party suppliers and partners both locally and nationally that fulfill the Company's stringent

quality requirements. The Company does not foresee a shortage in raw materials or services for its operations as it establishes strong partnership with various stable and resilient suppliers and contractors.

The Company evaluates suppliers who can deliver the best value at the highest quality and at the lowest cost through its supply chain management team. CLI also selects suppliers that can provide safe and on-time delivery, as well as the ability to adapt and innovate in order to suit the Company's needs. Simultaneously, the Company has the appropriate internal controls, organizational structure, and financial sustainability to ensure the supplier's continued delivery as contracted.

On a project-by-project basis, the Company engages contractors to do land development and project construction. While CLI used to outsource architectural and engineering services for all its projects, the Company began undertaking engineering and architectural design to be developed internally allowing the Company to save on costs.

The following are the Company's top contractors and suppliers:

Supplier	Product / Service
Steelasia Manufacturing Corporation	Manufacturer of Deformed Bars
Vic Enterprises	Supplier of Cement & Hardware Materials
Filmon Hardware, Inc.	Sanitary and Hardware Materials
WSG Properties of Visayas, Inc.	Supplier of Cement, Rebars, & Hardware Materials
Phelps Dodge Philippines Energy Products Corp	Supplier of Electrical Wires and Cables
Worldwide Interiors Design Center	Supplier of Finishing Materials
Matimco Incorporated	Supplier of Wooden Doors
Cohaco Merchandising & Dev.	Supplier of Cement
Cebu Oversea Hardware Co., Inc	Supplier of Finishing Materials
Emerald Vinyl Corp.	Manufacturer of PVC Pipes
Dakay Construction & Development	General Construction Works
Carwill Construction Incorporated	General Construction Works
Castcrete Builders Inc	General Construction Works
Young Builders Corporation	General Construction Works
Fasclad Inc.	Glass and Aluminum Works
JITS Construction Corporation	General Construction Works
IVM Phils. Services & Contractor	Electrical Works
RKF Industrial & Installation	Plumbing/Sanitary Works
Cigin Construction & Development	Land Development Works Conveying Systems
KPI Elevators, Inc.	

As mentioned above, CLI engages third-party suppliers and contractors through a pre-qualification and bidding procedure thus, CLI is not and does not anticipate to be dependent upon one or limited number of suppliers and contractors.

Construction Contracts

For each horizontal and vertical development, the Company engages various general and specialty contractors with both local and national experience. Majority of the Company's construction contracts pertain to general construction works and house construction. For this purpose, the Company executes standard construction contracts which contains provisions governing the relationship, rights, and obligations of the parties, including the contractor's scope of work, bonds and insurances, completion time, and responsibility of the contractor for any damage or destruction of works until final acceptance.

With over 170 engineers in its roster, the Company handles the project and construction management aspect of every project and manages the various contractors and subcontractors that are utilized. As the project manager, the Company controls the delivery of its projects with priority on promptness, quality, and professionalism. The Company does not have any in-house construction or any affiliated general contracting business.

Customers

CLI caters to several real estate categories – residential, retail, offices, and hotels. Among the four categories, the Company’s experience in the industry has been primarily focused on residential development which comprises 98% of total current projects.

Of the Company’s real estate developments, 29% of CLI’s horizontal and vertical projects serve the needs of the mid-market. Fast-selling projects like Midori Residences, Midori Plains, Velmiro Heights, Mivesa Residences, MesaVerte Garden Residences, Velmiro Uptown CDO, and Mivela Garden Residences show the growing demand for new, well-built, well-planned, and strategically located homes for the mid-market segment. CLI’s mid-market clients are those who can afford a monthly equity payment of ₱8,000.00 to ₱15,000.00 and an annual income of ₱400,000.00 to ₱800,000.00.

The Company also caters to the upper-mid market segment who can afford a monthly equity of ₱15,000.00 to ₱20,000.00 and earning ₱1.00 million to ₱3.00 million annually. These market segments prefer units at a price range of ₱5.00 million and above.

Casa Mira, CLI’s best-selling product offering, comprised 45% of the Company’s reservation sales in 2023. High-end residential developments are at 17%, driven by the newly launched project, Costa Mira Beachtown Mactan and Panglao.

Employment Profile	%	Citizenship	%	Marital Status	%
Locally employed	58%	Filipino	97%	Married	43%
OFW	30%	Foreigner	3%	Single	50%
Self-Employed	12%			Others	7%

For its leasing business, the Company’s top lessees include BPO companies, supermarkets, service providers and food establishments.

CLI is committed to continuously addressing the growing needs and demand of the market in each segment the Company caters to. CLI aims to constantly innovate, and remain consistent with the quality of the developments, the selection of location and the hands-on service that goes along with it.

The Company has over 216,000 different live sales contracts and no single contract accounts for 20% or more of CLI’s sales. These are all different and distinct individual buyers.

CLI has a wide customer base and thus, is not dependent on a single or a few customers. Consequently, the Company is of the view that the loss of one or a few customers (e.g., cancellations of purchase, lease contracts) will not have a material adverse effect on the Company and its Subsidiaries.

CLI uses standard Contracts to Sell for the sale of its units, whether house and lot, condominiums, condotels, or offices. It contains all the necessary terms and provisions until such time that a deed of absolute sale can be executed by both parties. A deed of absolute sale is executed upon the complete submission of necessary documents, full payment of the purchase, the proper subdivision of the mother titles and other such necessary administrative procedures to ensure the eventual transfer of the individual title to the respective buyers. No one sales contract contributes to more than 1% of the Company’s overall revenues.

Leases for retail spaces within CLI’s mixed-use developments, as well as office spaces within its office developments are generally short-term ranging from one to three years, with renewability clauses. Leases are fixed rates with predetermined escalation clauses. No one leasing contract or tenant group contributes to more than 1% of the Company’s overall revenues.

Related Party Transactions (RPTs)

RPTs are transfers of resources, services, or obligations between CLI and its Subsidiaries (the “Group”) and its related parties, regardless of whether a price is charged.

Below are RPT transactions of the Company as of December 31, 2023:

Name of Related Party	Nature of Relationship	Net Receivable (Payable) Balance as of 31 December 2023	Other relevant terms (e.g., nature of RPT; repayment terms)
BL Ventures	Subsidiary; JV	20,146,356.78	The net balance primarily pertains to CLI’s shareholder advances which serve as temporary working capital in support of the JV entity. As agreed between the parties, the repayment terms are contingent on the liquidation of the JV entities’ receivables, increase in takeouts, and positive cash flow.
El Camino	Subsidiary; JV	383,711,746.32	These primarily pertain to the remaining balance of CLI’s shareholder advances to bridge cash requirements of the respective JV entities, including payment of project loan facilities.
YES	Subsidiary; JV	113,369,450.94	
CBLRV	Subsidiary; JV	12,356,217.88	This pertains to CLI’s shareholder advances which are essentially capital contributions in nature to support the needs and requirements of the JV entity.
CHDI	Subsidiary; JV	34,736,424.68	The net balance primarily pertains to service fees for back-office and other support services rendered by CLI to the JV entity.
GGTT	Subsidiary; JV	(28,397,490.99)	The RPT balance primarily pertains to CLI’s purchase of residential condominium units and parking slots in the JV entity’s project (Terranza Residences). As a commercial sales transaction executed and entered into on an arm’s length basis, the balance shall be paid by CLI in accordance with the terms and conditions of the sales contracts it executed with the JV entity.
Total		₱535,922,705.61	

The Group’s RPTs also include advances to related parties, management fees, real estate sales to the ultimate parent company, contracted services, and real estate sales to key management personnel.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Pursuant to CLI’s RPT Policy, related parties include: (a) a person or close member of that person’s family who has control or joint control of the Company; or is a key management personnel of the Company, its parent, subsidiaries or affiliates; (b) a substantial shareholder, who is any person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security; (c) an entity is a related party if it and the Company are members of the same group (which means that each parent,

subsidiary, and fellow subsidiary is related to the others); the entity is an associate or JV of CLI or vice-versa, or an associate or JV of a member of a group of which the other entity is a member; the entity is a postemployment benefit plan; the entity has a management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. The Office of the CFO, together with the Compliance Officer, undertakes regular identification, review, and evaluation of the Company's related parties and RPTs, which are submitted to the Board RPT Committee either for information or approval, depending on whether the RPT breaches the RPT threshold set by the Company or is otherwise a Material RPT.

Pursuant to its RPT Policy, CLI sets an RPT threshold of ₱50.00 million ("**Covered Transaction**"). RPTs involving an amount of at least ₱50.00 million, or its equivalent are submitted to the RPT Committee for review and pre-approval. If approved, these are then endorsed to the CLI Board for subsequent approval and/or ratification.

All RPTs breaching the ₱50.00 million threshold have been approved by the RPT Committee and CLI Board, and as supported by its respective minutes of meetings and committee/board resolutions. For the period ending December 31, 2023, this included the approval of shareholder advances to related party JV entities, real estate purchases from related party JV entities, and procurement of contracted services from other related parties.

Further thereto, CLI also observes the 10% Material RPT threshold as prescribed by the SEC. Material RPT pertains to any RPT, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of CLI's total assets based on its latest AFS. All individual material RPTs and aggregate material RPTs shall be approved by at least two-thirds vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case a majority of the independent directors' vote to approve the material RPT is not secured, it may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Before the execution of a material RPT, the Board may appoint an external independent party to evaluate the fairness of the terms thereof and evaluate if the transaction is done on normal market terms. Within three calendar days from the execution of any material RPT, CLI, through the Corporate Secretary, shall submit an Advisement Report to the SEC. There were no RPTs that breached the 10% Material RPT threshold of the SEC for CY2023.

Other RPTs not breaching the ₱50.00 million RPT threshold, or the 10% Materiality threshold, are still required to be disclosed and reported to the Board RPT Committee through quarterly RPT reports prepared and presented by the CFO and the Compliance Officer, for information purposes only. RPTs of this nature do not require approval of the RPT Committee and/or the Board of CLI.

Please refer to the discussion on "*Certain Relationships and Related Transactions*" under the section on "*Management and Certain Security Holders*".

Government approvals/regulations

The Company and its Subsidiaries secure various government approvals, permits, and licenses required and necessary for their business operations, including their respective projects, as part of their ordinary course of business. CLI does not foresee any material adverse effect of existing and future government regulations on the business of CLI and its Subsidiaries.

As of the date of this report, CLI and its Subsidiaries have obtained the required and necessary material governmental approvals, permits, and licenses issued by the relevant government bodies or agencies. For those required for specific ongoing projects, CLI or the relevant Subsidiaries has either secured such governmental approvals, permits and licenses or is currently processing said permits and are pending issuance by the relevant government agency.

The effects of existing and probable governmental regulations on the business are further discussed in the section "*Regulatory Framework*."

Research and Development

As of December 2023, CLI's research and development ("R&D") expenses amounted to ₱3,880,679.17. This includes expenses in relation to organization consulting services by Aon Malaysia Sdn Bhd, design services by AIDEA Inc., and quantity surveying and construction services provided by AS Enriquez Engineering Consultancy. R&D expenses for the period represent 0.0277% of revenues.

Project Development

The table below refers to the amount spent on project development activities, and its percentage to revenues during each of the last three fiscal years.

In millions	2023	2022	2021	2020
Revenue	₱18,818	₱15,657	₱11,162	₱8,299
Capital Expenditures on Project Development	10,536	7,625	7,792	6,149
Ratio	55.99%	48.70%	69.81%	74.09%

Capital Expenditures refers to actual cash disbursements made by the Company on its developments.

Health, Safety, and Environmental Matters

The Company is subject to a number of laws and regulations relating to the protection of the environment and human health and safety, including those governing air emissions, water, and wastewater discharges, and odor emissions and the management and disposal of hazardous materials. The Company applies its quality standards uniformly across all its production and distribution facilities.

Effect of Compliance

Companies are faced with a high cost of compliance, but in general the benefits outweigh the cost. For FY2023, the costs of compliance with environmental laws and development of green features and other initiatives to mitigate environmental impacts amounted to more than ₱40.33 million recorded as part of operating expenses and as project cost. The capitalized costs primarily pertain to costs on sewage treatment plants electro-mechanical system works, green building certifications, construction of material recovery facility, solid waste recycling, topographic survey, geotechnical investigation/engineering and geohazard assessments, soil investigation, drainage impact assessment, tree growing program and other expenses related to the ECC post conditions compliance requirements, while the operational costs pertain to permits and licenses.

Given the scale of the Company's operations, environmental compliance is a means for CLI to ensure that impacts of environmental risks are mitigated. The Company's land development activities have direct impacts on the environment. The Company's use of materials, water, and waste can affect soil and water as well as biodiversity and habitats while emissions from construction and operations have an impact on air quality.

In response to the Company's potential environmental impacts, CLI established a team dedicated to managing and monitoring compliance. The External Affairs / Permits and Licenses Department, the Company's Strategic Business Units, and CLI Property Management and Engineering ensure that the Company complies with relevant environmental laws. The Company's in-house Pollution Control Officers submit a quarterly Self-Monitoring Report and bi-annual Compliance Monitoring Report to the DENR-Environmental Management Bureau ("EMB").

The Company neither had recorded cases of nor received sanctions for non-compliance with environmental laws and/or regulations in 2023. This attests to the effectiveness of the Company's mechanisms in ensuring compliance. In the future, the Company aims to improve its system by investing in internal training and third-party advisories to monitor full compliance to the environmental laws and regulations and correct any non-compliance issues that may occur.

For CLI, compliance to sustainability, particularly environmental, social, and governance standards and regulatory requirements has helped the Company make better and more efficient decision making. This exercise has served to reinforce CLI's risk assessment and management. Social and environmental data baselining and compliance monitoring have supported the establishment of the Company's sustainability strategy aligned to its enterprise risk management.

CLI continues to work towards business process improvement and business model innovation and explore strategies on how sustainable practices can best be applied or embedded in the value creation process. All these add value in the process of risk identification and mitigation, thereby reducing identified corporate risks.

ESG Reporting Process and Governance



Being a publicly listed company, CLI has complied with the requirements of the SEC on the aspect of Sustainability and Environmental, Social and Governance (“**ESG**”) reporting. CLI published its first Integrated Report covering 2022 performance. Having been able to systematically account its positive and negative impacts, the Company’s financial, natural, social, manufactured, and human capitals and other non-financial metrics have driven the Company to identify aspects that are most material to the business and to its stakeholders, thereby having the mindset of going beyond compliance --- through process improvements that allow the Company to reduce its negative impacts and increase its economic contribution in the local communities where it conducts business.

Enhancing Brand Value and Market Leadership

Reporting on financial and non-financial metrics draws the attention not just of investors but also of its consumers. The Company recognizes that society demands more companies serve a higher purpose than just delivering a strong financial performance. By complying with the requirements of balanced reporting, the Company’s stakeholders and the external public are informed about its impacts, performance, and contributions. Compliance with social, environmental, and other regulatory and statutory requirements has propelled CLI to develop more products, more than half of which are addressing a housing demand in the VisMin region. CLI believes that its compliance submissions have helped it to maintain a strong presence in the VisMin markets.

With the Company’s strong relationships with partner LGUs, broker community, and its JV partners, CLI is considered a trusted brand. CLI has 23% market share in the Visayas and Mindanao in terms of overall net-take up of residential units for vertical and horizontal developments, according to a survey undertaken by Colliers Philippines in the first half of 2023. As a result, CLI has strengthened its position as the leading residential developer in the VisMin region.

CLI has responded well to the increasing market demands of VisMin, outpacing other developers in finishing construction and delivering completed units to its customers.

As a result of the Company’s initiatives, CLI was recognized as one of the Building and Construction Industry (“**BCI**”) Asia’s Top 10 Developers in the Philippines for 2018 to 2023. The BCI Asia Awards seeks to recognize top developers and architects that have “the greatest impact on the built environment in Southeast Asia”. The top 10 developers are identified as ‘the firms with the aggregate value of projects under construction by the extent of their sustainability and confirmed green building ratings’.

In addition, CLI won several awards during the Annual PropertyGuru PPA with its CEO, Jose Soberano III, honored as the Real Estate Personality of the year 2023.

CLI also received a Two (2) Golden Arrow Recognition in 2023, given by the Institute of Corporate Directors to top Philippine publicly listed companies and insurance companies in corporate governance, based on the 2022 ASEAN Corporate Governance Scorecard and Corporate Governance Scorecard Assessment Results, respectively.

CLI Workforce, Customers, and Communities

On the aspect of talent acquisition, being purpose-driven and compliant to regulatory and statutory requirements, especially on labor laws, has definitely given CLI a competitive advantage. By defining the Company’s priority areas through a materiality process, CLI is provided guidance and as a result the Company is able to attract and retain top caliber talents. Employee engagement activities use themes that relate to sustainability, safe, and healthy workplace practices, and cultivating a culture of innovation among departments and cross-functional teams. All these programs help attract, continue to develop, and retain talents within the organization.

On the aspect of health and safety, CLI recognizes that consumer behavior has dramatically changed in recent years --- especially with the onset of the pandemic. Society has been driven to pay more attention to health, safety, and environmentally healthy lifestyle. Compliance and reporting on DOLE mandated safety protocols and other pandemic response programs have resulted in better work conditions, lesser exposure to diseases and COVID-19 cases, reduced absences and therefore, better productivity which result in better operational and financial performance.

While CLI grows its business, it has built and strengthened its relationships by partnering with local communities and complying with requirements of LGUs and national government agencies. This serves as the Company’s social and relationship capital that gives it social license to do business in the local area.

Resource Use, Managing Impacts, and Biodiversity Management

With the significant increase in oil price brought about by the Russia-Ukraine war and with continuing water supply issues in the local areas, there is a need to reduce the Company’s resource consumption, including the need to be less energy-dependent. The necessity of introducing energy and water saving initiatives was further driven by the Company’s data management tools that will allow it to target reduction of energy and water use in its real estate project developments. In addition, compliance with environmental laws and standards has propelled the Company to introduce product design innovations or the application of green building features in its projects that will help reduce consumption. In addition, compliance to post-conditions of its ECCs have driven the Company to assess, protect, and enhance its ecosystems within or adjacent to its developments and even focus on climate change-related financial impacts as the Company develops more projects in the future.

Contribution to United Nations’ Sustainable Development Goals (“UN SDG”)

Focus on UN SDG contributions ensures that CLI’s products, programs, and initiatives contribute to the alignment and achievement of global sustainability goals. This means that the Company’s products, programs, and initiatives address local issues and contribute to the local economic development of the area where the Company does business, without losing sight of the overall global issues that face the world today.

Employees

The Group has a total of 914 employees, broken down in entities and department as follows as of December 31, 2023:

Department/Company	Employees
Parent Company	
Engineering	183
Sales	75
Accounting and Finance	72
Treasury	78
Business Development	45
Technical Planning	7
Permits & Licenses	17
Registration and Records Management	30
Property Management	44
Accounts Management	38
Customer Care	43
Human Resources & Admin	26
Tax	21
Marketing	16
Supply Chain Management	19
Corporate Finance	17
IT	15

Legal	8
Internal Audit	5
Leasing	9
ERM	1
CLI Hotels-Support	2
Top Management	5
Total	776
Subsidiaries	
CLPM	100
CPH	33
CLI Foundation and Sustainability	5
Total	138
GRAND TOTAL	914

The Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. Efforts to professionalize the Company over the last 20 years are evident as the Company has grown from two employees to a dynamic team of executives, managers, officers, and staff instilled with the Company's brand of professional work ethics and strong corporate values.

The Company has 914 number of full-time employees as of end 2023, across all business segments and administrative functions. The Company anticipates that it will have around 1,000 full time employees within the next 12 months.

CLI employees are not subject to collective bargaining agreements. Its employees have not been on strike in the past three years, nor are they threatening to strike.

The Board of Directors of CLI, during its Special Board meeting on October 6, 2021, approved the Executive Stock Option Plan ("ESOP") for qualified officers. This is a type of performance incentive, where options are granted to purchase the shares of the Company at a discount. There are no other rights and benefits granted to the subscribers of shares under the ESOP other than the typical rights and benefits available to ordinary shareholders.

The shares that may be exercised from these options will be sourced from the treasury shares of the Company or from publicly traded shares. The objectives of the plan are: (a) to attract, retain, and motivate talented and key employees; (b) to encourage employees to align individual performance with Company objectives; and (c) to reward employee performance with stockholdings in proportion to their contribution to the Company.

Each level has a predetermined number of shares exercisable per year with a four-year vesting period. The exercise price is the higher of ₱2.25 or current market price with a 15% discount. The current market price is computed as the average closing price for the last five trading days.

Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date.

Voting and dividend rights vest upon the issuance of the shares to the employees.

Other than the ESOP, CLI also has a Savings Program Prior to Normal Retirement ("SPP") which is incorporated in its Amended Retirement Plan. The SPP serves as the retirement plan for all CLI regular employees who resign prior to the optional retirement age of 60 years old or the mandatory retirement age of 65 years old. The equivalent of 5% of the employee's basic salary is set aside by CLI every month while the employee remains in the employ of CLI.

Upon resignation, the employee will be entitled to his or final balance as follows:

Vested Benefit %	Number of Continuous Service (from January 01, 2015)
0%	Less than 5 years
50%	5 years
60%	6 years
70%	7 years
80%	8 years
90%	9 years
100%	10 years and above

Given the above, a qualified CLI employee will be entitled to and avail either the 1) Normal Retirement benefits as mandated by law or 2) the Vested Benefits under the SPP, whichever is higher.

ITEM 2. DESCRIPTION OF PROPERTIES

Land Inventory

Using its location selection criteria, the Company and its Subsidiaries have invested in properties located in strategic areas in VisMin which they believe to have high future appreciation potential for its existing and future development projects. The table below enumerates the parcels of land owned by the below entities.

Location	Primary use	Ownership	With Security Interest?	Total Area (in sq.m)
Minglanilia Cebu	Residential	CLI	No	18,369
Naga San Fernando, Cebu	Residential	CLI	No	16,718
IT Park, Lahug Cebu	Residential	El Camino	Yes	5,828
Matina Davao City	Residential	YHEST	No	136,719
Riverside Davao City	Residential	YHES	No	10,201
Mactan Cebu	Residential	CLI	Yes	12,641
Magtuod, Davao	Residential	CLI	Yes	150,000
Puerto Princesa, Palawan	Residential	CLI	No	9,305
Juana Osmeña St, Cebu City	Residential	CLI	No	913
AS Fortuna	Residential	CLI	No	387
Tabok, Mandaue City	Residential	CHDI	No	24,623
Panglao, Bohol	Residential	CLI-LITE	No	27,166
Manresa, CDO	Residential	CLI	No	143,477
Bogo, Cebu	Residential	CLI	No	23,128
Juana Osmeña St, Cebu City	Residential	CLI	No	467
Danao, Cebu	Residential	CLI	No	7,730
Consolacion, Cebu	Residential	CLI	No	53,023
Talamban, Cebu	Residential	CHDI	No	47,017
Butuan City	Residential	CLI	No	172,064
Banilad, Cebu	Residential	CLI	No	1,181
Gensan City	Residential	CLI	No	210,093
Total				1,071,051

Other Assets

As of December 31, 2023, the Company's other properties consist of Property and Equipment and Investment Property amounting to ₱7.24 billion and ₱18.33 billion, respectively.

For the carrying amounts and movements of the Company's Other Assets, please refer to Notes 10 and 12 in the Unaudited Interim Consolidated Financial Statements as of December 31, 2023.

Rental Properties

In addition to its land inventory, the Company owns several rental properties, including available commercial and retail spaces in its completed projects, which are currently used by the Company, or leased out to third parties to generate recurring income.

Among the projects with commercial spaces leased out to tenants are:

Project	Location	Type	GLA (In sq.m.)
38 Park Avenue	Cebu IT Park, Cebu	Retail	913
Asia Premier Residences	Cebu IT Park, Cebu	Residential and Retail	938
Banilad High Street	Banilad Road, Cebu	Retail	1,250
Base Line Center Phase 1	Juana Osmeña St., Cebu	Office and Retail	6,202
Base Line Center Phase 2	Juana Osmeña St., Cebu	Office and Retail	1,573
Base Line Residences	Juana Osmeña St., Cebu	Residential and Retail	235
Casa Mira South	Naga, Cebu	Retail	193
Casa Mira Towers Guadalupe	Guadalupe, Cebu	Retail	1,611
Casa Mira Towers Labangon	Labangon, Cebu	Retail	818
Davao Global Township	Matina, Davao	Office and Retail	3,708
Latitude Corporate Center	Cebu Business Park	Office and Retail	12,116
MesaTierra Garden Res	Davao	Retail	328
MesaVerte Residences	Osmeña Ext., CDO	Retail	121
Midori Residences	AS Fortuna Mandaue, Cebu	Residential and Retail	42
Mivesa Residences	Lahug, Cebu	Residential and Retail	246
Old Patria	P. Burgos St., Cebu	Office and Retail	632
Park Centrale	Cebu IT Park, Cebu	Office and Retail	4,279
Velmiro Heights	Tunghaan, Minglanilla	Residential	566
TOTAL			35,772

The Company's residential leases have an average term of one year, while the Company's commercial leases have an average term of three to five years, both renewable upon mutual agreement of parties. Sixty days' notice is required from tenants for the extension or pre-termination of their leases, and a two-month security deposit is paid at the commencement of the lease. The Company charges rent as a fixed rent per sq.m., which may be subject to an escalation clause.

In its leases with its related entities, the Company observes arm's length commercial terms and considers the current rentals payable by tenants of the condominium units and parking slots that are operational at presently reflect prevailing market rents.

Leased Properties

The Company leases, from third parties, properties for use as office space and staff houses of its employees located on sites outside of Cebu.

In 2019, with the approval of the National Historical Commission of the Philippines, CLI entered into a 40-year lease contract with the Archdiocese of Cebu to redevelop Patria de Cebu, a 6,670 sq.m. property in downtown Cebu. This mixed-use development's concept and design is inspired by Filipino-Spanish culture, history, and architecture.

In 2020, the Company signed a 43-year lease contract to develop Masters Tower Cebu, a mixed-use tower located at Cebu's preferred business address, Cebu Business Park. The project will be on a 2,840 sq.m. property and will offer prime office and retail spaces and the first five-star luxury hotel in Cebu City. Sofitel, Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France.

SPE was formed in 2021 by CLI and the Farrarons family as a JV. The JV will build a mixed-use development on a leased property with a 22-year term remaining. The project, now named Banilad High Street, will include retail areas as well as a 300-room dormitory.

The properties being leased by the Company and its subsidiaries are summarized as follows:

Property	Area (sq.m)	Lease rate	Location	Start of Term	Term	Renewal Options
Land	6,670	Monthly rent of ₱150.00 per sq.m. with 5% escalation every two years	Colon, Cebu City	2019	40 years	None
Land	2,804	Monthly rent of ₱1,000.00 per sq.m. with 5% escalation every two years	Cebu Business Park	2019	43 years	None
Land	7,595	Monthly rent of ₱132.00 per sq.m. with 5% escalation annually	Banilad, Cebu City	2021	22 years	With option for renewal (<i>i.e.</i> , 30 days prior to the expiration)
Land	4,034	Monthly advance rent of ₱70.98 in the first 3 years, and monthly rent of ₱79.50 per sq.m. with 2.5% escalation annually thereafter	Mandaue City	2022	30 years	With option to renew for another 30 years after expiration

Mortgage, Liens, and Encumbrances

CLI has 58 principal owned properties valued at ₱19.58 billion and located across VisMin with 38 being located in Cebu, six in Bacolod, four in Davao, three in CDO, two in Iloilo, two in Dumaguete, one each in Bohol, Ormoc, and Mindoro. Of these properties, ₱17.03 billion are mortgaged with different local bank partners whose development loans are not yet fully paid while ₱2.55 billion are clean and free of any lien.

In Billions ₱	Mortgaged	Clean	Total
Real Estate Inventories	9.51	1.22	10.73
Property and Equipment	0.62	0.09	0.71
Investment Properties	6.90	1.24	8.14
Grand Total	17.03	2.55	19.58

Please see above table under the heading “*Land Inventory*” in this section “*Description of Property*” for the parcels of land subject of a security interest.

Under Section 18 of Presidential Decree No. 957, no mortgage on any unit or lot shall be made by the owner or developer without prior written approval of the HLURB (now DHSUD). Accordingly, before the Company mortgages properties being used for its condominium or subdivision projects, it ensures compliance with the said law and its implementing regulations.

Properties of the Company and its Subsidiaries, in which particular projects have been developed, are also subject to restrictions arising from the nature of such projects. For instance, certain properties over which a condominium building project has been constructed would have restrictions annotated on the title of such property arising from the Master Deed restrictions on the use of the property for condominium use.

Property under mortgage restricts the debtor from selling, alienating, incurring, taking on, or allowing to exist any other mortgage, lien, pledge, or other charge or encumbrance upon or with respect to any or all of the debtor’s present or future fixed assets, machineries, and equipment other than in the normal course of its business. Additionally, in order for a property to be free of restrictions, the debtor is required to obtain prior approval from the bank (creditor) and the related loan obligation on which the property is mortgaged must be fully satisfied.

Within the next 12 months, the Company intends to purchase parcels of land for expansion projects in the cities of Luzon, Cebu, Davao, and Iloilo, which are still pending negotiations with their respective landowners. Acquisition prices are still being negotiated and will be determined in full after the contracts are executed. These sites will be purchased with funds that CLI has generated internally.

Likewise, properties being leased by the Company are subject to typical lease-related limitations on usage, *i.e.*, for office use only.

Insurance

CLI procures insurance coverage required by relevant laws and regulations for its real and personal properties and requires contractors to submit performance Offer Shares, marine insurance policies, and other sureties for its covered activities. Throughout the construction stage, the Company also maintains a contractor’s All-risk Insurance for each of its projects, subject to customary deductibles and exclusions. For completed projects, the Company likewise requires homeowner’s associations and condominium corporations to obtain fire and allied risks insurance as part of the master deed for these projects.

Intellectual Property

CLI ensures compliance with intellectual property laws and regulations, including guidelines and issuances of the Intellectual Property Office of the Philippines (“**IPOP**HL”). CLI recognizes the importance of its trademarks as among its valuable assets and helps distinguish CLI’s products and services from competitors. Thus, protection of its trademarks is a priority of CLI.

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are not a party to, nor any of the Company’s properties are the subject of any pending material litigation, arbitration or other legal proceeding, and no litigation or claim of material importance is known to the management and the directors to be threatened against the Company, its subsidiaries or any of its properties.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price of the Issuer’s Common Shares

The Company’s common shares were listed on the PSE on June 2, 2017. The Company’s common shares are principally traded at the PSE under the symbol “CLI”.

The high and low prices of the common shares for each quarter since its common shares have been listed are indicated in the tables below.

In ₱	High	Low	Close
2017			
Second Quarter (month of June only)	5.98	5.13	5.34
Third Quarter	5.51	4.58	5.07
Fourth Quarter	5.17	4.59	4.88
2018			
First Quarter	5.12	4.21	4.70
Second Quarter	5.06	4.48	4.58
Third Quarter	4.73	4.27	4.42
Fourth Quarter	4.59	3.60	4.14
2019			
First Quarter	4.29	4.19	4.20
Second Quarter	4.89	4.80	4.83
Third Quarter	4.75	4.70	4.74
Fourth Quarter	4.83	4.67	4.83
2020			
First Quarter	3.80	3.70	3.72
Second Quarter	5.10	4.35	4.69
Third Quarter	4.92	4.83	4.90
Fourth Quarter	5.05	4.99	5.05
2021			
*price after stock dividends			
First Quarter	2.65	2.60	2.64
Second Quarter	3.85	3.72	3.77
Third Quarter	3.00	2.89	2.95
Fourth Quarter	3.00	2.73	3.00
2022			
First Quarter	3.02	2.71	2.97
Second Quarter	3.06	2.48	2.50
Third Quarter	2.60	2.19	2.34
Fourth Quarter	2.80	2.20	2.80
2023			
First Quarter	2.62	2.61	2.62
Second Quarter	2.60	2.56	2.59
Third Quarter	2.66	2.64	2.65
Fourth Quarter	2.53	2.47	2.47

The closing price of the Company’s common shares listed on the PSE is ₱2.47 per share as of December 31, 2023. The market capitalization of the Company is ₱8.60 billion computed using the

outstanding common shares of the Company and the closing price of the Company's common shares on the PSE as of December 31, 2023.

Stockholders

The following are the list of registered holders of the common equity securities of the Company as of December 31, 2023:

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1	AB Soberano	2,288,870,095	63.17%
2	PCD Nominee Corp. (Filipino)	1,254,312,748	34.62%
3	PCD Nominee Corp. (Non-Filipino)	31,304,587	0.86%
4	Jose R. Soberano III	31,220,000	0.86%
5	Jose Franco B. Soberano	7,247,500	0.20%
6	Janella Mae B. Soberano-Wu	5,017,500	0.14%
7	Joanna Marie B. Soberano Bergundthal	5,017,500	0.14%
8	Ma. Nona A. Velez	300,000	0.01%
9	Myrna P. Villanueva	39,300	0.00%
10	Myra P. Villanueva	33,450	0.00%
11	Marietta V. Cabreza	22,300	0.00%
12	Lolita Siao-Ignacio	22,300	0.00%
13	Maria Lourdes M. Onozawa	22,300	0.00%
14	Milagros P. Villanueva	22,300	0.00%
15	Owen Nathaniel S Au ltf: Li Marcus Au	111	0.00%
16	Jesus N. Alcordo	2	0.00%
17	Ma. Aurora D. Geotina-Garcia	2	0.00%
18	Rufino Luis T. Manotok	2	0.00%
	TOTAL	3,623,451,997	100.00%
	Treasury shares	158,250,530	-4.37%
	TOTAL	3,465,201,467	95.63%

The following are common shares held by the Company's Board of Directors lodged with PCD Nominee Corporation as of December 31, 2023:

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Jose R. Soberano III	137,758,250	3.80%
2.	Ma. Rosario B. Soberano	132,127,500	3.65%
3.	Jose Franco B. Soberano	13,082,741	0.36%
4.	Janella Mae B. Soberano-Wu	11,765,641	0.32%
5.	Joanna Marie B. Soberano Bergundthal	11,889,691	0.33%
6.	Beauregard Grant L. Cheng	2,453,000	0.07%
7.	Stephen A. Tan	11,150	0.00%
8.	M. Jasmine S. Oporto	8,920	0.00%
9.	Rufino Luis T. Manotok	2	0.00%
10.	Ma. Aurora Geotina-Garcia	2	0.00%
	TOTAL	309,096,897	8.53%

CLI's issued and outstanding capital stock is as follows: (A) 3,465,201,467 outstanding common shares with par value of ₱1.00 per share or an aggregate par value of ₱3,465,201,467.00; (B)

158,250,530 common shares in treasury with par value of ₱1.00 per share or an aggregate par value of ₱158,250,530.00; and (C) 2,063,360 Series “A-1” and 2,216,980 Series “A-2” Preferred Shares with par value of ₱1.00 and aggregate par value of ₱4,280,340.

The issuance of the Series A Preferred Shares to Philippine nationals will reduce the percentage of shareholdings of foreigners in the outstanding capital stock of the Company, *i.e.*, voting and non-voting shares.

Dividends

The Company and its Subsidiaries have a transparent and specific dividend policy as disclosed in the Company’s Sustainability Report, an integral attachment to its Annual Report and its Integrated Annual Corporate Governance Report. The dividend policy, which was approved by the Board prior to its initial public offering and as set out in the Company’s annual reports, states that dividends are declared and paid by CLI based on the assessment and approval of its Board, subject to the availability of retained earnings and taking into account cash flow considerations and other financial conditions of the Company after considering future capital expenditures, and project requirements, among others. There is no other dividend policy (*e.g.*, such as a statement on the dividend payout ratio) save as already stated in the foregoing. In relation thereto, the Company has consistently declared and paid dividends to its investors and shareholders, in keeping with its dividend policy and following the SEC rule on calculation of available retained earnings for dividend declaration and after appropriations for investment and other requirements.

The Company declares cash or stock dividends to its common shareholders on a regular basis, in amounts determined by the Board, pursuant to its dividend policy. The Company may also declare special cash dividends where appropriate.

Cash and stock dividends declared and paid by the Company in 2014 up to FY2023 are as follows:

i. Cash dividends

Year of Declaration	Rate of Dividend Declared per Share (in ₱)	Record Date	Amount Paid (in ₱)
2014	12.50	November 3, 2014	48,000,000
2015	7.19	February 28, 2015	42,000,000
2015	10.27	June 15, 2015	60,000,000
2015	8.56	October 15, 2015	50,000,000
2015	5.66	December 15, 2015	50,000,000
2016	2.26	March 31, 2016	20,000,000
2016	5.99	August 31, 2016	52,943,457
2016	4.32	September 15, 2016	38,150,000
2016	1.70	September 30, 2016	15,000,000
2016	0.74	November 21, 2016	650,000,000
2016	0.05	December 1, 2016	40,000,000
2016	0.03	December 1, 2016	40,000,000
2017	0.15	March 23, 2018	235,186,980
2019	0.20	March 26, 2019	332,590,000
2020	0.25	April 3, 2020	414,795,000
2021	0.25	April 16, 2021	388,749,900
2022	0.112 (Regular) 0.038 (Special)	April 22, 2022	519,780,221
2023	0.15 (Regular) 0.03 (Special)	April 18, 2023	623,736,264

2024	0.15 (Regular) 0.03 (Special)	April 17, 2024	623,736,264 (Estimate)
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ii. *Stock dividends*

Year of Declaration	Rate of Dividend Declared per Share	Record Date	Number of shares
2014	0.52	November 30, 2014	2,000,000
2015	0.34	December 15, 2015	3,000,000
2021	1.23	June 18, 2021	1,909,451,997

The notes facility agreements of CLI have a provision restricting the declaration and payment of dividends to its stockholders unless all payments due under the promissory notes issued thereunder are current and updated or unless the dividends are payable solely in shares of its capital stock. CLI has not defaulted on its loan obligations under such agreements, and hence, the foregoing restriction has not applied and therefore it is free to declare dividends to its stockholders.

The following table also shows the dividend declarations of the Company's major Subsidiaries:

Subsidiary	CLI Share	Total Dividends Declared				
		2023	2022	2021	2020	2019
CLPM	100%	-	₱27,500,000	₱12,500,000	₱7,300,000	₱6,000,000
YES	50%	₱140,200,000	-	-	₱20,000,000	₱40,000,000
MGR	45%	₱61,600,000	₱130,000,000	₱160,000,000	₱50,000,000	-
BL CBP Ventures, Inc	50%		₱16,800,000			

The Company's Subsidiaries follow the parent's policy on dividends which states that dividends are declared and paid based on the assessment and approval of the Board, subject to the availability of retained earnings and taking into account cash flow considerations and other financial conditions of the Company after considering future capital expenditures, and project requirements, among others.

History of share Issuances for the past five years

The Board of Directors of CLI at its meeting held on November 24, 2020 approved the increase in the authorized capital stock of CLI from ₱2,500,000,000.00 divided into 2,400,000,000 common shares with a par value of ₱1.00 per share, and 1,000,000,000 voting preferred shares with a par value of ₱0.10 per share, to ₱10,100,000,000.00, divided into 10,000,000,000 common shares with a par value of ₱1.00 per share, and 1,000,000,000 voting preferred shares with a par value of ₱0.10 per share.

Moreover, the Board of Directors of CLI at its meeting held on November 24, 2020 approved the declaration of stock dividend of 122% on the outstanding capital stock of CLI or a total of 1,900,000,000 shares of common stock, to be issued out of the unrestricted retained earnings of CLI as of September 30, 2020, which stock dividends would be sourced from the increase in authorized capital stock of CLI, and payable to stockholders of record as of the record date and payment date to be fixed and approved by the Board of Directors of CLI and the regulators.

During the special stockholders' meeting held on February 26, 2021, the stockholders of CLI approved the distribution of new common shares as stock dividends. On the basis of such approval, stockholders on record would receive 123 shares for every 100 block of shares, and the stock dividends would be in lieu of cash payment from existing stockholders to subscribe to the minimum requirement of 25% increase in authorized capital stock.

The SEC approved the increase in capital stock of CLI from ₱2,500,000,000.00 to ₱10,100,000,000.00 on May 21, 2021. Moreover, through an order dated May 26, 2021, the SEC authorized the record date of June 18, 2021 in connection with the stock dividends, among other matters.

On July 6, 2021, the PSE approved the application of CLI to list an additional 1,909,451,997 common shares to cover the stock dividend declaration to its stockholders of record as of June 18, 2021. The payment date was on July 14, 2021.

On January 04, 2024, the SEC issued and released the Certificates of Filing of Amended Articles of Incorporation, both dated 29 December 2023, which approved CLI's applications for amendment of its Articles of Incorporation to create a new class of CLI preferred shares through the reclassification of one billion unissued common shares with a par value of ₱1.00 per share to one billion Series "A" preferred shares with a par value of ₱1.00 per share. The SEC applications are in line with the approval of the Board of Directors during the special board meeting held on 25 April 2023, and approval of the Stockholders during the Annual Stockholders' meeting held on 01 June 2023 on the amendment of Article VII of CLI's AOI, including the creation of the new class of preferred shares. As a result of the reclassification and amendment of AOI, CLI's authorized capital stock comprises ₱9.00 billion common shares, ₱1.00 billion Series "A" Preferred Shares, and ₱100.00 million Series "B" Preferred Shares.

Article VII of CLI's latest Amended AOI grants to its Board of Directors the express authority to determine, fix, and approve all other features, salient and commercial terms, issuance and redemption features, and all other terms and conditions of the Series "A" Preferred Shares, including any tranche or sub-series thereof.

In relation thereto, and during its special board meeting held on January 8, 2024, the CLI Board of Directors approved and authorized the Company's public offering of 3,000,000 Series "A" Preferred Shares with an oversubscription option of up to 2,000,000 Series "A" Preferred Shares at an offer price of ₱1,000.00 per share. The CLI Board of Directors also approved the terms and conditions of the Offer Shares during the same board meeting.

In April 12, 2024, CLI successfully listed and traded on the Main Board of the Philippine Stock Exchange the total number of 4,280,340 Series A-1 and Series A-2 Preferred Shares (collectively, the Series "A" Preferred Shares). The total gross proceeds of the Series "A" Preferred Shares, with an offer price of ₱1,000.00 per share, amounted to ₱4,280,340,000.00. The net proceeds from the Series "A" Preferred Shares will be used to support CLI's strategic expansion initiatives and ongoing project developments, with a portion also allocated for general corporate purposes. The Series "A" Preferred Shares have dividend rates of 7.585% per annum for the 4-year Series A-1 and 8.25% per annum for the 7-year Series A-2.

CLI and its Subsidiaries are not involved in any bankruptcy, receivership, or similar proceedings, and have no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) OR PLAN OF OPERATION

The following discussion of the Company's recent financial results should be read in conjunction with the auditors' reports and the Company's consolidated financial statements and notes thereto contained in this Annual Report and the section entitled "Summary of Financial Information". This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors and Other Considerations" and elsewhere in this Annual Report.

COMPANY MILESTONES FOR THE PERIOD ENDED DECEMBER 31, 2023

In 2023, CLI launched a total of ten projects valued at ₱18.7 billion in 2023. Part of the launch is the introduction of the Mirani brand addressing the needs of the lower-income segment, offering residences priced at around ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences in Davao with almost 546 of its units being sold out, amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Homes Davao, which is now 95% sold out. Velmiro Heights – Consolacion Ph1, another CLI's mid-market product located in Northern Cebu was launched last December 2023. Velmiro Heights Consolacion Ph1, will have 378 units composed of a series of single detached models with lot areas ranging from 100 to 197 sq.m. The project sold 93% within days of being introduced to the market, indicating strong demand for such a project. Other project launches include Casa Mira Towers Mandaue T1, Mandtra T2, CMT Palawan T4, CMT Bacolod T4 and Costa Mira Panglao T3. This substantial fresh inventory, coupled with the continued high demand for the established Casa Mira brand, propelled CLI to achieve a record-breaking sales of ₱20.6 billion, up by 14% versus the same period in 2022.

Davao projects accounted for the majority of the sales with 40% of the total sales, Cebu with 30%, Bohol with 12%, Bacolod with 9% and Palawan with 7% while Dumaguete, Iloilo, Ormoc, and CDO contributed the remainder of the total sales.

In terms of market segment, Casa Mira - Economic brand led the market with 45% of total sales, primarily from Casa Mira Davao, Casa Mira Danao, and Casa Mira Towers in Palawan and Bacolod. To date, CLI has already sold out 93% of its inventory across all projects in various phases of development.

The Company has invested ₱12.89 billion in capital projects as of December 2023, 81.7% of which went towards project development, and 6% spent for land acquisition, CLI is expanding in Mindanao by most recently purchasing 21 has. in General Santos City, increasing its landbank to 107 has. with a total value of ₱9.70 billion. With this acquisition, CLI is serving the region's robust and consistent housing demand, being present in 16 key VisMin cities.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This JV is geared towards the development of premium-grade residential towers in the heart of Cebu City.

The Company expands its hospitality portfolio with the launch of The Pad and lyf Cebu in the final quarter of 2023. The opening of lyf Cebu with 159 rooms brings CLI's operational hotel count to three, following the launch of The Pad Co-Living with 258 rooms and Citadines Cebu City in 2019 with 180 rooms. Like the latter, lyf Cebu City is also operated by international hospitality group The Ascott Limited. This strengthens CLI's hospitality portfolio while signaling the company's confidence in VisMin's growing tourism sector.

In 2023, CLI also received various recognitions starting with the 5-Star BERDE Certification which was officially turned over by the Philippine Green Building Council, led by their CEO, Mr. Chris de la

Cruz. Latitude Corporate Center is the FIRST 5-Star BERDE Certified Office Building in Cebu City, with its iconic design masterfully crafted for great businesses.

Furthermore, BCI Asia Philippines once again recognized the Company as one of the Top 10 Developers in the Philippines for 2023, making this the sixth year in a row that it has won. This acknowledgment reinforces the Company's dedication to delivering creative and sustainable developments.

The 2023 Asia-Pacific Stevie Awards have also recognized CLI as one of the Bronze Stevie Winners for Innovative Achievement in Corporate Social Responsibility. This distinction represents the Company's unwavering dedication to sustainability and exceptional efforts in improving the environment and society at large.

Lastly, on September 28, 2023, CLI was awarded 2 Golden Arrows by the Institute of Corporate Directors ("ICD"). Companies with exemplary corporate governance were honored in the 2023 ACGS and CGS Golden Arrow Recognition, carried out by the ICD at Okada Manila Hotel.

CLI's unwavering commitment to innovation and excellence underscores its continual strides towards becoming the premier developer in VisMin. Through dedicated efforts in refining strategies, embracing technological advancements, and fostering a culture of excellence, CLI remains resolutely positioned at the forefront of the region's development landscape. This dedication to surpassing benchmarks and setting new industry standards is ingrained in its ethos, driving its pursuit of becoming the unequivocal leader in the VisMin region's real estate development industry.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

January 1 to December 31, 2023 vs. January 1 to December 31, 2022

In 2023, CLI showcased a commendable financial performance, reporting a consolidated net income of ₱4.64 billion. This figure reflected a significant y-o-y increase of 29% from the previous period's ₱3.61 billion. Furthermore, the NIAT attributable to the parent company of CLI demonstrated a solid growth of 13%, reaching ₱3.58 billion compared to ₱3.17 billion in the same period last year. The notable earnings expansion can be attributed to the Company's robust performance across all revenue streams which led to CLI's consolidated revenue increasing by 20% to ₱18.82 billion from ₱15.66 billion the previous year. This is supported by higher construction progress and higher sales take-up. Using the weighted average of 3,465,201,467 shares, EPS was ₱1.03 for the year 2023 as compared with the same period last year of ₱0.92, a 12% increase.

REVENUES

Real estate sales

Real estate sales recorded a significant 20% y-o-y increase in revenue to ₱18.51 billion from ₱15.44 billion. Higher construction progress and more units that qualified for revenue recognition were the causes of the reported improvement.

In terms of location, Cebu still is the strongest contributor of revenue which accounted for 43% of its overall figure. Visayas (ex-Cebu) and Mindanao contributed 26% and 24%, respectively. The increase in share in revenue outside Cebu was driven by new projects such as East Village Residences, Casa Mira Towers Bacolod, Casa Mira Towers Palawan, and Costa Mira Beach Panglao.

Revenue per Market segment reported the following performance:

Premier Masters (Premier market) recorded revenue of ₱ 4.69 billion, an increase of 23% y-o-y from ₱3.83 billion mainly driven by the new revenue qualifications from Costa Mira Beachtown Mactan and Panglao, Calle 104, Citadines Paragon, and One Paragon Place.

Garden Series (Mid-market), likewise grew 35% y-o-y from ₱4.16 billion to ₱5.60 billion. The increase was steered by The East Village, the first residential project of CLI's Davao Global Township ("DGT") and Mandra Residences in Cebu.

Casa Mira Series (Economic market) reported a stable revenue of ₱8.13 billion, driven by Casa Mira Towers Bacolod T1-T2, Casa Mira South Ph3A2, Casa Mira Homes Davao, Casa Mira Towers Guadalupe T3, Casa Mira Homes Ormoc, Casa Mira Homes Danao and Casa Mira Towers Palawan.

The Company expects to grow real estate revenue contribution from projects newly launched during the period.

Leasing

The company experienced a substantial growth in rental revenues, reaching ₱112.34 million, a notable 42% y-o-y surge from ₱79.27 million. This upturn was predominantly driven by a blend of augmented lease rates and the revenue influx from recently completed projects. Notably, for the year 2023, CLI has significantly expanded its GLA to 35,772 sq. m., marking a remarkable 19% increase from the previous quarter's 30,006 sq.m. This surge is attributed to the successful turnover of Banilad Highstreet and Drive-Thru spaces in DGT, currently boasting impressive lease rates of 72% and 100%, respectively. These developments stand as pivotal contributors to CLI's upward trajectory and burgeoning success in the market.

Hotel operations

The resurgence in the travel and leisure sector served as a powerful catalyst for CLI's hotel operations, resulting in a remarkable upsurge in revenue. Notably, the hotel operations soared to generate ₱138.55 million, a striking leap from ₱83.42 million during the same period in the previous year, marking a robust 66% growth. This impressive increase was primarily fueled by a surge in bookings and elevated room rates, particularly evident in Citadines Cebu City.

In the last quarter of 2023, the Company turned over a portion of rooms from The Pad and Baseline Lyf. This move significantly bolstered the hotel's keys, escalating from 180 to 338. The remaining hotel keys of The Pad and Baseline Lyf are scheduled for completion in the first quarter of 2024, promising a substantial increase in revenue for the hotel operations in the following year. Furthermore, with seven additional hotels currently under construction, CLI is strategically positioning itself to further capitalize on the burgeoning opportunities within the hospitality sector.

Property Management

This included the project management fee that CLI charges for being the project manager on JV projects and the property management fee for CLI Property Management (CLIPMI) services provided to CLI's completed projects. During the year, the parent company's project management revenue reached ₱172.90 million, these are fees charged to CLI's JV companies for managing the development of the project. On the other hand, property management fees increased by 7% to ₱59.22 million, from ₱55.47 million in the same period last year, reflecting an increase in managed projects by the property arm.

COST OF SALES AND SERVICES

In line with the growth in revenue performance, the Company's cost of sales for the year ended December 31, 2023, was reported at ₱9.64 billion, a 15% y-o-y increase from ₱8.37 billion.

OPERATING EXPENSES

Total operating expenses during the year amounted to ₱2.78 billion, an 18% y-o-y increase from ₱2.37 billion of the same period in 2022. The increase was mainly driven by commissions and incentives which grew by 30% to ₱742.53 million in line with the increase in revenue from real estate sales and robust sales performance during the period.

The Company carefully balanced its debt mix of 65% fixed and 35% floating rates. Due to this, CLI is able to maintain its competitive rate of 6.36% despite an increase in benchmark rates. The stated rate, while being higher than the previous year, is nonetheless competitive when compared to current capital raising rates charged in the sector.

On October 7, 2022, CLI issued its inaugural fixed rate bonds with a total issue size of ₱5.00 billion across the following tenors:

- Series A with a tenor of 3.5 years with a fixed rate of 6.4222%
- Series B with a tenor of 5.5 years with a fixed rate of 6.9884%
- Series C with a tenor of 7 years with a fixed rate of 7.3649%.

The foregoing bonds comprised the first tranche of CLI's ₱15.00 billion shelf program for bonds. The purpose of the 2022 bonds was to raise funds to extend the debt maturity of the company and lock in rates to address any interest rate risk brought about by the challenging macro environment.

NIAT ATTRIBUTABLE TO NCI

For the year ended December 31, 2023, NIAT attributable to NCI increased substantially to ₱1,067.18 million from ₱437.00 million for the same period in 2022. This growth is due to increasing contributions from new JV projects such as The East Village T1-T4 (YHEST) in Davao, Calle 104 T1-T2 (BL RAMOS) in Cebu, and Costa Mira Beachtown Panglao in Bohol.

REVIEW OF THE COMPANY'S FINANCIAL CONDITION

As of December 31, 2023 vs December 31, 2022

CLI's balance sheet remains strong and healthy to support construction and expansion plans. As of December 31, 2023, CLI reported total assets of ₱102.09 billion, an increase of 20% from ₱85.04 billion as of December 31, 2022 driven by progress in construction from sold units

ASSETS

36% decrease in Cash and Cash equivalents

Due to payments on loans such as Retail Bonds, Corporate Notes 1, and Project Term Loans as well as other payables to contractors and suppliers.

39% decrease in Receivables (including Non-Current Portion)

Declined from ₱3.68 billion to ₱2.25 billion due to collections from completed projects.

41% increase in Contract Assets (including Non-Current Portion)

Increased to ₱45.09 billion from ₱31.98 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

2% increase in Real Estate Inventory

Increased to ₱18.69 billion from ₱18.31 billion mainly due to increased building cost, new land acquisitions, and higher construction progress of the Company's projects.

88% decrease in Deposit on Land for Future Development

Declined from ₱130.00 million to ₱15.00 million mainly due to the transfer to raw land inventory.

36% increase in Due from Related Parties

Increased to ₱48.60 million from ₱35.80 million due to transactions paid by CLI (Parent) on behalf of its related parties.

52% increase in Prepayments and Other Current Assets

Increased to ₱6.43 billion from ₱4.24 billion due to advances to subcontractors and suppliers on newly awarded projects. Prior year figure was restated due to reclassification of certain deferred commissions as part of Prepayments and Other Current Assets to Other Non-current Assets account due to its expected recognition as expense in the succeeding years

50% increase in Property and Equipment

Increased to ₱7.24 billion from ₱4.81 billion due to the construction of new offices and branches to support CLI's expanding developments.

3% decrease in Right of Use Asset

Declined from ₱1.17 billion to ₱1.13 billion due to amortization of high-value leasehold rights.

3% increase in Investment Properties

Increased to ₱18.33 billion from ₱17.75 billion attributed to ongoing construction of recurring income generating projects such as Masters Tower, Abaca Resort, Astra Corporate Center, and DGT.

30% increase in Other Non-Current Assets

Increased from ₱1,377 million to ₱1,789.96 million due to increase in advances to contractors.

LIABILITIES

18% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion) Increased to ₱47.14 billion from ₱39.99 billion due to new availments from project term loans.

21% Increase in Trade Payables (including Non-Current Portion)

Increased to ₱22.97 billion from ₱19.04 billion due to accruals made on unbilled costs to match with revenue recognized.

25% decrease in Contract Liabilities

Decreased from ₱598.36 million to ₱449.34 million due to an increase in collections from buyers coming from new project launches that are ahead of the stage of completion.

39% decrease in Income Tax Payable

Decreased to ₱2.21 million from ₱3.65 million due to the accrual of income tax due for the period.

42% increase in Deferred Tax Liabilities - Net

Increased to ₱4.32 billion from ₱3.03 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

22% increase in Parent Company's Retained Earnings

Increased to ₱16.45 billion from ₱13.50 billion due to the Net income recognized during the period.

2022 COMPANY MILESTONES

CLI is the leading RED in Visayas and Mindanao currently located in 16 key cities.

In 2022, CLI continued to launch projects to strengthen its market leadership in Visayas and Mindanao.

During the same year, it unveiled more of its mid and premier series as the economy gradually reopens. Sixteen projects were successfully launched and substantially sold out driving up the Company's reservations sales namely:

- a. Astra Corporate Center
- b. Casa Mira Dumaguete Ph2

- c. The East Village T1
- d. The East Village T2
- e. The East Village T3
- f. Velmiro Bohol Expansion Ph2
- g. Casa Mira South 4B.2
- h. The East Village T4
- i. DGT Lots Only
- j. Casa Mira Towers Palawan Ph1 (T1-T2)
- k. Ramos Tower at Calle 104
- l. The Ranudo Tower at Calle 104
- m. Casa Mira Homes | Danao
- n. Costa Mira Bohol
- o. Casa Mira Towers Bacolod T3
- p. Casa Mira Towers Palawan T3

CLI recorded a 14% hike in reservation sales y-o-y to ₱18.80 billion driven by a robust VisMin market. A high 73% of total sales were from newly launched developments with the rest coming from persistent demand for on-going projects.

The Company launched close to 5,000 units in 16 projects worth ₱28.40 billion in 2022 and were 74% sold by the end of the year. Sales velocity of these launches hit peak levels with most developments fully taken up within days.

CLI started the year with strong reservation sales by selling out all three towers of the first residential development in DGT in four days, generating a record ₱4.07 billion in sales. This validates DGT as the most anticipated premier township in Davao.

The first among many launches in 2022, the East Village at DGT is the first residential development in the township with over 2,000 residential unit offerings spread across the 6-tower vertical village. The newly launched and sold-out three towers with a total of 1,087 units are scheduled for completion in Q3 2026.

Part of DGT's Phase 1 is the ₱700.00 million lifestyle mall called the DGT City Center that will be a landmark destination presenting an array of retail, restaurant and entertainment choices. It will feature dynamic, al fresco spaces, and lush indoor gardens offering worry-free strolling and shopping. To complement this is the ₱200.00 million DGT Cultural Center with showrooms, museum spaces, a theater, and function room which can hold up to 250 people.

In May 2022, CLI accelerated its expansion to Eastern Visayas with the launch of Casa Mira Homes Ormoc, a 685-unit subdivision project on a 9-ha. property. Casa Mira Homes Ormoc, to be completed in 2023, is the 11th Casa Mira development in VisMin.

On June 20, 2022, CLI disclosed the approval of its Board of Directors of the offer and issuance of peso-denominated fixed rate bonds with a principal amount of up to ₱5.00 billion and an oversubscription option of up to ₱3.00 billion (the "**Bonds**"). The Bonds are part of the up to ₱15.00 billion fixed rate bonds to be applied by the Company for shelf registration.

CLI intended to use the proceeds from the Bonds to support its growth plans, primarily by investing in markets where CLI's initial foray has exceeded expectations and continuing its strategic land banking activities.

Also in June 2022, during its 2022 Annual Stockholders Meeting, the Company set out its expansion plans, among the focal points are three townships now under development. On the road to creating a critical mass of residents is the 22-ha. DGT sold out in four days the first three towers of its first residential project The East Village at DGT. This prompted the launch of the fourth tower. Planning and development are likewise underway on the 14.3-ha. property in Cagayan de Oro acquired from Xavier University and envisioned to be a mixed-use university town. Reclamation works have also begun on the 100-ha. Minglanilla Techno Business Park in Cebu which is envisioned to be a regional growth center.

As part of the Company's commitment to provide quality and sustainable in-city vertical socialized housing, CLI turned over on June 29, 2022 the ₱115.00 million medium-rise building donated for the people of Cebu City. After less than 12 months of construction, 100 informal settler families now have a decent shelter. Walk-Up Sugbo 1 is a joint collaboration between CLI, the Cebu City Government, and the DHSUD and is designed to provide quality transition housing for informal settlers living in danger zones. It is the first of its kind of socialized housing development in VisMin and is one of the most generously appointed socialized housing buildings in the country.

At the same time, CLI, together with the Mandaue City Government and the DHSUD, signed an agreement and broke ground on the ₱100.00 million Tipolo Residences Building 4, a mid-rise socialized housing for the informal settlers and 2019 fire victims of Barangay Tipolo. Ninety identified beneficiaries joined the momentous occasion and shared their excitement for their future homes.

On July 19, 2022, Philippine Rating Services Corporation ("**PhilRatings**") assigned an Issue Credit Rating of PRS Aa plus, with a Stable Outlook, for CLI's proposed bond issuance. This is the initial tranche of the Company's new three-year Shelf Registration program amounting to ₱15.00 billion.

PhilRatings has also upgraded the Issue Credit Rating for CLI's outstanding Series A to C Corporate Notes worth ₱5.00 billion to PRS Aa plus, with a Stable Outlook, from PRS Aa.

On July 23, 2022, DGT was formally inaugurated, completing site development in just two years. After only two years of site development, YHEST Realty Development Corp., a JV between CLI and the Yuson, Huang, and Tan families of the prominent Villa-Abrile clan of Davao, officially inaugurated the 23-ha. DGT is envisioned to be Mindanao's most sustainable central business district. It also started to offer 27 township commercial lots for sale after completing the utilities and road networks of the property. The commercial lots for sale have a total area of 47,194 sq.m. and lot sizes range from 1,054 sq.m. to 3,446 sq.m.

DGT Phase 1 includes the township's first residential development The East Village at DGT, a commercial area and lifestyle mall DGT City Center (opening early 2024), and DGT Cultural Center (opening 2024).

In August 2022, the Company purchased a 17-ha. expansion site in Butuan City. This acquisition brought up the Company's total landbank to 116 has.

In September 2022, CLI sold out Calle 104, a two-tower upscale residential project in record three days. The sales of the ₱2.40 billion for Calle 104, which straddles Ramos and Ranudo Streets, is a popular address of prominent families in Cebu. The high-end project in Cebu is CLI's eighth launch in 2022 across VisMin. Calle 104 is a JV project of CLI and Borromeo Brothers Estate, Inc. under Cebu BLRamos Ventures Inc. The upscale mixed-use development designed by Casas + Architects to be completed in Q4 2026 has two distinct towers connected by a retail podium with a gross floor area of 5,000 sq.m. of lifestyle options including restaurants, clothing, and essentials. A 2,300 sq.m. supermarket is located in the basement for the convenience of residents.

On September 22, 2022, CLI finalized the issue size of its maiden fixed rate Bonds offering, with an aggregate principal amount of ₱5.00 billion across three tenors. This initial issuance is the first from CLI's shelf registration of a ₱15.00 billion debt securities program to be utilized within three years. In a strong show of confidence in CLI, the Company's maiden retail bonds received strong demand from both institutional and retail investors, even as CLI priced at the lowest end of the initial spread range. Interest rates have been set for the 3.5Y Series A at 6.4222%, for the 5.5Y Series B at 6.9884%, and for the 7Y Series C at 7.3649%. The Company received its Permit to Sell from the SEC for its maiden retail bond Issuance on September 27, 2022.

On September 29, 2022, disclosed that in its first foray in Palawan, CLI sold in less than one week 85% of the first phase of an economic housing project in Puerto Princesa. Projected gross revenues from this seven-tower development is pegged at ₱6.00 billion, with phase one set for completion in Q4 2025. The first venture in Palawan was a success. It showed that there is indeed a broader market for the bestselling housing brand Casa Mira beyond VisMin, and that the CLI is gaining traction in new areas of expansion.

On October 7, 2022, CLI successfully listed its first fixed-rate bond offering at the PDEX. BPI Capital and Chinabank Capital have been appointed as joint issue managers, joint lead underwriters, and joint bookrunners. PNB Capital, RCBC Capital, and SB Capital Investment Corporation are co-lead underwriters.

CLI dominated the 10th PropertyGuru PPA bagging 12 accolades including the Best Developer (Visayas) and Best Developer (Mindanao) awards presented in an exclusive gala event. CLI was also given Special Recognition in ESG and in Sustainable Design and Construction.

List of Winners:

- Abaca Resort Mactan, Best Resort Development
- Costa Mira Beachtown Mactan, Best Waterfront Condo Development
- The East Village, Best Condo Development (Mindanao) and Best Condo Architectural Design
- Sofitel Cebu City, Best Hotel Architectural Design
- Terranza Residences, Best Condo Development (Visayas)

Highly Recommended:

- Astra Centre, Best Mixed-Use Development
- Sofitel Cebu City, Best Hotel Development

CLI, together with the Cebu City Government, officially opened a new F. Ramos Extension access road to vehicular traffic starting October 19, 2022.

The 200-meter F. Ramos Ext. access road provides a direct link between MP Yap and Llorente streets and provides an alternative access to and from Juana Osmena St. via Base Line Drive. This will help improve traffic flow and provide the community with an easier route to business establishments and lifestyle destinations around the area.

On October 28, 2022, CLI introduced a new immersive mountain resort in Balamban, Cebu. CLI further expands its growing leisure and hospitality portfolio with the 21 ha MagsPeak Mountain Resort and Villas. The 21-ha mountain estate in Magsaysay Peak in Balamban, Cebu, with an elevation of 800 meters is a JV between CLI and MagsPeak composed of Cebuano businessman and fellow Caminoans, Bob Gothong, Segundino Selma Jr., Richard Ray King, and Douglas Gacasan. It is designed to create a holistic mountain experience for Cebu with an outdoor, religious, and hospitality component, built with sustainability at its core. MagsPeak's offers a unique hospitality experience managed by CLI's Hospitality arm, CLI Hotels & Resorts. Opening in 2025, the resort comprises 13 exclusive mountain villas and 20 hotel rooms highlighting views of the Balamban mountain landscape and the western Cebu seascape. Guest stays will further be enhanced with a clubhouse, heated infinity pools, and a farm-to table restaurant. With sustainability integral to its development, MagsPeak showcases eco-friendly initiatives and outdoor programs such as hiking trails, camping facilities, and other child-friendly activities surrounded by nature.

With the Company's stellar performance and proven execution capability to adapt to the new normal surpassing pre-pandemic growth and income levels, the Board deemed it fit to declare a regular and special cash dividend of ₱0.15 and ₱0.03 per share on March 20, 2023 with a total estimated amount of ₱623.00 million, a 21% increase from the ₱520.00 million paid to stockholders last year. The recently declared dividends had a record date of April 18, 2023 and were paid on April 28, 2023.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

FY 2022 vs FY 2021

CLI recorded Normalized Net income to parent shareholders of ₱3.17 billion, an increase of 21% from ₱2.61 billion in 2021, the remainder after tax adjustments for the year were factored out. This generated an EPS of ₱0.92, a decrease of 12% y-o-y from ₱1.04 EPS in 2021. The significant increase is driven by the strong topline growth and fast economic recovery in the region.

REVENUES

CLI's topline grew significantly by 40% to ₱15.66 billion from 2021's ₱11.16 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱29.00 billion or 17% increase in unrecognized revenue for future recognition.

Real estate sales

Revenue from the sale of real estate recorded a 40% growth y-o-y to ₱15.44 billion from ₱11.00 billion in 2021. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction was in full swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for the largest share of revenues at 47%, followed by the Garden series with 27%, and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu remain outstanding, representing 42% of the total revenues, with Davao following at 19%, Iloilo at 12%, and CDO contributing 10%.

Premier Masters (Premier market), at ₱3.80 billion, increased by 47% y-o-y from ₱2.60 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo and Costa Mira Beach in Mactan.

Garden Series (Mid-market), at ₱4.20 billion, higher by 30% y-o-y from ₱3.20 billion, the biggest contributor was The East Village, the first residential project of CLI's DGT.

Casa Mira Series (Economic market), at ₱7.36 billion, grew by 43% y-o-y from ₱5.16 billion, driven by Casa Mira Ormoc, Casa Mira Homes Dumaguete and Casa Mira LPU in Davao.

In Q4 2022, the Company recorded a total consolidated revenue of ₱4.69 billion, a 34% increase versus the ₱3.50 billion in Q4 2021 and is also 34% higher quarter on quarter ("**q-o-q**") from the ₱3.51 billion that was reported on Q3 2022. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the company.

Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted ₱83.42 million for the period ending December 31, 2022. Hotel revenue grew significantly by 71% with the reopening of local and international borders, reviving trade, and tourism.

Leasing

CLI's rental revenues improved by 7% posting ₱79.28 million in 2022 from ₱74.27 million in 2021. Growth driven by increased lease contracts and new tenants in the newly completed Latitude Corporate

Center. GLA decreased to 29,085 sq.m. from 29,133 sq.m due to conversion to office space (CLI's office expansion). As of December 31, 2022, rental occupancy rate is at 48%, an increase from 41% as of December 31, 2021.

Property Management

Revenue from property management fees is at ₱55.47 million, a 29% y-o-y increase from ₱42.97 million mainly from continuous turn-over of completed projects during the year — Casa Mira South Phase 1 and 2, Casa Mira Coast, Velmiro Uptown CDO, and Casa Mira Bacolod.

COST OF SALES AND SERVICES

The Company's cost of sales for the period ended December 31, 2022 amounted to ₱8.37 billion, an increase of 40% from ₱5.97 billion in line with the increase in revenue.

OPERATING EXPENSES

Total operating expenses during the year amounted to ₱2.37 billion, a 21% y-o-y increase from ₱1.95 billion mainly due to the increase in accounted commissions and incentives to ₱847.16 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives.

Salaries and employee benefits also grew by 20% to ₱532.69 million which aligns with the increase in the Group's manpower to 801 employees from 691 employees to support CLI's expansions across VisMin. During the year, the Company also spent ₱122.00 million in costs attributable to the purchase of the 17 hectares expansion site in Butuan.

INTEREST EXPENSE

During the year, borrowing costs amounted to ₱811.68 million with a higher average borrowing rate of 6.07%, an increase from the cost of borrowing reported in 2021 of 4.77%. The borrowing cost represents the interest on bank loans and corporate notes to fund the Company's project developments that are recognized as period costs and expenses.

REVIEW OF THE COMPANY'S FINANCIAL CONDITION

As of December 31, 2022 vs December 31, 2021

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2022, CLI's consolidated assets stood at ₱85.04 billion, a 28% y-o-y growth from ₱66.65 billion driven by the increase in contract assets, real estate inventories, and investment properties.

ASSETS

31% increase in Cash and Cash equivalents

Increased to ₱1.45 billion from ₱1.10 billion largely due to collections and higher take-outs deposited under Short-term placements.

39% decrease in Accounts receivable (including Non-Current Portion)

Decreased to ₱3.68 billion from ₱6.01 billion mainly due to collections from completed projects.

58% increase in Contract Assets (including Non-Current Portion)

Increased to ₱31.98 billion from ₱20.29 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

2% decrease in Real Estate Inventory

Slightly decreased to ₱18.31 billion from ₱18.71 billion due to decreased land development cost and raw land.

100% increase in Deposits on Land for Future Development (including Non-Current Portion)

Increased to ₱130.00 million and none from 2021 since fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion.

38% decrease in Due from Related Parties

Transactions paid by the Parent Company on behalf of its related parties decreased to ₱35.80 million from ₱57.43 million mainly from collections on subsidiary and affiliate businesses.

3% increase in Prepayments and Other Current Assets

Increased to ₱4.24 billion from ₱4.11 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions, and related input VAT on construction materials purchased.

1% decrease in Investments in Associates

Decreased to ₱133.56 million from ₱135.06 million mainly from the additional investment in Magspeak in 2021 amounting to ₱24.25 million. In 2022, only ₱8.00 million additional investment to ICOM.

426% increase in Property and Equipment – Net

Increased to ₱4.81 billion from ₱915.67 million mainly from the reclassification of investment property.

34% increase in Investment Properties – Net

Increased to ₱17.75 billion from ₱13.24 billion attributed to ongoing construction of investment properties, which include hospitality and commercial assets.

1% increase in Right-of-Use Asset and 10% increase in Lease Liabilities

Right-of-use asset and lease liability increased to ₱1.17 billion and ₱1.15 billion, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

LIABILITIES

25% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)

Increased to ₱39.99 billion from ₱32.02 billion mainly from new bank loans availed including proceeds from bonds issuance.

49% increase in Trade and other payables (including non-current portion)

Increased to ₱19.04 billion from ₱12.82 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors, and suppliers of construction materials.

48% increase in Deferred Tax Liabilities

Increased to ₱3.03 billion from ₱2.05 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

0% increase in Additional Paid-In Capital

Increase of ₱2.00 million due to the exercise of ESOP, the Company issued 3,349,470 common shares with a par value of ₱1.00 or ₱3,349,470 to its qualified employees out of its treasury shares and recognized an additional paid-in capital amounting to ₱18.32 million from the transaction.

2% decrease in Treasury Shares

Decreased to ₱732.66 million from ₱748.17 million. In 2022, the Parent Company issued to its qualified officers 3,349,470 common shares out of its treasury shares in relation to the ESOP.

3% Increase in Revaluation Reserves

Increased to ₱13.91 million from ₱13.48 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

6% increase in NCI

Increased to ₱7.51 billion from ₱7.09 billion significantly from increased share in net profit in 2022 by ₱379.07 million.

2021 COMPANY MILESTONES

The Company is the leading RED in Visayas and Mindanao, currently located in 16 key cities.

In 2021, CLI continued to launch projects to strengthen its market leadership in Visayas and Mindanao. During the year, it has unveiled more of its mid and premier series as the economy gradually reopens. Ten projects were successfully launched and substantially sold out driving up the Company's reservation sales namely:

- a. Velmiro Heights CDO
- b. Casa Mira Tower Guadalupe Tower 3 in Cebu
- c. Mandtra residences Tower 1 in Cebu
- d. Casa Mira Ormoc
- e. Terranza residences in Iloilo
- f. Casa Mira South Phase 4A in Cebu
- g. Casa Mira South Phase 4B in Cebu
- h. Mandtra Residences Tower 3 in Cebu
- i. Costa Mira Beachtown Mactan Cebu
- j. Casa Mira Towers Bacolod

CLI recorded reservation sales of ₱16.52 billion for 2021, 16% more than 2020's ₱14.25 billion due to sustained demand for housing in its key markets by launching 3,865 units in 10 projects worth ₱18.00 billion, more than the eight projects launched in 2020 worth ₱11.50 billion.

CLI launched Masters Tower Cebu on February 19, 2021, with a target completion date of 2025. The project will include prime office and retail space as well as the Queen City of the South's first five-star luxury hotel. The Sofitel Cebu City will be managed by Accor, a global hotel company with headquarters in France. The construction, which is expected to cost ₱4.00 billion, would be built by EEI Corporation on a 2,840 sq.m. plot in Cebu Business Park, the city's preeminent central business area.

In March 2021, CLI signed a new ₱360.00 million JV focused on filling a rapidly rising demand for coliving spaces that deliver affordable, safe transient housing in Cebu for young professionals and students seeking quick access to strategic business centers. Named SPE, the partnership will kick off with a 7,500 sq.m. prime property along Banilad Road and is walking distance to the Cebu IT Park where many BPO firms are located. With renewed BPO interest in Cebu, areas like Banilad surrounding the BPO hubs have become highly in-demand. The mixed-use development will have retail spaces, over 300 dormitory rooms, and a self-storage facility. The project is to be completed by 2023 and primarily targets young professionals and students returning to work and schools, respectively.

In April 2021, CLI broke ground for Patria de Cebu, a new mixed-use development offering 21,000 sq.m. of gross floor area and a 182-room Mercure Hotel at the heart of downtown Cebu City's heritage trail. Patria de Cebu's redevelopment will offer 4,320 sq.m. of food, dining and entertainment spaces and 4,400 sq.m. of office space. The balance will be taken up by Mercure Cebu Downtown set to open in 2025 to be operated by French multinational chain Accor, a world leading hospitality group.

CLI's collaboration with the Archdiocese of Cebu covers the development and operation of the mixed-use project for 40 years.

In May 2021, CLI continued its partnership with BPI Investment Management, Inc.'s managed money market funds by entering into another notes facility agreement worth ₱3.00 billion. The facility was arranged by BPI Capital, which also arranged the initial ₱2.00 billion facility issued last October 2019.

CLI received PRA approval in June 2021 to reclaim and develop the 100-ha. Minglanilla techno business hub in Cebu. Following that, CLI increased its ownership share from 20% to 78% in order to streamline CLI's operations as the development's developer and project manager. During the year,

PRA issued a Notice to Proceed for the reclamation. In October 2021, CLI broke ground to begin its development.

In July 2021, CLI revealed its very first resort development – the ₱2.50 billion Abaca Resort Mactan. The 125-room all-suite accommodation will feature stunning panoramic ocean views and will rise 17 stories high on a 4,500 sq.m. property formerly occupied by the multi-awarded Abaca Boutique Resort in Punta Engaño, Lapu-Lapu City, a tourism growth center. CLI purchased the property in 2019 and has signed up with The Abaca Group to continue operating the hotel and providing luxury experiences tailored for local and global tourists when it reopens. To design the resort, CLI tapped internationally renowned architectural firm Büro Ole Scheeren whose projects have won numerous global awards.

On July 14, 2021, CLI distributed 1,909,451,997 new common shares as stock dividends, or 123 new shares for every 100 existing shares. This resulted in an increase in outstanding common shares to 3,461,851,997.

In August 2021, CLI signed a Memorandum of Agreement to acquire 14.3 has of Xavier University – Ateneo de Cagayan’s Manresa Property in uptown Cagayan de Oro. CLI’s acquisition, named Manresa Town, will be developed with condominiums, dormitories, retail, and commercial spaces that will be an integral part to the master planned township of Xavier University Cagayan de Oro. Proceeds that Xavier University will be receiving will be used to develop the new Xavier University Masterson Campus, which at 21 will be three times larger in area than the current campus. Provisions in the agreement prepared by Xavier University and endorsed by Jesuit leaderships in the Philippines and in Rome were approved by the Vatican after a thorough two-year review process. The new 21-ha Xavier University Masterson Campus is envisioned to catalyze development in Northern Mindanao with a Sustainable and New Normal-ready Campus Masterplan. The masterplan of the Xavier University Masterson Campus will blend seamlessly with the adjacent Manresa Town to be developed by CLI, a 14.3-ha mixed-use university town that provides Xavier University students convenient and safe residential options, easy access to commercial establishments and future-ready offices.

In December 2021, CLI and Borromeo Brothers Estate Inc. inaugurated the ₱1.20 billion 4-Star BERDE-certified commercial tower Latitude Corporate Center, increasing CLI’s office GLA to over 29,000 sq.m. from 14,000 sq.m. y-o-y. The hybrid office building standing 24-storeys high with designated spaces for BPO offices (eighth – 12th floors), Enterprise offices (14th – 16th floors), Executive offices (17th-24th floors) and a retail concept (first and second floors) is strategically located in Cebu Business Park and is among the tallest buildings in the business district. The development was awarded early in 2023 with a four-star accreditation under the BERDE rating system, a testament to its sustainable design tailor fit to world class standards.

During the ninth PropertyGuru PPA, CLI was awarded as the Best Developer for Visayas and Mindanao along with nine other special awards from its portfolio of innovative, and market-resonant projects spread across the archipelago, such as Casa Mira Towers Mandaue, DGT, MesaVirre Garden Residences, One Paragon Place, Patria de Cebu, Radisson Red, and Velmiro Uptown CDO.

With the Company’s stellar performance and proven execution capability to adapt to the new normal translating to a resumption of pre-pandemic growth and income levels, the Board deemed it fit to declare a regular and special cash dividend of ₱0.112 and ₱0.038 per share on March 15, 2022 with a total estimated amount ₱519.20 million, a 33.6% increase from the ₱388.75 million paid to stockholders last year. The recently declared dividends had a record date of April 22, 2022 and were paid on May 17, 2022.

REVIEW OF THE COMPANY’S RESULTS OF OPERATION

FY 2021 vs. FY 2020

CLI recorded net income to parent shareholders of ₱2.61 billion, an increase of 42% from ₱1.85 billion in 2020. The significant increase was driven by the strong topline growth and one-time tax adjustment amounting to ₱293.50 million brought about by the implementation of CREATE Act.

As a result of the application of CREATE Act, lowering RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company and the subsidiaries, was lower by ₱11.81 million than the amount presented in the 2020 AFS and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was re-measured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by ₱280.80 million and such was recognized in the 2021 profit or loss and in other comprehensive income.

EPS in 2021 was ₱1.04 computed as net income attributable to CLI shareholders amounting to ₱2.61 billion divided by weighted average number of shares of 2,507,833,165, while EPS in 2020 was ₱1.15 computed as net income ₱1.85 billion divided by weighted average number of shares of 1,605,279,067.

CLI distributed stock dividends in July 2021 of 123 shares per 100 shares or 123%.

REVENUES

CLI's topline grew by 35% to ₱11.16 billion from 2020's ₱8.30 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition.

Real estate sales

Revenue from the sale of real estate recorded a 35% growth y-o-y to ₱11.00 billion from ₱8.15 billion in 2020. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction was in full swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for 44% of revenues, followed by the Garden series with 30% and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa

Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu represent 55% of the total revenues, followed by CDO with 11% with Davao and Iloilo both contributing 10%.

Premier Masters (Premier market), at ₱2.60 billion, increased by 17% y-o-y from ₱2.20 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo.

Garden Series (Mid-market), at ₱3.20 billion, higher by 7% y-o-y from ₱3.00 billion, driven by Mandra Residences, Velmiro Plains Bacolod, and Velmiro Heights CDO.

Casa Mira Series (Economic market), at ₱5.16 billion, grew by 93% y-o-y from ₱2.67 billion, mainly from newly launched projects during the year: Casa Mira LPU in Davao and Casa Mira Iloilo.

In Q4 2021, the Company recorded a total consolidated revenue of ₱3.50 billion, a 35% increase versus the ₱2.60 billion in Q4 2020 and is 39% higher q-o-q from the ₱2.50 billion that was reported on Q3 2021. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the Company.

Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted revenues of ₱48.68 million for the period ending December 31, 2021. The hotel revenues were driven from BPO companies that housed their employees during the lockdown.

Leasing

The Company offered rental concessions and holidays to support local businesses during lockdown, increasing its rental revenue by 34% y-o-y to ₱74.27 million from ₱55.24 million. GLA doubled to 29,000 sq.m. from 14,536 sq.m. due to the turnover of Latitude Corporate Center.

Property Management

Revenue from property management fees is at ₱42.97 million, a slight increase from ₱42.59 million mainly from continuous turn-over of completed projects during the year – Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

COST OF SALES AND SERVICES

The Company's cost of sales for the period ended December 31, 2021 amounted to ₱5.97 billion, an increase of 39% from ₱4.28 billion in line with the increase in revenue.

OPERATING EXPENSES

Total operating expenses during the year amounted to ₱1.95 billion, a 54% y-o-y increase from ₱1.27 billion mainly due to the increase in accounted commissions and incentives to ₱725.00 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives. Salaries and employee benefits also grew by 22% to ₱450.64 million which aligns with the increase in the Group's manpower to 691 employees from 574 employees to support CLI's expansions across VisMin. During the year, the Company also spent ₱100.00 million in costs attributable to the purchase of the 14.3 has that will be integrated into the Xavier University Masterson Campus.

INTEREST EXPENSE

During the year, borrowing costs amounted to ₱571.47 million with a lower average borrowing rate of 4.75%, an improvement from the cost of borrowing reported in 2020 of 4.96%. The borrowing cost represents the interest on bank loans and corporate notes to fund the Company's project developments that are recognized as period costs and expenses.

OTHER INCOME/EXPENSE

The Company's other operating income likewise increased to ₱257.23 million from ₱68.60 million due to water revenue from the CLI's managed projects and an increase of administrative fees charged to the customers. Moreover, there is also a ₱129.00 million provision for loss on typhoon due to the recent Typhoon ODETTE that affected some of the projects of the company. This caused a substantial increase in the other gains and losses of the company during 2021.

NIAT ATTRIBUTABLE TO NCI

For the period ended December 31, 2021, NIAT attributable to NCI stood at ₱57.93 million, 75% y-o-y decline from ₱229.61 million, due to the minimal incremental sales and percentage of completion ("POC") on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR) and Latitude Corporate Center (BLCBP); and as MesaTierra Garden Residences (YES Inc.).

REVIEW OF THE COMPANY'S FINANCIAL CONDITION

As of December 31, 2021 vs. December 31, 2020

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2021, CLI's consolidated assets stood at ₱66.65 billion, a 33% y-o-y growth to ₱66.65

billion from ₱50.09 billion driven by the increase in contract assets, real estate inventories, and investment properties.

ASSETS

37% increase in Cash and Cash Equivalents

Increased to ₱1.10 billion from ₱797.18 million largely due to collections and higher take-outs deposited under short-term placements.

2% decrease in Accounts Receivable (including Non-Current Portion)

Decreased to ₱6.01 billion from ₱6.14 billion mainly due to collections from completed projects.

46% increase in Contract Assets (including Non-Current Portion)

Increased to ₱20.29 billion from ₱13.86 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

100% decrease in Deposits on Land for Future Development (including Non-Current Portion)

Balance zeroed out from ₱699.77 million as fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion. Additional deposits on land for the year amount to ₱376.33 million.

40% increase in Real Estate Inventory

Increased to ₱18.71 billion from ₱13.40 billion driven by inventory on newly projects launched during the year, inventory on projects under construction becoming more valuable as building progress is achieved, and reclassification of investment properties worth a total of ₱1.85 billion to real estate inventories as well as fully paid raw land worth ₱1.08 billion from deposits on land to real estate inventories.

162% increase in Due from Related Parties

Transactions paid by the Company on behalf of its related parties increased to ₱57.43 million from ₱21.95 million mainly from cash advances to subsidiary and affiliate businesses.

36% increase in Prepayments and Other Current Assets

Increased to ₱4.114 billion from ₱3.02 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions and related input VAT on construction materials purchased

4% increase in Investment in Associates

Increased to ₱135.06 million from ₱129.85 million mainly from investment to ICOM and Magspeak during the year amounting to ₱110.82 million and ₱24.25 million respectively.

42% increase in Property and Equipment – Net

Increased to ₱ 915.67 million from ₱643.39 million with the construction of new offices and branches to support CLI's expanding developments.

21% increase in Right-of-Use Asset

Right-of-use assets increased due to the recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

31% increase in Investment Properties – Net

Increased to ₱13.24 billion from ₱10.09 billion attributed to ongoing construction of the Company's investment properties, which include its hospitality and commercial assets.

7% decrease in Other Non-Current Assets – Net

Decrease in this account is attributed to the recoupment on the advances and down payments made by the company to its contractors after progress construction have been made on the corresponding projects.

LIABILITIES

35% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)

Increased to ₱32.02 billion from ₱23.79 billion mainly from the ₱11.48 billion new bank loans during the year.

71% increase in Trade and Other Payables (including Non-Current Portion)

Increased to ₱12.82 billion from ₱7.48 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors, and suppliers of construction materials.

13% increase in Contract Liabilities

Increased to ₱604.25 million from ₱532.65 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

54% decrease in Customer deposits

Due to the lower amount of advance reservation fees that were not recognized during the same period.

35% Increase in Lease Liabilities

Due to a new 22-year lease contract entered by the company in Banilad Cebu City for Banilad high street project.

93% decrease in Income Tax Payable

After the income tax set up for the prior period was paid.

665% increase in Post employment defined benefit obligation Due to the additional funds set aside for the plan.

21% increase in Deferred Tax Liabilities – Net

Increased to ₱2.05 billion from ₱1.69 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

111% increase in Capital Stock

Due to the declaration of stock dividends amounting to 1,909,451,997 common shares with a par value of ₱1.00 or ₱1.90 billion as approved by the PSE on July 6, 2021.

2% increase in Treasury Shares

From the Board-approved buyback program in 2020, CLI reacquired 2,599,600 shares of its common stock in 2021 for ₱15.32 million and presented them as Treasury Stock in the consolidated statement of financial position.

5% increase in Revaluation reserves

Increased to ₱13.48 million from ₱12.88 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

5% increase in Retained Earnings

Attributable to the net income recognized during the period.

3% increase in NCI

Increased to ₱7.09 billion from ₱6.90 billion significantly from additional paid-in capital during the year to CLI-LITE amount to ₱252.73 million. Also, MGR declared total cash dividends of ₱160.00 million of which ₱88.00 million is payable to non-controlling shareholders.

FY 2020 vs. FY 2019

For the period ending December 31, 2020, the Company's NIAT was at ₱1.85 billion, a slight decline of 8% y-o-y from ₱2.01 billion. The decline in the Company's bottom line numbers was due to the stringent lockdown measures imposed by the government during the period. This translates to an EPS of ₱1.15.

CLI bounced back and posted a strong financial growth as restrictions eased during the second half of 2020. The Company's consolidated NIAT during the second half of the year was at ₱1.16 billion, 26% higher as compared to the first half. CLI's NIAT during the second half of 2020, on the other hand, was at ₱1.05 billion, 33% higher than the first half.

REVENUES

For the period ending December 31, 2020, CLI generated consolidated revenue of ₱8.30 billion, a slight decline of 2% y-o-y from ₱8.50 billion. In the fourth quarter of the period, consolidated revenue registered at ₱2.59 billion, 18% growth from ₱2.20 billion in the third quarter of 2020, as travel restrictions ease and as operations and construction recuperate.

Real estate sales

Revenue from sale of real estate reached ₱8.15 billion, a 3% y-o-y slight decline from ₱8.39 billion in 2019, driven by Garden Series (36%), followed by Casa Mira Series (32%) and Premier Masters (27%).

In the same period of 2019, Garden Series generated 37% of the total revenues, followed by Casa Mira (30%) and Premier Masters (30%). In terms of location, CLI's presence in Cebu remains strong, representing 52% of the total revenues, followed by CDO (16%) and Bacolod (11%), for both periods ending December 31, 2020.

Premier Masters (Premier market), at ₱2.22 billion, declined by 13% y-o-y from ₱2.54 billion, with the construction slowdown of 38 Park Avenue due to the pandemic.

Garden Series (Mid-market), at ₱2.99 billion, slightly declined by 6% y-o-y from ₱3.12 billion, driven by Mivela Garden Residences, Velmiro Plains Bacolod, and the recently launched, Velmiro Greens Bohol.

Casa Mira Series (Economic market), at ₱2.67 billion, grew by 6% y-o-y from ₱2.51 billion, mainly from newly launched projects during the year: Casa Mira Iloilo and Casa Mira South Phase 3B.

During the second half of 2020, CLI posted a 38% growth as compared to the first half. The robust growth was driven by the easement of quarantine across VisMin sites increasing construction efficiency to 90% from 70% in the second quarter. Collections on the other hand has also improved with more accounts qualifying for revenue recognition in the last two quarters.

Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted ₱54.56 million for the period ending December 31, 2020. With hotel revenues driven from BPO companies that housed their employees during the lockdown.

Leasing

The Company offered rental concessions and holidays to support local businesses during lockdown decreasing its rental revenue by 13% y-o-y to ₱55.24 million from ₱63.16 million. GLA increases by 2% y-o-y to 14,536 sq.m. from 14,296 sq.m. with the completion of retail spaces in residential projects. As of December 31, 2020, rental occupancy rate is at 79%, a minor decline from 82% as of December 31, 2019.

Property Management

Revenue from property management fees is at ₱42.59 million, 16% y-o-y increase from ₱36.84 million mainly from continuous turn-over of completed projects during the year – Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

COST OF SALES

The Company's cost of sales for the period ended December 31, 2020 was at ₱4.28 billion, from ₱4.30 billion in line with the slim decrease in revenue.

OPERATING EXPENSES

Total operating expenses during the period amounted to ₱1.27 billion, 11% y-o-y increase from ₱1.15 billion mainly from an increase in commissions and incentives to ₱429.73 million with the implementation of PFRS 15. Salaries and employee benefits also grew by 18% to ₱367.04 million due to an increase in the Group's manpower to 574 employees from 475 employees to support CLI's expansions across VisMin. Despite the digitalization of the Company's sales and marketing, other operating expenses likewise increased as the Company implemented and heightened safety and health protocols in the workplace.

INTEREST EXPENSE

During the year, borrowing costs amounted to ₱460.13 million with average borrowing rate of 4.96% representing the costs on bank loans and corporate notes to fund the Company's project developments. This includes the ₱8.00 billion corporate notes issued during the year.

OTHER INCOME/ EXPENSE

The company's other operating income likewise increased to ₱68.60 million from ₱53.13 million due to an increase in administrative fees charged to the customers. During the year, the company has also recognized a decline in other gains and losses from ₱120.12 million to ₱38.00 million due to the booked forex loss on the settlement of payables denominated in foreign currency.

NIAT ATTRIBUTABLE TO NCI

For the period ended December 31, 2020, NIAT attributable to NCI stood at ₱229.61 million, 46% y-o-y decline from ₱425.65 million, due to the minimal incremental sales and POC on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR) and Latitude Corporate Center (BLCBP).

As of December 31, 2020 vs. December 31, 2019

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2020, CLI's consolidated assets reported a 31% y-o-y growth to ₱50.09 billion from ₱38.28 billion driven by the increase in contract assets and investment properties.

ASSETS

13% decrease in Cash and Cash Equivalents

Decreased to ₱797.18 million from ₱917.17 million due to additional safety and health equipment, rapid testing, and donations to aid the Company's customers, employees, and community during COVID.

5% increase in Accounts Receivable (including Non-Current Portion)

Increased to ₱6.14 billion from ₱5.88 billion mainly due to reclassification of customer's outstanding receivable on fully completed units in Mivesa Garden Residences, Latitude, and Villa Casita North from contract assets to accounts receivable.

56% increase in Contract Assets (including Non-Current Portion)

Increased to ₱13.86 billion from ₱8.89 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

46% decrease in Deposits on Land for Future Development (including Non-Current Portion)

Decreased to ₱699.77 million from ₱1.29 billion as fully paid land purchases were reclassified to raw land inventory. Additional deposits on land for the year amount to ₱868.10 million.

42% increase in Real Estate Inventory

Increased to ₱13.40 billion from ₱9.45 billion driven by unsold inventory on newly projects launched during the year and ₱1.46 billion fully paid raw land reclassified from deposits on land to real estate inventory.

121% increase in Due from Related Parties

Transactions paid by CLI on behalf of its related parties increased to ₱21.95 million from ₱9.95 million mainly from cash advances to shareholders, entities under common ownership, and associates.

33% increase in Prepayments and Other Current Assets

Increased to ₱3.02 billion from ₱2.27 billion coming from advances to suppliers and subcontractors; prepaid commissions and related input VAT on construction materials purchased.

693% increase in Investment in Associates

Increased to ₱129.85 million from ₱16.38 million mainly from investment to ICOM during the year amounting to ₱96.40 million.

81% increase in Property and Equipment – Net

Increased to ₱ 643.39 million from ₱355.12 million with the construction of new offices and branches to support CLI's expanding developments.

444% increase in Right-of-Use Asset and 495% increase in Lease Liabilities

Right-of-use asset and lease liability increased to ₱950.90 million and ₱834.73 million, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office during the year.

13% increase in Investment Properties – Net

Increased to ₱10.09 billion from ₱8.90 billion attributed to ongoing construction on recurring income projects and businesses.

162% increase in Other Non-Current Assets

Increase in this account is attributed to the advances and down payments made by the company to its contractors for the construction packages made for the company's projects.

LIABILITIES

41% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)

Increased to ₱23.79 billion from ₱16.85 billion mainly from the ₱8.00 billion Corporate Notes issued during the year.

29% increase in Trade and Other Payables (including Non-Current Portion)

Increased to ₱7.48 billion from ₱5.78 billion representing outstanding obligations to subcontractors and suppliers of construction materials.

27% increase in Contract Liabilities

Increased to ₱532.65 million from ₱418.97 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

495% Increase in Lease Liabilities

Due to new lease contracts of the company which are 1) 43-year lease contract entered by the company for a property in Cebu Business Park to develop Masters tower project and 2) 40-year lease contract entered by CLI with the Archdiocese of Cebu for a property in Colon, Cebu called Patria de Cebu.

50% increase in Deferred Tax Liabilities

Increased to ₱1.69 billion from ₱1.12 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

196% increase in Treasury Shares

On March 27, 2020, the Board of Directors of CLI approved an additional ₱500.00 million stock buyback program to support CLI's stock price and take advantage of the current low valuation for the next two years. Treasury shares purchased during the period amount to ₱485.66 million.

96% increase in Revaluation Reserves

Increased to ₱12.88 million from ₱6.59 million due to an increase in estimated loss on remeasurement of post-employment defined benefit obligation.

31% increase in Retained Earnings

Due to the Net income recognized during the period.

14% increase in NCI

Increased to ₱6.90 billion from ₱6.06 billion due to the additional paid-in capital during the year to fund JVs, CHDI, Cebu BL Ramos Ventures, and GGTT.

FY 2019 vs. FY 2018

CLI posted a consolidated NIAT growth of 12%, from ₱2.17 billion to ₱2.44 billion. CLI's NIAT likewise increased to ₱2.01 billion, solid earnings growth of 17% y-o-y as compared to the ₱1.67 billion in 2018. The favorable result is driven from the construction progress of the following ongoing projects: MesaVirre Garden Residences in Bacolod, Velmiro Uptown in CDO, 38 Park Avenue and Casa Mira South in Cebu, and MesaTierra Garden Residences in Davao.

For 2019, CLI registered an EPS of ₱1.21 per share, a notable 23% increase from the ₱0.98 EPS in 2018.

REVENUES

For the period ending December 31, 2019, total consolidated revenues reached ₱8.50 billion, 26% higher than from ₱6.76 billion reported y-o-y. The growth was mainly driven by its Garden Series, a mid-market segment, representing 37% of revenue, 30% for Premier Masters, a high-end segment, and 30% for Casa Mira, an economic housing segment. In 2018, Garden series represented 45% of the total revenue, 28% from Casa Mira Series and 19% from Premier Masters.

In 2019, 38 Park Avenue, a high-end segment project in Cebu, posted the highest revenue growth in 2019, followed by Casa Mira South, an economic housing project, and MesaVirre Garden Residences and Velmiro Uptown CDO, both mid-market projects.

In terms of location, the CLI's real estate revenue presence in Cebu remains strong representing 56% of the total revenues, followed by CDO's revenue of 14% and Bacolod of 12%. In 2018, Cebu's real estate revenue generated 64% of the total revenues, while Davao and CDO posted significant contributions of 12% and 11%, respectively. The Company expects to grow the revenue contribution of its expansion areas such as Iloilo, Davao, Bohol, and Puerto Princesa in 2020.

The rental revenue grew by 10% y-o-y to ₱63.16 million from ₱57.48 million. This was attributable to the Company's 60% increase in GLA to 14,296 sq.m. with the recent turnover of Base Line Retail

(5,216 sq.m. GLA), Base Line HQ (1,721 sq.m. GLA) and Casa Mira Towers Labangon (1,124 sq.m. GLA) in Cebu.

COST OF SALES

CLI reported a total cost of sales of ₱4.30 billion in 2019, a 37% y-o-y increase from the prior year of ₱3.14 billion. The increase was in line with the growth of the Company's revenue.

OPERATING EXPENSES

Total operating expenses for the year amounted to ₱1.15 billion, a 28% increase from ₱893.89 million in 2018 to support the Company's expansion. The increase was primarily attributed to higher commissions and incentives and transfer taxes which resulted from the stronger sales performance as 13 projects were launched during the year. Salaries and employee benefits posted 40% growth due to increased manpower to support the CLI's increase in operations.

INTEREST EXPENSES

Borrowing costs, both booked as cost of real estate sale and outright expense, for the year decreased from ₱176.95 million to ₱169.53 million due to interest cost savings during 2019. Total interest cost capitalized as real estate inventory amounted to ₱802.55 million, from ₱242.24 million y-o-y, as more debt was availed in 2019 to support the Company's planned capital expenditures including land banking initiative and project development. This included the ₱2.00 billion corporate notes issued in 2019 and ₱5.00 billion corporate notes issued in 2018.

OTHER INCOME/ EXPENSE

The Company's other operating income likewise increased to ₱53.13 million from ₱33.50 million due to an increase in administrative fees charged to the customers. During the year, the company has also recognized an increase in other gains and losses from loss of ₱26.00 million to a gain of ₱120.00 million due to the booked forex gain on the settlement of payables denominated in foreign currency.

Furthermore, the company has recognized an increase in tax expense of 69% from ₱439.00 million to ₱743.56 million attributable to the increase in taxable net income.

As of December 31, 2019 vs December 31, 2018

CLI's balance sheet continues to be solidly positioned to support the Company's growth plans. As of December 31, 2019, the Company reported ₱38.28 billion in total assets, a 51% growth from ₱25.43 billion as of December 31, 2018. This is driven by the increased volume of customer receivables due to increase in real estate reservation sales and revenue.

ASSETS

3% decrease in Cash and Cash Equivalents

Declined to ₱917.17 million from ₱949.16 million due to increase in cash outflows for purchase of land and payment to project suppliers and contractors during the year.

45% increase in Receivables (including Non-Current Portion)

Increased to ₱5.88 billion from ₱4.04 billion is in line with increase in real estate reservation sales and revenues as construction progress of the units sold are moved to receivables accounts.

63% increase in Contract Assets (including Non-Current Portion)

Increased to ₱8.89 billion from ₱5.44 billion is in line with increase in real estate reservation sales and revenues as progress in construction of sold units. Contract assets are yet to be due once projects are fully completed.

27% decrease in Deposit on Land for Future Development (including Non-Current Portion)
Decreased to ₱1.29 billion from ₱1.75 billion due to increased project developments during 2019.

51% increase in Real Estate Inventory

This refers to the cost of land and development costs of real estate properties that are being developed, and those that are already available for sale. The increase to ₱9.45 billion from ₱6.26 billion is due to progress in construction of ongoing projects.

53% decrease in Due from Related Parties Transactions paid by CLI on behalf of its subsidiaries and affiliates decreased to ₱9.95 million from ₱21.15 million as of December 31, 2018.

162% increase in Prepayments and Other Current Assets

Increased to ₱2.27 billion from ₱864.14 million is due to prepayments and input VAT to owner supplied materials to support 38 projects in construction in 2019 versus 24 projects in 2018.

46% increase in Investments in Associates

Increased to ₱16.38 million from ₱11.21 million significantly due to incorporation of new JVs and affiliates, such as CHDI, YHESPH, and TWDC, during the year.

9% increase in Property and Equipment – Net

Increased to ₱355.12 billion from ₱326.00 billion is attributable to office expansion of the company to support the increasing manpower and operations.

100% increase in Right-of-Use Asset

Recognition of right-of-use assets from the leasehold rights acquired on leased units classified as finance lease due to implementation of PFRS 16, *Leases*, starting January 1, 2019.

56% increase in Investment Properties – Net

Increased to ₱8.90 billion from ₱5.70 billion is attributable to the ongoing construction progress of properties held to earn rental income and/or for capital appreciation.

100% increase in Fair Value of Plan Assets – net

Recognition of plan assets – net of liability due to plan contributions exceeding the present value of retirement obligation.

99% increase in Other Non-Current Assets – Net

Increased to ₱128.87 million from ₱64.66 million due to additional purchase of computer software and long-term deposits with suppliers.

LIABILITIES

58% increase in Interest Bearing Loans (including Non-Current Portion)

Increased to ₱16.85 billion from ₱10.64 billion due to new loan availments made during the year to fund the Company's ongoing projects in construction.

141% increase in Trade and Other Payables (including Non-Current Portion)

Increased to ₱5.78 billion from ₱2.40 billion due to increase in payables and accruals to various suppliers and contractors arising from the increased volume of projects in construction.

9% decrease in Contract Liabilities

Decreased to ₱418.97 million from ₱458.00 million due to increase in progress completion of units relative to the amount paid by buyers.

347% increase in Customer Deposit

Due to the increase in collections from buyers where the revenue criteria for sales recognition have not been met. Increased to ₱191.04 million from ₱43.00 million is in line with increase in reservation sales and project launches during the year.

68% increase in Income Tax Payable Increased to ₱29.73 million from ₱17.73 million due to the higher taxable income.

100% decrease in Post Employment Defined Benefit Obligation Due to availment of the benefit.

109% increase in Deferred Tax Liabilities – Net

Increased to ₱1.12 billion from ₱537.04 million due to increase in recognized tax liability on taxable temporary difference in net income.

EQUITY

16% increase in Treasury Shares

Increased to ₱247.19 million from ₱212.46 million due to the 8.32 million shares repurchased during the year in relation to its share buy-back program.

47% decrease in Revaluation Reserve

Decreased to ₱6.59 million from ₱12.43 million due to the other comprehensive income remeasurements of post-employment defined benefit plans. This is in line with the decrease in postemployment defined benefit liabilities.

57% increase in Retained Earnings

Increased to ₱4.62 billion from ₱2.94 billion due to the accumulation of earnings for the year after reducing the ₱332.59 million dividends paid in 2019.

15% increase in NCI

Increased to ₱6.06 billion from ₱5.28 billion is significantly due to incorporation of new JVs and affiliates investments during the year.

KEY PERFORMANCE INDICATORS

CLI uses a range of financial and operational KPIs to help measure and manage its performance. These KPIs reflect the Company's continuous focus on efficiency, cost control and profitability across all its operations.

Management considers the following as KPIs:

	2019	2020	2021	2022	2023
Gross Profit Margin ¹	49%	48%	46%	47%	49%
Net Income Margin ²	29%	25%	24%	23%	25%
EBITDA ³	₱3.38 billion	₱3.29 billion	₱3.71 billion	₱5.63 billion	₱ 8.03 billion
EBITDA Margin ⁴	40%	40%	33%	36%	43%
Interest Coverage Ratio ⁵	6.52	4.69	3.94	5.23	4.34
Return on Average Assets ⁶	8%	5%	5%	5%	5%
Return on Average Equity (Parent) ⁷	29%	23%	27%	26%	24%
Return on Average Equity (Consolidated) ⁷	19%	14%	16%	19%	20%
Current Ratio ⁸	2.56	2.41	1.67	1.61	1.55
Net Debt-to-Equity Ratio ⁹	1.16	1.48	1.72	1.84	1.79
Debt-to-Equity Ratio ¹⁰	1.23	1.53	1.79	1.90	1.83

1. Gross Profit Margin is gross profit as a percentage of revenues.
2. Net Income Margin is consolidated net income as a percentage of revenues.
3. EBITDA is defined as earnings before interest, tax, depreciation, and amortization from continuing operations, and before exceptional items. Please see table below for EBITDA calculation.
4. EBITDA margin is EBITDA as a percentage of revenues based on the EBITDA calculation below.

5. *Interest Coverage ratio is the sum of EBITDA, cash, and cash equivalents divided by interest incurred. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year.*
6. *Return on Average Assets is net income as a percentage of the average assets as at year-end and assets as at end of the immediately preceding year.*
7. *Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year.*
8. *Current Ratio is current assets divided by current liabilities.*
9. *Net Debt-to-Equity Ratio is interest-bearing debt (loans, borrowings and bonds payable) less cash and cash equivalents over total consolidated equity.*
10. *Debt-to-Equity Ratio is interest-bearing debts (loans, borrowings and bonds payable) divided by total consolidated equity.*
11. *Return on Assets is net income* as a percentage of assets.*

Below is the reconciliation of “Consolidated Net Income” to “EBITDA”.

	December 31, 2023			
	2023	2022	2021	2020
Consolidated net income	4,643,019,638	3,607,891,146	2,670,871,617	2,075,727,321
Interest expense	1,639,922,780	693,032,860	488,104,403	396,768,272
Tax expense	1,556,175,019	1,159,713,237	432,719,044	715,853,587
Depreciation and amortization	186,911,153	170,626,662	121,798,863	104,119,622
EBITDA	8,026,028,590	5,631,263,905	3,713,493,927	3,292,468,802

The Company’s Gross Profit Margin is dependent on the mix of revenue during the period. For the year 2023, CLI’s Gross Profit Margin up to 49%, this is due to the higher contribution of premier projects which generated higher margins (63%) compared to only 43% in 2022. Additionally, recurring projects posted lesser revenue contributions during the year, these projects have Gross Profit Margins with over 50% to 60%. Meanwhile, Net Income Margin remains healthy at 25%.

For the year ended December 31, 2023, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 24%. Net Debt to Equity ratio improved to 1.79x from 1.84x because of capital infusions attributed to JV projects. The Company’s current ratio projects ample liquidity at 1.55x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the pandemic. As a result, CLI’s financial position remains liquid and strong.

KPIS; CERTAIN FINANCIAL RATIOS

The existing notes facility agreements to which CLI is a party require that it should comply with certain financial ratios, with testing to be done on an annual basis and using CLI’s year-end audited consolidated financial statements. The table below reflects the covenants under such notes facility agreements.

Financial Ratios (Consolidated)	Relevant Definitions	Required Ratios under Notes Facility Agreement	2019	2020	2021	2022	2023
Debt to Equity Ratio	Debt-to-Equity Ratio means the result obtained by dividing (i) the amount of interest-bearing debt (loans, borrowings and bonds payable) of the Issuer by (ii) the total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer.	A maximum ratio of 2.5:1	1.23	1.53	1.79	1.90	1.83
Current Ratio	Current ratio is computed by dividing (i) Total Current Assets over (ii) Current Liabilities.	A minimum ratio of 1:1	2.56	2.41	1.67	1.61	1.55
Interest Coverage Ratio	Interest coverage ratio is computed by dividing the sum of EBITDA, cash, and cash equivalents, by interest incurred during the period. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year.	A minimum ratio of 3:1	6.57	4.69	3.94	5.23	4.34

ITEM 7. FINANCIAL STATEMENTS

The Company's audited consolidated financial statements as of and for the periods ending December 31, 2023 and 2022 are incorporated in the accompanying Index.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has engaged the services of Punongbayan and Araullo (P&A) Grant Thornton. There were no disagreements with the firm on any matter of accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS AND KEY PERSONNEL OF CLI

The overall management and supervision of the Company is vested in its board of directors. The Company's officers and management team cooperate with its Board by preparing relevant information and documents concerning the Company's business operations, financial condition, and results of operations for its review and action.

At present, the Board consists of nine members, including three independent directors in accordance with the requirements of the SRC and the SEC's New Code of Corporate Governance for Publicly Listed Companies. The CLI Board is composed of directors with collective working knowledge, experience, and expertise that are relevant to the real estate industry. The Board oversees the development, review, and approval of CLI's business objectives and strategies. The Board also oversees and monitors the implementation of these business objectives and strategies. The Board reviews business objectives and strategies every board meeting. The CLI Board has an appropriate mix of competence and expertise and they remain qualified for their positions individually and collectively. All of CLI's directors were re-elected during the Company's annual stockholders' meeting held on June 1, 2023.

Members of the Board of Directors

The following are the members of the Board of Directors of CLI:

Name	Age	Position	Citizenship	Date of first appointment as CLI Director
Jose R. Soberano III	67	Chairman of the Board, President, and Chief Executive Officer (CEO)	Filipino	September 2003
Ma. Rosario B. Soberano	65	Director, Treasurer, and Executive Vice-President	Filipino	September 2003
Jose Franco B. Soberano	37	Director, Chief Operating Officer (COO), and Senior Executive Vice-President	Filipino	November 2010
Beauregard Grant L. Cheng	42	Director, Chief Financial Officer (CFO), and Executive Vice-President	Filipino	May 2019
Joanna Marie S. Bergundthal	36	Director, Senior Vice-President for Marketing, and Asst. Treasurer	Filipino	February 2017
Rufino Luis T. Manotok	73	Lead Independent Director	Filipino	February 2017
Ma. Aurora D. Geotina-Garcia	71	Independent Director	Filipino	February 2017

Atty. Ma. Jasmine S. Oporto	64	Independent Director	Filipino	August 2018
Stephen A. Tan	67	Non-Executive Director	Filipino	May 2019

The qualifications of the Directors, including their current and past positions held and business experiences, are set forth below:

Jose R. Soberano III, 67, Filipino, has been the Company's Chairman, CEO, and President since its incorporation in September 2003. He obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School. He previously worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and in Ayala Land, Inc. where he was appointed Senior Division Manager in 1997. He was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City when he resigned in 2000 from Ayala. He served as President of the Rotary Club of Cebu in 2011, and President of the Chamber of Real Estate Builders Association-Cebu (CREBA-Cebu) in 2010. Mr. Jose R. Soberano III has more than 20 years of experience in managing and heading companies engaged in real estate development.

Other present directorships:

In addition to his directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Jose R. Soberano III also holds the following directorships and positions in the following non-publicly listed entities ("Non-PLC"). He does not hold directorships in other publicly-listed companies.

Name of Entity	Classification	Position
Center for Technology and Enterprise Inc.	Non-PLC	Chairman of the Board
Sri Visayan Foundation Inc.	Non-PLC	President
Cebu Country Club, Inc.	Non-PLC	President
Sugbu Chinese Heritage Museum Foundation Inc.	Non-PLC	Director and Treasurer
University of San Carlos	Non-PLC	Director and Trustee

Ma. Rosario B. Soberano, 65, Filipino, has served as the Director, Treasurer, and Executive Vice-President of the Company since September 2003. She received a Bachelor of Science major in Accountancy degree in 1979 and graduated summa cum laude from St. Theresa's College in Cebu.. She also obtained a Master's Degree in Business Administration from the University of the Philippines ("UP") - Cebu in 1983. She is a Certified Public Accountant and a licensed real estate broker duly registered with the Professional Regulations Commission and Department of Human Settlements and Urban Development.

Other present directorships:

In addition to her directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Ma. Rosario B. Soberano does not hold directorships in other entities outside the CLI Group.

Jose Franco B. Soberano, 37, Filipino, has served as Director and COO since November 2010. He received a degree in Bachelor of Science in Management, major in Legal Management and minor in Finance, from the Ateneo de Manila University in 2007. In 2012, he obtained a Master's Degree in Real Estate Development from Columbia University in New York City. Prior to joining the Company, he was a Project Manager at Hewlett-Packard Asia Pacific (HK) Ltd.

Other present directorships:

In addition to his directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Jose Franco B. Soberano also holds the following positions in other non-publicly listed entities ("Non-PLC"). He does not hold directorships in other publicly-listed companies.

Name of Entity	Classification	Position
Global Shapers - Cebu Hub <i>(an initiative of the World Economic Forum)</i>	Non-PLC	Founding Member
Sacred Heart School - Ateneo de Cebu Alumni Association	Non-PLC	President

Beauregard Grant L. Cheng, 42, Filipino, is the CFO and an Executive Director of CLI since May 2019. Before joining CLI, he was a Senior Deal Manager with a rank of Vice-President at BDO Capital & Investment Corporation. He led his project teams in managing various complex capital market transactions and advised companies in a broad array of industries on corporate restructuring and reorganization. Previously, he was a private banker based in Singapore handling accounts for high net worth individuals and institutions. He is a registered Chartered Financial Analyst ("CFA") Charter holder and is a member of the CFA Philippines Society. He earned his degree in Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. He was awarded as one of the Top Ten Outstanding Students of the Philippines by the Philippine President. He earned his Masters of Science in Wealth Management with distinction from Singapore Management University and Swiss Finance Institute in Zurich. He was awarded as the 2022 ING-FINEX CFO of the Year, becoming its youngest recipient and the first awardee from a non-conglomerate organization. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

Other present directorships:

In addition to his directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Beauregard Grant L. Cheng does not hold directorships in other entities outside the CLI Group.

Joanna Marie S. Bergundthal, 36, Filipino, has served as Director of the Company since February 2017, and joined the Company as Vice-President and Marketing Director in July 2016. She earned from the University of Asia and the Pacific both her Bachelor and Master of Arts in Communication, Major in Integrated Marketing Communication in 2008 and 2009, respectively. She was Top 1 of her Batch 2008. Prior to joining the Company, she was a Marketing Manager of the Global Team of Nestle based in Switzerland from June 2014 to August 2015 and was Marketing Project Manager based in Thailand from August 2015 to June 2016. In October 2013 to May 2014, she worked as a Marketing Manager of Nestle Philippines.

Other present directorships:

In addition to her directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Joanna Marie S. Bergundthal does not hold directorships in other entities outside the CLI Group.

Rufino Luis T. Manotok, 73, Filipino, joined as one of CLI's Independent Directors in February 2017. He finished the Advanced Management Program of Harvard Business School in 1994. He earned his Master of Business Management degree from the Asian Institute of Management in 1973, and Bachelor of Arts, major in Economics, from the Ateneo de Manila University in 1971. He was the Chairman and President of Ayala Automotive Holdings Corporation from 2009 to 2012. From 2007 to 2009, he was Ayala Corporation's Senior Managing Director, CFO, and Chief Information Officer. He was Managing Director, heading the Strategic Planning Group of Ayala Corporation from 1998 to 2006. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors of the Company.

Other present directorships:

Name of Entity	Classification	Position
Philippine Savings Bank	Publicly-listed	Independent Director
Manila Medical Services, Inc. (Manila Doctors Hospital)	Non-PLC	Independent Director
Manarsa Holdings, Inc.	Non-PLC	Chairman of the Board
Manotok Bros., Inc.	Non-PLC	Executive Director

Ma. Aurora D. Geotina-Garcia, 71, Filipino, has been an Independent Director of CLI since February 2017. A Certified Public Accountant, she started her professional career at SGV & Co. (Ernst & Young Philippines), where she led the Firm's Global Corporate Finance Division. She is the Founding Chairperson and President of the Philippine Women's Economic Network, Chairperson of the Governing Council of the Philippine Business Coalition for Women Empowerment, and Chairperson of the NextGen Organization of Women Corporate Directors. She is also the first female Chairperson of the Bases Conversion and Development Authority (BCDA) (2015 - 2016), and was a Director of BCDA subsidiaries. She is currently the President of Mageo Consulting Inc., a company providing business advisory and corporate finance consulting services. She is also the Chairperson and Trustee of the Shareholders' Association of the Philippines, and a Fellow and immediate past Vice Chairperson of the Institute of Corporate Directors (ICD). Ms. Garcia received her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines in 1973 and completed her Master of Business Administration from the same university in 1978. In 2012, she received the Distinguished Alumni Award from the University of the Philippines and was recognized as ASEAN Woman Entrepreneur at the ASEAN Business Awards in 2019. In March 2023, she received from the Philippines Board of Accountancy the Accountancy Centenary Award as one of 100 notable Certified Public Accountants in the country, in celebration of the Centenary of the Accounting Profession in the Philippines. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors of the Company.

Other present directorships:

Name of Entity	Classification	Position
ENEX Energy Corp.	Publicly-listed	Lead Independent Director
Professional Services, Inc.	Non-PLC	Independent Director
Mageo Consulting Inc.	Non-PLC	President

Atty. Ma. Jasmine S. Oporto, 64, Filipino, joined the Board of Directors of CLI as an Independent Director in August 2018. She obtained her Juris Doctor degree from the UP College of Law, and Bachelor of Landscape Architecture from the UP College of Architecture. She is a member of both the Philippine and New York bar associations. She also attended the Comparative International and

American Law Program of the Center for American and International Law. She is an experienced Chief Legal Officer, Chief Compliance Officer, and Corporate Secretary and has worked in said capacities with publicly listed companies, including Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation. She is also a certified Compliance & Risk Management Professional with the GRC Institute of Australia. In her legal practice, she has intensive experience in working with a wide network of external and in-house legal counsels for labor, commercial litigation, securities law, power industry regulation, land, infrastructure capital, and general corporate law. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors of the Company.

Other present directorships:

Atty. Ma. Jasmine S. Oporto has no other current and existing directorships in the Philippines (listed or non-listed).

Stephen A. Tan, 67, Filipino, has been a member of the CLI board as Non-Executive Director since May 2019. He is a Certified Public Accountant and a holder of an MBA, with distinction, from Katholieke Universiteit te Leuven in Belgium and a Bachelor of Science in Management Engineering from Ateneo de Manila University. He is also a Hubert H. Humphrey (Fulbright) Fellow in Agricultural Economics at the University of California, Davis. He earned his degree in Accounting from the University of San Carlos. Prior to retiring from CLI as CFO in May 2019, he served as CFO and Treasurer in various companies engaged in real estate development, construction, food, and shipbuilding, among others. For more than 30 years, he has been a part-time MBA professor in leading universities in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

Other present directorships:

Name of Entity	Classification	Position
CLI-LITE Panglao Inc.	Non-PLC	Independent Director
Sacred Heart School - Ateneo de Cebu	Non-PLC	Board of Trustee
North Town Homes Homeowners' Association	Non-PLC	Director and Treasurer

In compliance with the requirements of the SRC and SEC's CG Code for PLCs, the Board of Directors is composed of three (3) independent directors, who constitute one-third of CLI's board membership. CLI's independent directors are Mr. Rufino Luis T. Manotok, Ms. Ma. Aurora D. Geotina-Garcia, and Atty. Ma. Jasmine S. Oporto.

The CLI Board also re-elected Mr. Rufino Luis T. Manotok as its Lead Independent Director, who is a respected executive in the business community, having held several key positions in the largest conglomerates and companies in the Philippines (e.g., as Chairman and President; Senior Managing Director; CFO and CIO, et.al).

CLI's independent directors possess all the qualifications and none of the disqualifications to hold such positions. The independent directors do not hold interests or relationships that may hinder their independence from the company or its management, or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. CLI's independent directors had perfect attendance in all of their respective Board and Committee meetings in 2023 (*see summary table below for the listing of the CY2023 board and committee meetings*).

Pursuant to CLI's CG Manual and policy on setting limit of Board seats, non-executive directors, including independent directors, can only concurrently serve up to a maximum of five (5) publicly-listed companies.

As of the calendar year ending 31 December 2023, all non-executive directors of CLI are compliant with the limit on board directorships. None of the CLI directors (executive or non-executive) holds

directorships in 5 or more publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge management's proposals and views, and oversee the long-term strategy of CLI.

Executive Officers and Key Personnel

The following persons are the key executive officers and other officers¹ of CLI:

Name	Age	Position	Citizenship
Jose R. Soberano III	67	President and CEO	Filipino
Ma. Rosario B. Soberano	65	Treasurer and Executive Vice-President	Filipino
Jose Franco B. Soberano	37	COO and Senior Executive Vice-President	Filipino
Beauregard Grant L. Cheng	42	CFO and Senior Executive Vice-President	Filipino
Joanna Marie S. Bergundthal	36	Asst. Treasurer and Senior Vice-President for Marketing	Filipino
Janella Mae S. Wu	32	Asst. Vice-President for Corporate Communications and Customer Relations	Filipino
Atty. Larri-Nil G. Veloso	45	First Vice-President for Legal and Asst. Corporate Secretary	Filipino
Marie Rose C. Yulo	55	First Vice-President for Sales	Filipino
Engr. Pedrito A. Capistrano, Jr.	60	First Vice-President for Engineering	Filipino
Sylvan John M. Monzon	48	First Vice-President for Business Development	Filipino
Mark Leo M. Chang	45	Vice-President for External Affairs	Filipino
Atty. Alan C. Fontanosa	61	Corporate Secretary	Filipino
Atty. John Edmar G. Garde	35	Compliance Officer	Filipino
Clarissa Mae A. Cabalda	34	Investor Relations Officer	Filipino
Marilou P. Plando	48	Chief Risk Officer	Filipino
Suzette Go	53	Data Protection Officer	Filipino

For the description of the business experience of and, as applicable, other directorships of Mr. Jose R. Soberano III, Ma. Rosario B. Soberano, Jose Franco B. Soberano, Beauregard Grant L. Cheng, and Joanna Marie B. Soberano-Bergundthal, please refer to the description set out under the section "*Members of the Board of Directors*".

For the other key executive officers and other officers, please see below description.

¹Officers identified in the latest General Information Sheet of CLI.

Janella Mae S. Wu, 32, Filipino, joined the Company as Corporate Communications and Customer Relations Head in January 2020. She obtained her Bachelor of Arts in Integrated Marketing Communications degree from the University of Asia and the Pacific, Manila in 2013 and completed her Master of Science in Strategic Communications at Columbia University, New York in 2020. Prior to graduate school, she worked for the Company as Marketing Manager from 2017 to 2018 and United Laboratories (UNILAB) as Brand Manager from 2013 to 2017. She is the daughter of Jose R. Soberano III and Ma. Rosario Soberano.

Atty. Larri-Nil G. Veloso, 45, Filipino, is the First Vice-President for Legal and serves as the Company's Assistant Corporate Secretary. An experienced practitioner in Corporate Law, he holds a Bachelor of Arts in Mass Communication from UP and earned his Bachelor of Laws from the University of Southern Philippines Foundation. While finishing law school, he worked for print and online newspapers, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to joining the Company, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and later promoted as General Manager. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Marie Rose C. Yulo, 55, Filipino, is the Company's First Vice-President for Sales. Prior to this, she was the Assistant Vice-President for both Sales and Marketing from March 2011 until August 2016 when the Company spun off its marketing unit as a separate department to provide focused attention to the equally challenging marketing and branding initiative of the Company. She also has significant experience in the areas of travel and tours, and banking. She completed her Bachelor of Science degree in Business Administration at the University of San Carlos and earned MBA units from the University of the Visayas. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Engr. Pedrito A. Capistrano Jr., 60, Filipino, is the First Vice-President for Engineering of the Company. He is a licensed engineer in the field of Civil Engineering and Geodetic Engineering. He has been working with the Company since August 2011 when he was hired as Project Manager. His more than 34 years of experience has established his solid foundation and credibility in the construction and allied fields. Some of the established companies he had worked for were Filinvest Land Inc., Robinsons Land Corporation, Cebu Industrial Park Developers, Inc., AboitizLand, Inc. and Aboitiz Construction Group, Inc. He finished his Bachelor of Science degree in Civil Engineering at Cebu Institute of Technology University in Cebu City and earned his Master of Science in Management Engineering from the University of the Visayas also in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Sylvan John M. Monzon, 48, Filipino, is the First Vice-President for Business Development. Prior to joining CLI, he held various positions in the real estate industry for more than 20 years such as Project Development Assistant Supervisor of Cebu Holdings, Inc., Assistant Chief Operating Officer of Ortigas and Company Limited Partnership, and as Head of Business Development of Ortigas and Company Holdings Inc. He graduated with a Bachelor of Science degree in Business Management from the University of Asia and the Pacific in Pasig City, Philippines. He also earned a Certificate in Business Economics from the same university. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Mark Leo M. Chang, 45, Filipino, is the Company's Vice-President for External Affairs. He graduated with a degree in Bachelor of Laws (Juris Doctor) from the University of San Carlos (USC) School of Law, Cebu City in 2009 and Bachelor in Business Management from UP – Cebu in 1999. In 1998, he was awarded as one of The Outstanding Student Leaders of UP Cebu by the Junior Jaycees of UP Cebu Chapter. He previously worked as Senior Manager for External Affairs of Cebu Holdings, Inc., a subsidiary of Ayala Land, Inc. from February 2015 to July 2017 (including as Consultant) and as Senior Manager for Permits with Countryside Water Services under Filinvest Development Corporation from August 2017 to June 2018. He held the position of Presidential Staff Officer V functioning as Executive Assistant and Political Officer under the Office of the Presidential Political Adviser Sec. Ronaldo M. Llamas of the Office of the President from April 2011 to December 2014. He also worked as an Intern (Researcher) at Sycip Salazar Hernandez Gatmaitan Law Office - Cebu Branch from September 2005 to March 2007. He used to be the National President of the Association of Law Students of the Philippines, a federation of law student councils in the country, for Academic Year (AY) 2008-2009 and President of USC Lex Circle (Law Student Council) for 2 terms in AY 2006-2008. He is one of the founders of Roco for President Youth Movement and Aksyon Kabataan, a youth arm of Aksyon Demokratiko, the political party

of the late Sen. Raul S. Roco in 1998. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Atty. Alan C. Fontanosa, 61, Filipino, is the Corporate Secretary of CLI. He is a partner at the law firm, SyCip Salazar Hernandez & Gatmaitan (“SyCip”). He is also the partner in charge of SyCip’s Cebu Office. He obtained his undergraduate and law degree from the University of San Carlos and was admitted to the Philippine Bar in 1988. He has extensive legal practice of over 33 years, including the areas of industrial relations and labor litigation, civil and land cases, corporate services and housekeeping, special projects, real estate transactions, sale/disposition of assets, and conducting/supervising due diligence investigation. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Atty. John Edmar G. Garde, 35, Filipino, is the Compliance Officer of CLI. Prior to joining CLI as Legal Counsel & Compliance Senior Manager, he served as Manager/Director in the Business Tax Services of SGV & Co. (Ernst & Young - Philippines) where he assisted domestic and multinational clients from various industries, including real estate, hospitality, business process outsourcing, manufacturing, semiconductor, export, and entities registered with Investment Promotion Agencies such as PEZA and BOI. His areas and fields of practice include taxation (tax advisory services; tax advocacy services; taxation law), investment promotions and incentives law, corporate law and services, and legal and corporate compliance. He graduated *cum laude* from the University of San Carlos with a degree in Bachelor of Science in Management Accounting. He also received his law degree from the same university. He is a Certified Compliance Officer, having garnered the highest rating and certificate of excellence during the 2021 Certification Course for Compliance Officers of the Center for Global Best Practices. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Clarissa Mae A. Cabalda, 34, Filipino, has been the Investor Relations Officer of CLI since April 2017. She is a Certified Public Accountant and a holder of Master of Arts in Economics. She obtained her undergraduate and Master’s degree from the University of San Carlos. Prior to joining CLI, she previously worked at AboitizLand for 3 years in Corporate Finance. She has also extensive working experience in finance from reputable companies such as SM Prime Holdings, Inc. and KFC Philippines. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Marilou P. Plando, 48, Filipino, is the Assistant Vice-President for Risk Management and Chief Risk Officer of CLI since 2021. Prior to joining CLI, she worked at Aboitiz Equity Ventures, Inc. as its Assistant Vice President - Legal Business Administrator from 2011 to 2016 then as its Assistant Vice President - Enterprise Risk Manager from 2016 to 2018. She also held the position of Regional Operations Director with the Julie’s Bakeshop Group from 2018 to 2021. She obtained her Bachelor of Science in Industrial Engineering from the University of San Jose Recoletos in 1997, and her Master’s in Business Administration from the Philippine Christian University in 2020. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Suzette Go, 53, is the Data Protection Officer of CLI. Before joining CLI in November 2021, Ms. Go had experience as an Information Systems Manager, a Compliance Officer for Privacy, and an ISO Management Representative for the publicly listed company Cebu Holdings, Inc., which was a subsidiary of Ayala Land, Inc. At the beginning of her career, she was a Programmer for SM Multistores Corporation, the SM company handling the Department Stores business, and was a Junior Programmer for Philippine Nitto Systems, a Japanese software development company.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets out the Company's President and CEO and the five most highly compensated senior officers:

Name	Position
Jose R. Soberano III	President and CEO
Ma. Rosario B. Soberano	Executive Vice-President and Treasurer
Jose Franco B. Soberano	Senior Executive Vice-President and COO
Beauregard Grant L. Cheng	CFO
Joanna Marie B. Soberano-Bergundthal	Senior Vice-President for Marketing

The following table identifies and summarizes the aggregate compensation of the Company's President & CEO and the five most highly compensated executive officers, and all other officers and directors as a group, for the period ended December 31, 2023, 2022, 2021, 2020, and 2019.

Position	Period Ended	Basic Compensation (in ₱)	Other Compensation (in ₱)
President and CEO and the four most highly compensated executive officers named above	2023	53,483,939.64	20,715,507.99
	2022	51,846,963.70	16,170,904.95
	2021	40,973,625.00	19,965,000.00
	2020	37,248,750.00	18,150,000.00
	2019	33,862,500.00	16,500,000.00
All officers and directors as a group excluding the President and four (4) most highly compensated executive officers	2023	68,942,167.35	19,157,807.00
	2022	27,578,355.39	10,607,059.77
	2021	25,071,232.18	9,642,781.61
	2020	22,792,029.26	8,766,165.10
	2019	20,720,026.60	7,969,241.00

EMPLOYMENT CONTRACTS OF EXECUTIVE OFFICERS

Each of the executive officers named above executed an employment contract with the Company and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's retirement plan.

The employment contracts contain the following details, terms and conditions:

- Rank
- Commencement date
- Office location and work hours
- Scope of work, duties and responsibilities
- Salary, remittances, and deductions
- Benefits – leaves, retirement plan, health plans, group insurance, de minimis benefits, loans, and Performance review
- Intellectual Property
- Code of Conduct
- Termination of Employment

- Others – non disclosure agreements, confidentiality, company policies

No bonuses have been declared for the Board of Directors for the last two years. For the ensuing year, the amount of bonuses to be received by the members of the Board of Directors has yet to be approved by it.

Other than as indicated above, there is no other compensation to be received in case of termination of the above-named executive officer's employment with the Company or any of its Subsidiaries.

There is no plan or arrangement by which the executive officers will receive from the Company any form of compensation in case of a change in control of the Company or change in the officers' responsibilities following such change in control.

CLI also has a Savings Program Prior to Normal Retirement ("**SPP**") which is incorporated in its Amended Retirement Plan. The SPP serves as the retirement plan for all CLI regular employees who resign prior to the optional retirement age of 60 years old or the mandatory retirement age of 65 years old. The equivalent of 5% of the employee's basic salary is set aside by CLI every month while the employee remains in the employ of CLI. This benefit applies to executives under the same terms and conditions.

Upon resignation, the employee will be entitled to his or final balance as follows:

Vested Benefit %	Number of Continuous Service (from January 01, 2015)
0%	Less than 5 years
50%	5 years
60%	6 years
70%	7 years
80%	8 years
90%	9 years
100%	10 years and above

Given the above, a qualified CLI employee will be entitled to and avail either the 1) Normal Retirement benefits as mandated by law, or 2) the Vested Benefits under the SPP, whichever is higher.

There are no outstanding warrants or options held by the Company's chief executive officer, the named executive officers, and all officers and directors as a group.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security Ownership of Record and Beneficial Owners of more than 5% of CLI as of December 31, 2023:

Title of Class	Name, Address of Record Ownership and Relationship with Issuer	Name of Beneficial Owner and Relation with Record Owner	Citizenship	No. of Common Shares	Percentage (of common shares)
Common Shares	AB Soberano, 2877 V. Rama Avenue Guadalupe Cebu City	Please see table below for the beneficial owners of this entity.	Filipino	2,288,870,095	63.17%

Common Shares	PCD Nominee Corporation (Filipino)	PCD NOMINEE CORP. (FILIPINO)	Filipino	1,254,312,748	34.62%
	G/F MSE Bldg. Ayala Ave. Makati City				

Beneficial Owners of AB Soberano as of December 31, 2023:

Name	Address	No. of Common Shares Held	% of Ownership
Jose R. Soberano III	2 nd St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	4,320,000	48%
Ma, Rosario B. Soberano	2 nd St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	4,320,000	48%
Jose Franco B. Soberano	2 nd St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%
Joanna Marie S. Bergundthal	2 nd St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%
Janella Mae B. Soberano-Wu	2 nd St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%
Jose Gabriel B. Soberano	2 nd St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%

(b) Security Ownership of Directors and Management (Executive Officers) of CLI as of December 31, 2023:

Directors

Name of Beneficial Owner	Title of Class	Citizenship	Direct	Indirect	Total	Percentage to Total Common shares
Jose R. Soberano	Common	Filipino	168,980,480	1,098,657,647	1,267,638,127	34.98%
Ma. Rosario B. Soberano	Common	Filipino	132,127,500	1,098,657,647	1,230,785,147	33.97%
Jose Franco B. Soberano	Common	Filipino	20,330,241	22,888,701	43,218,942	1.19%
Joanna Marie B. SoberanoBergundthal	Common	Filipino	16,907,191	22,888,701	39,795,892	1.1%
Beauregard Grant L. Cheng	Common	Filipino	2,453,000	-	2,453,000	0.07%
Stephen A. Tan	Common	Filipino	11,150	-	11,150	0.00%
Ma. Jasmine S. Oporto	Common	Filipino	8,920	-	8,920	0.00%
Rufino Luis T. Manotok	Common	Filipino	2	161,500	161,502	0.00%
Ma. Aurora D. Geotina-Garcia	Common	Filipino	2	-	2	0.00%
Total			340,818,486	2,243,254,196	2,584,072,682	71.31%

Officers

Name of Beneficial Owner	Title of Class	Citizenship	Direct	Indirect	Total	Percentage to Total Common shares
Larri-Nil G. Veloso	Common	Filipino	103,000	-	103,000	0.00%
Marilou P. Plando	Common	Filipino	26,760	-	26,760	0.00%
Total			129,760	-	129,760	0.00%

VOTING TRUST HOLDERS OF 5% OR MORE

As of the date of this report, the Company is not aware of any person holding more than 5% of shares under a voting trust or similar agreement.

CHANGE IN CONTROL

As of the date of this report, the Company is not aware of any arrangements that may result in a change in control of the Company. There are no existing provisions in the Company's articles of incorporation or its by-laws which will delay, defer, or in any manner prevent a change in control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company and its subsidiaries (the "Group"), in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

These transactions are governed and monitored under a board-approved related party transaction policy ("RPT Policy") that enforces proper disclosure, approval protocols, and tests of arm's length standards. CLI employees are also required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

Declaration on RPTs

In keeping with CLI's RPT Policy and Transfer Pricing Policy, the Company declares that all its related party transactions (RPTs) in 2023 were conducted in a fair and at arm's length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances.

Pursuant to CLI's RPT Policy, related party transactions involving an amount of at least Php 50,000,000.00 or its equivalent are submitted to the RPT Committee for review and pre-approval. CLI's RPT Committee is tasked to review and ensure that these RPTs are conducted at arms' length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances, and in all cases comply with the provisions under its Transfer Pricing Policy. RPTs approved by the RPT Committee were then endorsed to the CLI Board for subsequent approval and/or ratification.

All RPTs breaching the Php 50Mn threshold have been approved by the RPT Committee and CLI Board, and as supported by its respective minutes of meetings and committee/board resolutions. For CY2023, these included the approval of shareholder advances to related party joint venture entities and procurement of contracted services from other related parties. There were no RPTs that breached the 10% Material RPT threshold of the SEC for CY2023.

The amounts of the RPTs and the discussions of the business purposes of the arrangement, identification of the related parties transaction business with CLI and the nature of their relationship, how transaction prices were determined by the parties, and any ongoing contractual or other commitments as a result of the arrangement, are also discussed and disclosed accordingly in CLI's FY2023 Audited Financial Statements.

PART IV - CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

CLI is committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines. The Company, its directors, officers, and employees are dedicated in promoting and adhering to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

The evaluation system established by the Company in measuring and determining the level of compliance with its Manual includes the conduct of annual board and committee assessments. In adherence with its Manual and Board Charter, the Board conducted its annual performance evaluation and assessment which includes a review and rating of the performance of the Board, individual directors, board committees, and the management team led by the CEO. In coordination with CLI's I.T. Department, the Compliance Officer rolled out the digitalized performance evaluation and assessment forms, for accomplishment by the required respondents. CLI's evaluation and assessment utilized a 5-point scale rating system, with zero (0) being the lowest (representing "Strongly Disagree" as a response to the statement), and the highest being 5 (representing "Strongly Agree"). The duly accomplished assessment forms were then reviewed, verified, and tabulated by the Office of the Compliance Officer. A summary of the results of the assessments, including the various performance ratings and comments of directors and committee members, were presented and discussed during the respective Corporate Governance Committee and Board meetings.

CLI continues to undertake measures to comply with the adopted leading practices on good corporate governance. The Board of Directors and management team of CLI have promoted and implemented various principles and recommendations under SEC Memorandum Circular No. 19, series of 2016 (otherwise, the Code of Corporate Governance for Publicly-Listed Companies), PSE CG Guidelines, as well as recommended practices under the ASEAN Corporate Governance Scorecard. In case of non-compliance with the recommended principles and best practices, CLI identifies and elucidates on the same, and provides explanation as to how the overall principles being recommended are still attained by the Company. These are all reported by CLI through its comprehensive Integrated Annual Corporate Governance Reports (I-ACGRs) which are submitted to the SEC, uploaded to PSE EDGE, and posted in CLI's website. CLI's improved and enhanced IACGRs continue to provide a clear and succinct picture of its compliances with the recommended principles and best practices in corporate governance, at par, if not exceeding industry standards.

Over the years, CLI has exerted conscious and considerable efforts in enhancing and improving its corporate governance and compliance reporting and disclosures. Primary of which is CLI's I-ACGRs. The improvement of the disclosures in CLI's I-ACGRs was cited by ICD as among the key factors in the improved corporate governance rating of CLI over the past couple of years, culminating in the conferment of the Company's first-ever Golden Arrows in 2023. In addition to the revamped I-ACGRs, CLI has also made conscious and concerted efforts to ensure that the corporate governance disclosures in its structured and unstructured reports, including its Annual Reports, are aligned with the recommended best practices of SEC, ICD, and ACGS standards.

In 2021, CLI established and fully implemented its Enterprise Risk Management (ERM) Framework. CLI's ERM Framework is based on ISO 31000:2018, which aims to provide a foundation for effective planning, implementation, monitoring, review, and continued improvement of the organization's risk management. It establishes a methodology for the identification, assessment, and management of risk, responsibilities for risk management, accountabilities for good governance, and mechanisms to report risk-related information.

In 2022, CLI published its first-ever integrated sustainability report in accordance with globally accepted systems and standards for sustainability and corporate disclosure. CLI cross-referenced general and material disclosure topics on the most widely adopted Global Reporting Initiative standards (GRI Standards), the Sustainability Accounting Standards Board (SASB) and the International Integrated

Reporting Council (IIRC). CLI's Sustainability Framework interconnects all the aspects of the Company's operations and provides a snapshot of its EESG profile. It defines the Company's sustainability vision and strategy, goals and objectives, and their alignment and contribution to the UN Sustainable Development Goals (SDGs).

As of the date of this report, CLI believes that it remains to be substantially in compliance with and has no material deviations from its Manual and as such, no sanctions were imposed on any director, officer or employee on account of non-compliance with the same.

Continued improvement of CLI's Corporate Governance

Recognizing and understanding that good corporate governance is essential to sound strategic business management and sustainable growth and development, CLI fully commits and undertakes to continue to bolster and enhance its corporate governance, not only through its continued and consistent compliance with laws, rules, regulations, and corporate best practices, but also by improving and strengthening CLI's internal controls, risk management, investor and other stakeholder relations, checks and balances, and policies and procedures.

In recognition of its continued efforts and improvements in the area of corporate governance, CLI received its first-ever Golden Arrow, specifically a 2-Golden Arrow Recognition, last September 2023, conferred by the ICD to top Philippine publicly listed companies and insurance companies in corporate governance, based on the 2022 ASEAN Corporate Governance Scorecard (ACGS) and Corporate Governance Scorecard (CGS) Assessment Results, respectively.

Independent Directors

In compliance with the requirements of the SRC and SEC's CG Code for PLCs, the Board of Directors is composed of three (3) independent directors, who constitute one-third of CLI's board membership. CLI's independent directors are Mr. Rufino Luis T. Manotok, Ms. Ma. Aurora D. Geotina-Garcia, and Atty. Ma. Jasmine S. Oporto.

The CLI Board also re-elected Mr. Rufino Luis T. Manotok as its Lead Independent Director, who is a respected executive in the business community, having held several key positions in the largest conglomerates and companies in the Philippines (e.g., as Chairman and President; Senior Managing Director; CFO and CIO, et.al).

CLI's independent directors possess all the qualifications and none of the disqualifications to hold such positions. The independent directors do not hold interests or relationships that may hinder their independence from the company or its management, or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. CLI's independent directors had perfect attendance in all of their respective Board and Committee meetings in 2023.

Pursuant to CLI's CG Manual and policy on setting a limit of Board seats, non-executive directors, including independent directors, can only concurrently serve up to a maximum of five (5) publicly-listed companies. As of the calendar year ending 31 December 2023, all non-executive directors of CLI are compliant with the limit on board directorships. None of the CLI directors (executive or non-executive) holds directorships in 5 or more publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge management's proposals, and views, and oversee the long-term strategy of CLI.

Board Diversity – policy and progress report

To avoid groupthink and ensure that optimal decision-making is achieved, CLI observes a board diversity policy. CLI's board diversity encourages the selection of an appropriate mix of competent directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policy. Diversity includes skills, experience, expertise, age, gender, ethnicity, culture, competence, and knowledge. CLI's Board Diversity Policy is incorporated and embedded in its Manual on Corporate Governance and Board Charter.

As of this publication, the CLI Board comprises nine (9) individuals with diverse skills, culture, ethnicity, competence, knowledge, and professional, business, and educational backgrounds. It is also composed of highly respected top executives and seasoned real estate professionals with diverse experience and

expertise in the fields of economics, accounting, finance, management, business administration, communication, manufacturing and management engineering, agricultural economics, legal, and landscape architecture, among other academic disciplines and fields of endeavor.

The CLI Board has an optimal mix of youth and experience with ages ranging from 36 to 73. Four (4) of the 9 directors are female.

Corporate Governance Training

CLI provides in its Board Charter and Manual on Corporate Governance a policy on training for directors. All first-time directors are required to attend and complete CLI's orientation program, while all other directors are required to attend annual corporate governance training. In compliance with best practices, CLI requires directors to meet minimum hours of corporate governance seminars conducted by SEC-accredited institutional providers, i.e., at least eight (8) hours for first-time directors, and four (4) hours per annum for the annual continuing training of all other directors. The Compliance Officer monitors the directors' compliance with this training policy.

For CY2023, all members of the CLI Board attended the requisite training and seminars and were accordingly certified as compliant by the Compliance Officer (*see summary table for the listing of the CY2023 corporate governance training attended by CLI directors and key officers*).

Executive and Board Remuneration

In compliance with CLI's Manual on Corporate Governance, the Board aligns the remuneration of key officers and Board members with the long-term interests of CLI. The Board adopts a policy specifying the relationship between remuneration and performance. Directors do not participate in discussions or deliberations involving his/her own remuneration.

CLI grants remuneration to its executive directors and senior executives based on performance, i.e., individual performance, and collective performance of their respective groups / departments, which are pursuant to identified key deliverables and other performance indicators aligned with its long-term interest and objectives. This is aided by CLI's Balanced Scorecard which serves as a measurement tool for alignment of the grant of rewards and compensation that accounts for the performance of the company beyond short-term financial measures.

The remuneration of Board members and key officers is overseen by the Compensation and Benefits Committee.

Conflict of Interest

In compliance with the provisions of CLI's Manual on Corporate Governance and Board Charter, directors with material interest in a transaction affecting the company and in other conflict of interest situations (actual or potential) are required to fully and immediately disclose the same and are mandated to abstain from taking part in its deliberations.

It is a fundamental principle in CLI that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He is mandated to avoid situations that may compromise his impartiality. For CY2023, there was no transaction where a CLI director had a material interest affecting the company and/or otherwise any conflict of interest (actual or potential).

CLI directors are also mandated to notify the Board before accepting a directorship in another company. CLI does not have any executive director who serves more than two boards of listed companies outside the CLI Group.

Meanwhile, CLI discloses RPTs and other unusual or infrequently occurring transactions consistent with its RPT Policy that sets out the guidelines, categories, and thresholds governing the review, approval, or ratification of RPTs by the Board and/or CLI shareholders and ensure that these RPTs are duly accounted for and disclosed in accordance with relevant laws and regulations.

Disclosure and Transparency

The CLI Board has existing corporate disclosure policies and procedures in accordance with best practices and regulatory expectations.

All material information about CLI that could adversely affect its viability or the interests of its stockholders and other stakeholders are publicly and timely disclosed. Such information includes, among others, earnings results, acquisition or disposition of material assets, off balance sheet transactions, related-party transactions, and direct and indirect remuneration of members of the Board and Management. All such information are disclosed through CLI's PSE EDGE link/portal and/or submitted to the SEC.

The Board is committed at all times to fully disclose material information such as any dealings in CLI's shares and any material fact or event that occurs, particularly on the acquisition or disposal of significant assets, as well as material nonfinancial and sustainability issues. All required information are filed and submitted through CLI's PSE EDGE portal and/or submitted to the SEC for the interest of its stockholders and other stakeholders.

CLI maintains a comprehensive and cost-efficient communication channel for disseminating relevant information. This includes the conduct of briefings for investors, analysts, and media by teleconference and/or videoconference or through actual face-to-face meetings. CLI regularly engages the media through press conferences, briefings, news releases, tours, and social events. CLI's CEO, COO, CFO, and/or other senior managers conduct meetings with institutional investors and analysts through pre-arranged seminars or conferences. CLI conducts regular investors, analysts and media tours to show the progress of its properties. CLI publishes regular e-newsletters to update analysts on its progress and performance. Annual, quarterly, and current reporting are uploaded to CLI's website and its PSE EDGE portal.

The following is a summary list of CLI's analyst and media briefings conducted in 2023:

Description	Date
PSE LIST Masterclass	02 March 2023
FY2022 Investors' and Analysts' Briefing	13 April 2023
Q1 2023 Investors' and Analysts' Briefing	3 May 2023
Q1 2023 PSE Star Event	9 May 2023
H1 2023 Investors' and Analysts' Briefing	10 August 2023
AUB Economic Briefing	01 September 2023
CREBA CEO Forum	28 September 2023
SHDA 31st National Developers Convention	05-06 October 2023
(CLI) Embracing the IPO Mindset Project Briefing	06 October 2023
9M 2023 Investors' and Analysts' Briefing	14 November 2023
9M 2023 PSE Star Event	16 November 2023

CLI discloses in this annual report (SEC Form 17-A) the ownership interests of its controlling shareholders and degree of ownership concentration. The CLI Group's map, detailing the crossholdings among company affiliates and showing the relationship between CLI and its related entities, is included as an attachment in the "Report of Independent Auditors to Accompany Supplemental Information Required by the SEC filed separately from the basic Consolidated Financial Statements". The aforementioned Report, including the CLI Group's map, are attached to this Annual Report (SEC Form 17-A). There are no imbalances between the controlling shareholders' voting power and overall equity position in CLI. Each holder of CLI shares is entitled to one (1) vote for every share in accordance with Section 7, Article III of CLI's By-laws, as amended.

CLI discloses the trading of its shares by directors, key officers, and controlling shareholders. CLI also discloses the shareholdings of directors, management, and Top 100 shareholders. CLI also discloses purchase of its shares from the market pursuant to its share buy-back program.

For CLI investor relations / communications and compliance, the following officers may be contacted:

B. Grant L. Cheng

Chief Financial Officer

grant_cheng@cebulandmasters.com

Clarissa Mae A. Cabalda

Investor Relations Manager

clarissa@cebulandmasters.com

Atty. John Edmar G. Garde

Compliance Officer

jggarde@cebulandmasters.com

Internal Control System and Internal Audit functions

Through its Internal Audit (IA) Department, CLI maintains a “Quality Assurance and Improvement Program” that covers all aspects of the IA Department. The program includes an evaluation of the IA Department’s conformance with the standards and an evaluation of whether internal auditors apply the Institute of Internal Auditors’ (IIA) Code of Ethics. The program also assesses the efficiency and effectiveness of the IA Department and identify opportunities for improvement.

The Audit Committee, through the IA Department, regularly reviews and evaluates the adequacy and effectiveness of CLI’s internal control system.

For CY2023, CLI’s Head of the Internal Audit Department is the *ex officio* Chief Audit Executive in the person of Marjorie Jane C. Sistual. She has more than fifteen (15) years of internal audit experience. She previously worked in Waterfront Cebu City Hotel & Casino with 5 chain of hotels in various parts of the Philippines, wherein she headed the Corporate Internal Audit Department (CIAD) and focused on fraud and compliance audit. She also joined Moore Stephens Ltd in Singapore for more than ten (10) years where she was involved in internal audit, consultancy, risk management and SOX engagements. She has experience in a wide range of industries including hotels, shipping, oil & gas, real estate, engineering, semiconductor, manufacturing, insurance, logistics, hospitals, non-profit organization, plantations & mill, trading & distribution and retailing. Prior to CLI, she worked in Agusan Plantations, Inc. and was involved in the internal audit of the 4 operating units of palm oil plantations and mills, mainly for exporting of palm kernel oil and crude palm oil products.

The responsibilities of the Chief Audit Executive or the Internal Audit (IA) Head are contained and stipulated in the IA Charter. The appointment and/or removal of the IA Head require approval of CLI’s Audit Committee.

The CLI Board regularly conducts review of its material controls, including operational, financial, and compliance controls; and risk management systems. The CLI Board and its Audit Committee affirm that the company has adequate internal control and risk management systems.

Whistle-blowing Policy

In keeping with CLI’s corporate values and thrust to uphold the highest level of integrity and ethical standards, and to encourage a culture of openness and accountability without fear of reprisals, the Company has put in place its policy on whistle-blowing (“CLI Whistle-Blowing Policy” or the “Policy”).

CLI’s Whistle-Blowing Policy provides clear procedures for the reporting of matters involving actual or suspected misconduct, malpractice, unlawful acts or omissions, and violations of company policies, with the goal of ensuring that the whistleblower is insulated from any form of retaliation. The Policy serves to strengthen the internal feedback mechanism of CLI, and ensures that concerns are going to be investigated appropriately and judiciously.

The coverage of CLI’s Whistle-Blowing Policy applies to all CLI employees, regardless of rank and status, members of the Board of Directors and its various committees, suppliers, contractors, customers, and all other stakeholders, and grants them direct access to a unit created to spearhead the implementation of the Policy, i.e., CLI’s Whistle-blowing Committee.

CLI's Whistle-blowing Committee is composed of the CEO and the highest-ranking officers from HR, Legal, Internal Audit, and Risk Management.

To ensure confidentiality and provide an avenue for anonymous reporting, CLI created an online form ("Whistle-blower Reporting Form") where all stakeholders can lodge their complaints.

The online "Whistle-blower Reporting Form" can be accessed and accomplished through the link below:

<https://tinurl.com/cliwhistleblowerforms>

All disclosures and reports made through the above online form shall remain confidential and can only be viewed by the CLI's Whistle-blowing Committee. The Committee ensures that the identity of the whistleblower remains confidential unless it is absolutely necessary to disclose his/her identity to law enforcement or state authorities. In all other instances, the disclosure of the whistleblower's identity must be with his/her consent.

CLI's Whistle-blowing Committee shall determine the sufficiency of the complaint and issues involved. The Whistle-blowing Committee shall conduct an initial assessment before endorsing it to the departments concerned for appropriate action. In any case, the Whistle-blowing Committee shall ensure that all reports or cases are attended to, documented, and monitored properly. Findings, recommendations, and final disposition of cases shall be reported either to: (a) the CLI Board of Directors- if it involves an executive with a rank of Vice President and up, CEO, COO, CFO, or (b) CLI Top Management- if it involves person(s) holding any other rank.

CLI's Whistle-Blowing Policy also stipulates a provision on Protection from Retaliation. Pursuant thereto, CLI shall ensure the protection of all whistleblowers from retaliation or retribution, including any forms of discrimination, harassment, intimidation, or adverse personnel action by directors, executives, supervisors, or employees. Anyone who retaliates against a whistleblower who reports an event in good faith is subjected to appropriate disciplinary action. Members of the Whistle-blowing Committee who are subject of the whistle-blowing complaints are mandated to inhibit from its proceedings, in which case their replacements shall be appointed either by the CLI Board or Top Management, depending on who is involved in the complaint.

Compliance Officer

CLI has a formal compliance function in place. This is subject to regular review and evaluation as spearheaded by a Compliance Officer.

CLI, through its Compliance Officer, monitors, reviews, evaluates, and ensures the compliance by its officers and directors with relevant laws, the pertinent Corporate Governance Codes, rules and regulations, and all governance issuances of regulatory agencies. The compliance function also ensures the attendance of Board members and key officers in relevant training.

As part of its compliance program, CLI, through its Compliance Officer, has in place a detailed checklist and monitoring of compliance and regulatory requirements based on existing laws, government issuances including the Code of Corporate Governance for PLCs, and pertinent rules and regulations of the various government agencies. The compliance checklist is subject to regular review and updating by the Office of the Compliance Officer. The CLI Compliance Officer also presents and reports to the Board Corporate Governance Committee updates on CLI's corporate governance and compliance functions, including the various compliance and submission requirements to the various government agencies which are applicable during the reporting period. The Compliance Officer also assists the Board and the Corporate Governance Committee in dispensing its overall compliance function, including the drafting and review of corporate governance policies.

During its organizational meeting held on 01 June 2023, the Board re-elected Atty. John Edmar G. Garde, CCO as CLI's Compliance Officer. In keeping with SEC Memorandum Circular No. 19, series of 2016 and pertinent issuances, Atty. Garde is not a member of the Board and is different from the Corporate Secretary. He is primarily liable to the company and its shareholders and not to its Chairman or President. For the description of the educational and professional background of Atty. John Edmar G. Garde, please refer to the discussion set out under the section "Executive Officers and Key Personnel".

Corporate Secretary

The CLI Board is assisted by a Corporate Secretary and an assistant, who are both separate individuals from the Compliance Officer. The Corporate Secretary and Assistant Corporate Secretary are not members of the CLI Board. Materials for Board and Committee meetings are distributed by the Secretariat to the directors and respective committee members prior to the meeting date. CLI uses the Diligent Board books, which allows each director and committee member to access and review the meeting materials online through a secure portal.

During its organizational meeting on 01 June 2023, the Board re-elected Atty. Alan C. Fontanosa as CLI's Corporate Secretary. For the description of the educational and professional background of Atty. Alan C. Fontanosa, please refer to the discussion set out under the section "Executive Officers and Key Personnel".

CLI's Assistant Corporate Secretary is Atty. Larri-Nil G. Veloso. For the description of the educational and professional background of Atty. Larri-Nil G. Veloso, please refer to the discussion set out under the section "Executive Officers and Key Personnel".

CLI's Corporate Secretary and Asst. Corporate Secretary both attended corporate governance training during CY2023.

Annual performance evaluation

In adherence with its Manual on Corporate Governance and Board Charter, the Board conducted its annual performance evaluation and assessment which includes a review and rating of the performance of the Board, individual directors, board committees, and the management team led by the CEO.

In coordination with CLI's I.T. Department, the Compliance Officer rolled-out the digitalized performance evaluation and assessment forms, for accomplishment by the required respondents. CLI's evaluation and assessment utilized a 5-point scale rating system, with zero (0) being the lowest (representing "Strongly Disagree" as a response to the statement), and the highest being 5 (representing "Strongly Agree").

A. For the performance assessment and evaluation of the CLI Board

The Board conducted a self-assessment of its performance as a collegial body, and which was participated by all of its members. In evaluating the CLI Board's performance, the following criteria and factors based on the provisions of the CG Code, CLI's Manual on Corporate Governance and Board Charter were considered, among others:

- Role of board and members- clarity of roles, responsibilities, and accountabilities; compliance with disclosure of directorships; conduct of separate periodic meetings of NEDs;
- Performance of the CLI Board- oversee the development of CLI's business and strategy, and monitors its implementation; establishment of board committees and board charters; conduct of annual assessment and performance evaluation; adoption of effective succession planning program;
- Agenda and Minutes- timeliness of the distribution; clarity and sufficiency of information; whether supporting documents are well-organized; accuracy, clarity, and sufficiency of minutes;
- Conduct of meetings- evaluation on whether the Chairperson conducted meetings effectively and efficiently; frequency of meetings; conduct of meetings with quorum; conduciveness of meetings to open and productive discussion of issues;
- Board composition- whether board is still composed of directors with collective working knowledge, experience, or expertise relevant to CLI's industry / sector; sufficiency on number of independent directors; compliance with number of concurrent directorships; presence and qualifications of Lead Independent Director; presence and qualifications of Corporate Secretary and Compliance Officer; and
- Observations and suggestions for improvements.

B. For the performance assessment and evaluation of the individual CLI Directors

The members of the CLI Board conducted a self-assessment of their individual performance. In evaluating their individual performance, the following criteria and factors were considered based on their specific duties and responsibilities provided in the CLI Board Charter and CG Code:

- Duty of Care and Exercise of Integrity- acted on a fully informed basis, in good faith, with due diligence and care; exercise of leadership, prudence, and integrity in directing CLI towards sustained progress;
- Duty of Loyalty and Accountability- acted in the best interest of CLI and all CLI stakeholders, characterized by transparency, accountability, and fairness;
- Fostering Commitment- devotion of time and attention to properly and effectively perform his/her duties and responsibilities, including the attendance and active participation in all meetings, whether in-person or through tele-/video-conferencing;
- Objective and Independent Judgment- exercise of objective and independent judgment on all corporate affairs; abstention in case of conflict of interest;
- Acting judiciously- careful evaluation of issues before rendering decision, and application of high ethical standards taking into account interest of stakeholders;
- Working knowledge- working knowledge of statutory and regulatory requirements relevant to CLI; keeping abreast with industry developments and business trends;
- Observance of confidentiality- keeping secure and confidential all non-public information; non-revealing of confidential information to unauthorized persons;
- Continuing qualification as CLI Director- possession of all the qualifications and none of the disqualifications; and
- Observations and suggestions for improvement of individual performance.

C. For the performance assessment and evaluation of the Board Committees

The Board Committees conducted a self-assessment of their performance, and was participated by all members of the respective committees. In evaluating the Board Committee's performance, the following criteria and factors were considered based on the provisions of the respective Committee Charters and CG Code:

- Role of Committee and Members- clarity of roles; operation in accordance with respective Charters and Manual on Corporate Governance;
- Performance of Committee- evaluation and assessment of each role and responsibility of the respective committees;
- Committee Agenda and Minutes- timeliness of the distribution; clarity and sufficiency of information; whether supporting documents are well-organized; accuracy, clarity, and sufficiency of minutes;
- Conduct of Meetings- evaluation on whether the Chairperson conducted meetings effectively and efficiently; frequency of meetings; conduct of meetings with quorum; conduciveness of meetings to open and productive discussion of issues;
- Committee Composition- right mix of skills, experience, and value-added attributes; working relationship between Chairperson and members; and
- Observations and suggestions for improvement of committee performance

D. For the performance assessment and evaluation of the CEO

The Board conducted an assessment of the performance of the CEO, as the leader of the management team. In evaluating the CLI CEO's performance, the following criteria and factors were considered based on the provisions of the CG Code and CLI's Manual on Corporate Governance:

- Determination of CLI's strategic direction and formulation and implementation of its strategic plans;
- Communication and implementation of CLI's vision, mission, values, and overall strategies;
- Oversees the operations of CLI and manages human and financial resources in accordance with strategic plan;
- Builds the corporate culture and motivates the employees of CLI; and
- Observations and suggestions for improvement of CEO's performance.

The duly accomplished assessment forms were then tabulated, validated, and confirmed by a third party service provider, i.e. Sta. Ana Rivera & Co. Thereafter, the results were submitted to the Office of the Compliance Officer. A summary of the results of the assessments, including the various performance ratings and comments of directors and committee members, were presented and discussed during the respective Corporate Governance Committee and Board meetings.

Resolving Stockholders' Disputes

It is the policy of CLI to resolve disputes or differences with stockholders, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation, or arbitration.

Stockholders who have matters for discussion or concerns directly resulting in the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.

Committees of the Board

The CLI Board has fully engaged and functioning board committees which support the effective performance of the Board's functions. CLI's principal board committees include the Audit Committee, Corporate Governance Committee, Related Party Transaction Committee, Risk Oversight Committee, Nomination Committee, and the Compensation and Benefits Committee. All established CLI Committees have their respective committee charters, which state in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information. A brief description of the functions and responsibilities of the key committees are set out below:

A. Audit Committee

The Audit Committee assists the Board in the performance and fulfillment of its oversight responsibility over CLI's financial reporting process, system of internal control, internal and external audit processes, and monitoring of compliance with applicable laws, rules, and regulations. The Audit Committee has oversight over the internal audit team's work and is primarily responsible in recommending the appointment and removal of CLI's external auditor using a robust process for approving and recommending its appointment, reappointment, removal, and fees. The process includes the review and recommendation by the Audit Committee, review and approval of the CLI Board, and further approval and ratification by the CLI shareholders. The Audit Committee also reviews the performance of the external auditor. Pursuant to CLI's Manual on Corporate Governance, the external auditor shall be rotated or changed or the signing partner of the external auditing firm assigned to CLI should be rotated or changed every five (5) years.

In compliance thereto, and commencing with the current audit of its FY2023 financial statements, the external auditor, Punongbayan & Araullo (P&A), assigned a new engagement and signing partner in the person of Renan A. Piamonte (CPA Reg. No. 0107805; Partner - No. 107805-SEC, until financial period 2023; Firm - No. 0002, until financial period 2024). Prior thereto, and for CLI's FY2021 and FY2022 financial statements, P&A's engagement and signing partner was Mailene Sigue-Bisnar.

The Audit Committee also evaluates and determines the non-audit work, if any, of the external auditor. It approves all non-audit services conducted by the external auditor and disallows the same if it will conflict with its duties as external auditor or will otherwise pose a threat to its independence.

For FY2023, P&A did not conduct or render any non-audit services to CLI.

The following is the summary breakdown of the audit and non-audit fees paid to P&A for FY2023 (exclusive of the 12% VAT):

• Audit and Audit Related Fees	Php 5,712,000.00
• Non-audit fees	Nil
TOTAL fees paid to P&A (FY2023)	Php 5,712,000.00

For the 2023-2024 term, CLI's Audit Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. All the members of the Audit Committee have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing, and finance. Ma. Aurora D. Geotina-Garcia, the Chairperson of the CLI Audit Committee, is not the Chairman / Chairperson of the CLI Board or of any other committee.

The Audit Committee shall perform the following functions, among others:

1. Assists the Board in the performance of its oversight responsibility over CLI's financial reporting process, system of internal control, internal and external audit process, and monitoring of compliance with applicable laws, rules and regulations.

2. Recommends the approval of CLI's Internal Audit Charter ("IA Charter"), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter, as may be amended from time to time;
3. Through the Internal Audit ("IA") Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets.
4. Oversees CLI's IA Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Officer. The Audit Committee shall approve the terms and conditions for outsourcing internal audit services, if deemed necessary;
5. Establishes and identifies the reporting line of the internal auditors and IA Department to enable them to properly fulfill their duties and responsibilities. For this purpose, the internal auditors and IA Department directly report to the Audit Committee;
6. Reviews and monitors management's responsiveness to the internal auditors' findings and recommendations;
7. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
8. Evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.
9. Reviews and approves the interim and annual financial statements before their submission to the Board.
10. Reviews the disposition of the recommendations in the external auditor's management letter;
11. Performs oversight functions over the Company's internal and external auditors. It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions, taking into consideration relevant Philippine professional and regulatory requirements;
12. Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
13. Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the SEC, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

B. Corporate Governance Committee

The fully engaged CLI Corporate Governance Committee assists the Board in performing its corporate governance oversight responsibilities and ensuring compliance with and proper observance of corporate governance principles and practices.

For the 2023-2024 term, the CG Committee is composed of four (4) non-executive directors, three of whom are independent directors. The Chairperson, Atty. Ma. Jasmine S. Oporto is also an independent director.

In the area of sustainability, the Corporate Governance Committee is supported by its Sustainability Head, Vera R. Alejandria. Prior to joining CLI, Ms. Alejandria held various positions in Cebu Holdings, Inc. and Ayala Land, Inc. spanning over 27 years, including as Sustainability and Community Relations Manager, Project Lead (Cebu Business District Action Team), Corporate Communication and Customer Affairs Division Manager, and Quality, Environment, Health and Safety Management System Auditor. Ms.

Alejandria is a Certified Sustainability Reporting Specialist and Certified Sustainability Assurance Practitioner.

The Corporate Governance Committee shall perform the following functions, among others:

1. Overseeing the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
2. Overseeing the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
3. Ensuring 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;
4. Recommending continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
5. Adopting corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
6. Proposing and planning relevant trainings for the members of the Board; and
7. Establishing a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

C. Risk Oversight Committee

The Risk Oversight Committee ensures the proper implementation by the Board of its risk oversight functions over management's practices across the company. The Risk Oversight Committee provides guidance to management in identifying, evaluating, and monitoring existing and emerging risks for proper treatment or mitigation.

For the 2023-2024 term, CLI's Risk Oversight Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. The members of the Risk Oversight Committee, who are all experienced executives and who have held various key positions in other publicly listed companies, all have relevant thorough knowledge and experience on risk and risk management. The Chairperson of the Risk Oversight Committee, Atty. Ma. Jasmine S. Oporto is a certified Compliance & Risk Management Professional under the GRC Institute of Australia.

The Risk Oversight Committee is supported in its function by Chief Risk Officer (CRO), Marilou P. Plando, who has over 24 years of comprehensive experience and achievements in manufacturing, contact center, and retail operations. Prior to CLI, she was connected with Julie's Bakeshop Group as Regional Operations Director. She was previously connected with Aboitiz Equity Ventures, Inc. as Assistant Vice-President (AVP) for Enterprise Risk Management and AVP for Legal Business operations.

D. Related Party Transaction Committee

CLI's Related Party Transaction (RPT) Committee is tasked with reviewing all material related party transactions of CLI to ensure that these are conducted at arm's length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances.

CLI discloses its policies governing RPTs and other unusual or infrequently occurring transactions in CLI's Manual on Corporate Governance. Also, CLI has an existing RPT Policy which sets out the guidelines, categories, and thresholds that will govern the review, approval, or ratification of RPTs by the Board and/or CLI shareholders and ensure that these RPTs are duly accounted for and disclosed in accordance with relevant laws and regulations. As also stipulated in CLI's Manual on Corporate Governance, directors with material interest in a transaction affecting the Company and in other conflict

of interest situations (actual or potential) are required to fully and immediately disclose the same and are mandated to abstain from taking part in their deliberations.

The CLI Board has a fully functioning Related Party Transaction (RPT) Committee tasked with reviewing all material related-party transactions of CLI to ensure that these are conducted at arm's-length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances.

CLI's RPT Committee undertakes quarterly review and evaluation of CLI's related-party transactions. Management presents the various RPTs either for information (if not breaching the threshold) or for approval (if breaching the RPT thresholds), which are then endorsed for ratification and/or approval by the Board.

For the 2023-2024 term, CLI's RPT Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. Rufino Luis T. Manotok, the Chairperson of the CLI RPT Committee, is not the Chairman / Chairperson of the CLI Board or of any other committee.

E. Nomination Committee

The Nomination Committee is responsible for the nomination and vetting of prospective nominee directors for the CLI Board. The Nomination Committee enforces and implements CLI's formal and transparent nomination and election policy, which includes criteria in selecting new directors and nomination from shareholders.

The nomination and election process includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between and among Board members. Only a stockholder of record entitled to notice and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected as a director of the company.

For the 2023-2024 term, the Nomination Committee is composed of three (3) qualified directors, including the Lead Independent Director, Mr. Rufino Luis T. Manotok, as the Chairperson.

F. Compensation and Benefits Committee

The Compensation and Benefits Committee directly assists the Board in relation to the determination of the general principles and structure in the rationalization of remuneration, compensation, and benefits of all CLI employees at all levels of the Company. The Compensation and Benefits Committee also oversees the administration and implementation of CLI's programs concerning remuneration, compensation, and benefits plans.

For the 2023-2024 term, the Compensation and Benefits Committee is composed of three (3) qualified directors including its Non-Executive Director, Mr. Stephen Tan, as the Chairperson.

CY2023 Board and Committee Membership, Meetings, and Attendance

CLI directors devote sufficient time and attention in properly and effectively performing their respective duties and functions. As such, CLI directors attended and actively participated in all meetings of the Board, Committees, and shareholders in person or through tele-/video-conferencing conducted in accordance with SEC rules and regulations. Meetings conducted through teleconferencing and/or videoconferencing are properly recorded with appropriate tapes, discs, and/or other recording materials which are properly stored for safekeeping, in addition to the secretariat of the meeting maintaining written minutes.

Materials for CLI Board and Committee meetings are distributed to directors and committee members prior to meeting date. CLI uses the Diligent Board books which allows each director and committee member to access and review the meeting materials online through a secure portal.

In keeping with its duties to act responsibly and judiciously, CLI directors, before deciding on any matter brought to the Board, carefully evaluate the issues, make inquiries, and request clarification and apply high ethical standards, taking into account the interest of stakeholders. CLI does not have shareholder agreements, by-law provisions, or other arrangements that constrain the directors' ability to vote independently.

The following is a summary of the Board and Committee membership, meetings, and attendance for the calendar year 2023:

Board of Directors	Position	Meetings Attended
Jose R. Soberano III	Chairman	7 out of 7
Ma. Rosario B. Soberano	Member	7 out of 7
Jose Franco B. Soberano	Member	7 out of 7
Joanna Marie S. Bergundthal	Member	4 out of 7
Beauregard Grant L. Cheng	Member	7 out of 7
Rufino Luis T. Manotok	Lead Independent Director	7 out of 7
Ma. Aurora D. Geotina-Garcia	Independent Director	7 out of 7
Ma. Jasmine S. Oporto	Independent Director	7 out of 7
Stephen A. Tan	Non-Executive Director	7 out of 7

Audit Committee	Position	Meetings Attended
Ma. Aurora D. Geotina-Garcia	Chairperson	4 out of 4
Rufino Luis T. Manotok	Member	4 out of 4
Ma. Jasmine S. Oporto	Member	4 out of 4
Stephen A. Tan	Member	4 out of 4

Corporate Governance Committee	Position	Meetings Attended
Ma. Jasmine S. Oporto	Chairperson	4 out of 4
Rufino Luis T. Manotok	Member	4 out of 4
Ma. Aurora D. Geotina-Garcia	Member	4 out of 4
Stephen A. Tan	Member	4 out of 4

Risk Oversight Committee	Position	Meetings Attended
Ma. Jasmine S. Oporto	Chairperson	4 out of 4
Rufino Luis T. Manotok	Member	4 out of 4
Ma. Aurora D. Geotina-Garcia	Member	4 out of 4
Stephen A. Tan	Member	4 out of 4

RPT Committee	Position	Meetings Attended
Rufino Luis T. Manotok	Chairperson	4 out of 4
Ma. Aurora D. Geotina-Garcia	Member	4 out of 4
Ma. Jasmine S. Oporto	Member	4 out of 4
Stephen A. Tan	Member	4 out of 4

Nomination Committee	Position	Meetings Attended
Rufino Luis T. Manotok	Chairperson	1 out of 1
Jose R. Soberano III	Member	1 out of 1
Ma. Rosario B. Soberano	Member	1 out of 1

Compensation & Benefits Committee	Position	Meetings Attended
Stephen A. Tan	Chairperson	2 out of 2
Ma. Rosario B. Soberano	Member	2 out of 2
Joanna Marie S. Bergundthal	Member	2 out of 2

Participation of Directors and Key Officers in CY2023 Corporate Governance Training and Seminars

Directors and Key Officers	Seminar / Training	Date	Organizer
Rufino Luis T. Manotok	Corporate Governance Training (Governance of Data Privacy Management; Executive Briefing on Cybersecurity for Board and Management; Updates on AML laws and regulations; The Corporate Board's Roadmap to ESG-Driven Sustainability Strategy and Reporting)	20 October 2023	Center for Global Best Practices
Ma. Aurora D. Geotina-Garcia	Advanced Corporate Governance Training	25 August 2023	Institute of Corporate Directors
	2023 Ayala Integrated Corporate Governance, Risk Management, and Sustainability Summit	03 October 2023	Institute of Corporate Directors
	EY Journey to the Boardroom (Module 3S4 Innovation Disruption and Workforce Board Scenario Application Exercise CPE Version)	10 October 2023	Ernst & Young (EY)
	10th Annual SEC - PSE Corporate Governance Forum	24 November 2023	Securities and Exchange Commission
Atty. Ma. Jasmine S. Oporto	Advanced Corporate Governance Training (ESG and Strategy: A Boardroom Topic for Directors)	22 August 2023	Institute of Corporate Directors
	Corporate Secretary as CG Professionals	18 October 2023	Institute of Corporate Directors

	(Corporate Governance: The Evolving Role of Corporate Secretaries)		
	10th Annual SEC - PSE Corporate Governance Forum	24 November 2023	Securities and Exchange Commission
Stephen A. Tan	40-hour Basic Occupational Safety and Health (BOSH) Training	July 2023	TUV Rheinland Philippines, Inc.
	Building Better Boards Through Diversity	15 August 2023	Institute of Corporate Directors
	Distinguished Corporate Governance Speaker Series: ESG and Sustainability	01 September 2023	Institute of Corporate Directors
	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors
Jose R. Soberano III	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors
Ma. Rosario B. Soberano	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors
Jose Franco B. Soberano	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors
Joanna Marie S. Bergundthal	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors
Beauregard Grant L. Cheng	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors
Atty. Alan C. Fontanosa (Corporate Secretary)	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors
Atty. Larri-Nil G. Veloso (Asst. Corporate Secretary)	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors

Atty. John Edmar G. Garde (Compliance Officer)	ASEAN Corporate Governance Scorecard Workshop for PLCs	17 February 2023	Institute of Corporate Directors
	SEC Regulations on the Disclosure of Beneficial Ownership Information	27 January 2022	Securities and Exchange Commission
	ACGS 3.0 Briefing	28 April 2022	Institute of Corporate Directors
	Advanced Corporate Governance Training	30 November 2023	Institute of Corporate Directors

G. Penalties for Non-compliance with the Manual on Corporate Governance

In case of violation of any of the provisions of the Manual on Corporate Governance, the following penalties shall be imposed, after due notice and hearing, on the Company's directors, officers, and employees:

1. First Violation – reprimand;
2. Second Violation – suspension from office, the duration of which shall depend on the gravity of the violation; and
3. Third Violation – removal from office.

The Compliance Officer shall be responsible in determining violation/s after due notice and hearing, and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

PART V – EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS

The schedules required by SRC Rule 68 be presented is included/shown in the related consolidated financial statements or in the notes thereto.

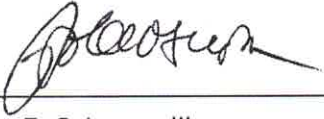
ITEM 15. REPORTS ON SEC FORM 17-C

CLI has submitted and filed all necessary SEC Form 17-C (Current Reports). All current reports are published and uploaded to the PSE Electronic Disclosure Generation Technology (EDGE) portal and/or submitted to the Information & Communications Technology Department (ICTD) electronic mail address of the SEC.


SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20__.


By:



 Jose R. Soberano III
 President & CEO



 Ma. Rosario B. Soberano
 Executive VP & Treasurer



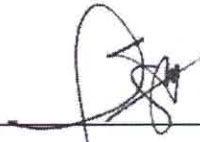
 Jose Franco B. Soberano
 Executive VP and Chief Operating Officer



 Beauregard Grant L. Cheng
 Chief Financial Officer



 Atty. Larri-Nil Veloso
 Assistant Corporate Secretary



 Paquita Tigue-Rafols
 VP-Accounting & Finance

SUBSCRIBED AND SWORN to before me this APR 10 2024 day of _____ 20__ affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
Jose R. Soberano III	P6678430B	APRIL 21, 2021	Cebu City, Philippines
Ma. Rosario B. Soberano	P6678357B	APRIL 21, 2021	Cebu City, Philippines
Beauregard Grant L. Cheng	P2730987B	AUG. 07, 2019	Manila, Philippines
Jose Franco B. Soberano	P8869098B	FEB. 8, 2022	Manila, Philippines
Paquita Tigue-Rafols	P5889133A	FEB. 2, 2018	Cebu City, Philippines
Atty. Larri-Nil Veloso	DL: G01-03-001207	N/A	N/A

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ATTY. ALLEN JOEL R. PITA
 Notary Public for the City of Mandaue and in the
 Municipalities of Consolacion, Liloan, Compostela, and Cordova
 Notarial Commission No. 2023-80 | December 31, 2024
 Roll of Attorneys No. 72443
 PTR No. 1233821; 01-03-2024; Cebu
 IBP No. 398632; 01-04-2024; Cebu

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	2	1	2	4	0
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Company Name

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A	B	S	o	b	e	r	a	n	o		H	o	l	d	i	n	g	s		C	o	r	p	.)			

Principal Office (No./Street/Barangay/City/Town)Province

1	0	T	H		F	L	O	O	R		P	A	R	K		C	E	N	T	R	A	L	E		T	O	W	E	R
J	O	S	E		M	A	.		D	E	L		M	A	R		S	T	.	M	A	R		B	2		L	3	
C	E	B	U		I	.	T	.		P	A	R	K	,		B	R	G	Y	.		A	P	A	S	,			
C	E	B	U		C	I	T	Y	,		P	H	I	L	I	P	P	I	N	E	S		6	0	0	0			

Form Type

A	F	S	2	3
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address

jgarde@cebulandmasters.com
--

Company's Telephone Number/s

(032) 231 4870

Mobile Number

N/A

No. of Stockholders

21

Annual Meeting
Month/Day

1 st Friday of July

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Jose R. Soberano III

Email Address

ceo@cebulandmasters.com
--

Telephone Number/s

(032) 231 4870

Mobile Number

--

Contact Person's Address

10 th floor, Park Centrale Tower, Jose Ma. del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City.
--

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

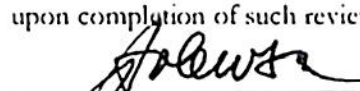
The management of Cebu Landmasters, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached herein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

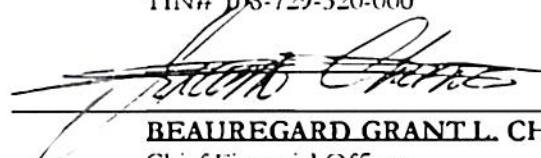
In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern as basis of accounting unless management either intends to liquidate the Group or to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

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

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

Punongbayan & Arullo, the independent auditors appointed by the stockholders, has reviewed the condensed consolidated interim financial statements of the Group in accordance with Philippine Standards on Review Engagements, and have rendered their report to the stockholders, upon completion of such review.


JOSE R. SOBERANO III
Chairman of the Board and Chief Executive Officer
TIN# 108-729-320-000



BEAUREGARD GRANT L. CHENG
Chief Financial Officer
TIN#205-557-510-000

Signed this ___ day of APR 10 2024

SUBSCRIBED AND SWORN to before me this APR 10 2024 at Cebu City, affiants exhibiting to me their respective Tax Identification Nos.

Doc. No. 228 ;
Page No. 47 ;
Book No. 9 ;
Series of 2024




ATTY. EDELINE O. COSICO
Notary Public
Bar Commission No. 040-23, Cebu City
Valid until December 31, 2024
Roll of Attorneys No. 82445
J.E Compliance No. VIII-0000258, Issued on 08-31-2023
PTR No. 1233920; 01-03-2024; Cebu
EP No. 385698 ; 01-02-2024; Cebu Chapter
10th Flr. Park Centrale Tower, J.M. Del Mar St.,
Cebu I.T. Park, Apas, Cebu City



P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Cebu Landmasters, Inc. and Subsidiaries

December 31, 2023, 2022 and 2021

(With Corresponding Figures as of January 1, 2022)



Report of Independent Auditors

The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

Opinion

We have audited the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (collectively referred to herein as the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of profit or loss, 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 a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 for Real Estate Sales***Description of the Matter***

We considered the Group's recognition of revenue from real estate sales a key audit matter because of the significant volume of transactions and amount of revenue from real estate sales involved. In 2023, the Group's revenue from real estate sales amounted to P18.5 billion which accounts for 98% of the Group's total revenues. It uses the percentage of completion (POC) method to determine the appropriate amount of contract revenues to be recognized for the reporting period. Thus, the complexity of the application of the revenue recognition standard in real estate sales contracts; and the application of significant management judgments in determining when to recognize revenue, particularly on the assessment of the probability of collecting the contract price, and in estimating the stage of project completion were also taken into consideration. An error in the application of the requirements of said standard, and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

The Group's accounting policy on recognition of revenue from real estate sales, and basis of significant judgment and estimates are disclosed in Notes 2 and 3 to the consolidated financial statements, respectively. In addition, the details of contract revenues, specifically the disaggregation of revenues are disclosed in Notes 18 to the consolidated financial statements.

How the Matter was Addressed in the Audit

To address the risk of material misstatements in revenue recognition, we have performed tests of design and operating effectiveness of internal controls, including information technology (IT) general controls, over processes relating to generation of contract revenue, and revenue recognition and measurement. In addition, we reviewed sales agreements, on a sampling basis, and the relevant facts and circumstances about the real estate transactions to determine compliance with a set of criteria for revenue recognition. We have also tested the reasonableness of management's judgment in determining the probability of collection of the contract price which involves a historical analysis of customer payment pattern and behavior.

To ascertain the reasonableness of the 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. Our procedures include understanding of controls over recording of costs and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to determine if the completion based on costs is consistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of project engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

(b) Existence and Valuation of Real Estate Inventories*Description of the Matter*

Real estate inventories amount to P18.7 billion, which accounts for 34% of total current assets and 18% of total assets of the Group, as at December 31, 2023. Because of the asset's material effect on the consolidated financial statements, we considered its valuation a key audit matter. Valuation of the Group's real estate inventories, particularly construction-in-progress, involves determination and estimation of significant unbilled materials and project contractors' services at the end of the reporting period. Management's failure to consider such unbilled materials and services, and an error in estimating the same, could have a material impact on the carrying value of real estate inventories as well as the POC and cost of real estate sales.

The valuation of the real estate inventories is also hinged on their existence. Given that the Group's real estate projects are located in various locations and the varying stages of completion of the projects, which require significant judgment and estimation, we have also considered the existence of real estate inventories as a key audit matter.

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 performed tests of design and operating effectiveness of internal controls, including IT general controls, over processes relating to initiation and recording of purchases and allocation of cost to real estate inventories. We also performed ocular inspection of selected real estate projects on a date closest to the end of the reporting period to confirm their existence, and examined documents, such as land titles, progress reports, contractors' accomplishment billings among others, to corroborate with other procedures as well as to ensure completeness of recorded costs. We tested the assumptions used by management in estimating the unbilled materials and services, reviewed the technical competence of project engineers in relation to their assessment of the stage of completion of the projects, and the reasonableness of the stage of completion which was used in the assets' valuation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (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 (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.


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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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, 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 Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

	Notes	December 31, 2023	December 31, 2022 (As Restated - see Note 2)	January 1, 2022 (As Restated - see Note 2)
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	5	P 913,841,206	P 1,434,559,762	P 1,095,821,916
Receivables - net	6	2,093,139,231	3,571,775,532	5,844,643,647
Contract assets - net	18	26,225,182,718	16,208,926,784	6,558,006,000
Real estate inventories	7	18,693,496,246	18,309,208,981	18,708,757,553
Deposits on land for future development	8	15,000,000	129,996,729	-
Due from related parties	26	48,596,767	35,802,341	57,434,271
Prepayments and other current assets	9	6,434,166,661	4,236,252,125	4,113,273,504
Total Current Assets		<u>54,423,422,829</u>	<u>43,926,522,254</u>	<u>36,377,936,891</u>
NON-CURRENT ASSETS				
Receivables - net	6	156,093,837	106,500,218	161,127,276
Contract assets - net	18	18,868,803,692	15,770,136,750	13,732,299,185
Investments in associates	10	142,489,432	133,559,576	135,064,930
Property and equipment - net	11	7,241,895,672	4,813,732,450	915,671,703
Right-of-use assets - net	12	1,129,605,407	1,168,049,405	1,152,854,127
Investment properties - net	13	18,334,014,653	17,749,297,533	13,240,123,662
Other non-current assets - net	14	1,789,963,392	1,377,070,838	937,027,659
Total Non-current Assets		<u>47,662,866,085</u>	<u>41,118,346,770</u>	<u>30,274,168,542</u>
TOTAL ASSETS		<u>P 102,086,288,914</u>	<u>P 85,044,869,024</u>	<u>P 66,652,105,433</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	15	P 11,567,153,371	P 8,123,643,987	P 8,813,501,067
Trade and other payables	17	22,780,790,598	18,843,635,888	12,650,588,490
Contract liabilities	18	449,338,207	598,361,867	604,254,603
Customers' deposits	18	144,003,765	120,250,096	89,897,007
Lease liabilities	12	55,717,884	54,145,058	3,288,349
Income tax payable		2,210,977	3,646,417	2,177,192
Total Current Liabilities		<u>34,999,214,802</u>	<u>27,743,683,313</u>	<u>22,163,706,708</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	15	30,621,692,365	26,938,646,624	23,208,218,323
Bonds payable	16	4,947,822,521	4,930,582,631	-
Trade and other payables	17	185,420,132	195,075,703	169,777,112
Lease liabilities	12	1,207,138,171	1,182,914,425	1,122,841,952
Post-employment defined benefit obligation	24	10,395,914	9,390,095	4,753,329
Deferred tax liabilities - net	25	4,317,848,473	3,031,961,340	2,050,626,485
Total Non-current Liabilities		<u>41,290,317,576</u>	<u>36,288,570,818</u>	<u>26,556,217,201</u>
Total Liabilities		<u>76,289,532,378</u>	<u>64,032,254,131</u>	<u>48,719,923,909</u>
EQUITY				
Equity attributable to shareholders of the Parent Company	27	16,451,402,273	13,501,563,155	10,839,874,203
Non-controlling interest		9,345,354,263	7,511,051,738	7,092,307,321
Total Equity		<u>25,796,756,536</u>	<u>21,012,614,893</u>	<u>17,932,181,524</u>
TOTAL LIABILITIES AND EQUITY		<u>P 102,086,288,914</u>	<u>P 85,044,869,024</u>	<u>P 66,652,105,433</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES	18			
Sale of real estates		P 18,508,302,086	P 15,439,136,362	P 10,996,247,695
Hotel operations		138,551,300	83,418,279	48,683,577
Rental		112,343,856	79,277,559	74,272,000
Management fees		<u>59,216,126</u>	<u>55,465,803</u>	<u>42,967,412</u>
		<u>18,818,413,368</u>	<u>15,657,298,003</u>	<u>11,162,170,684</u>
COST OF SALES AND SERVICES	19	(<u>9,640,347,529</u>)	(<u>8,367,635,549</u>)	(<u>5,972,289,664</u>)
GROSS PROFIT		<u>9,178,065,839</u>	<u>7,289,662,454</u>	<u>5,189,881,020</u>
OPERATING EXPENSES	20	(<u>2,784,634,909</u>)	(<u>2,368,932,953</u>)	(<u>1,950,338,710</u>)
OTHER OPERATING INCOME	21	<u>410,779,779</u>	<u>202,542,753</u>	<u>257,229,190</u>
OPERATING PROFIT		<u>6,804,210,709</u>	<u>5,123,272,254</u>	<u>3,496,771,500</u>
FINANCE COSTS	22	(<u>603,186,832</u>)	(<u>351,048,830</u>)	(<u>264,069,008</u>)
FINANCE INCOME	23	<u>14,983,406</u>	<u>14,819,366</u>	<u>7,689,872</u>
SHARE IN NET LOSS OF ASSOCIATES	10	(<u>12,570,144</u>)	(<u>9,505,354</u>)	(<u>4,229,178</u>)
IMPAIRMENT LOSS ON FINANCIAL ASSETS	6	(<u>432,794</u>)	(<u>1,855,555</u>)	-
OTHER LOSSES	21	(<u>3,809,681</u>)	(<u>8,077,498</u>)	(<u>132,572,525</u>)
PROFIT BEFORE TAX		<u>6,199,194,664</u>	<u>4,767,604,383</u>	<u>3,103,590,661</u>
TAX EXPENSE	25	(<u>1,556,175,019</u>)	(<u>1,159,713,237</u>)	(<u>432,719,044</u>)
NET PROFIT		<u>P 4,643,019,645</u>	<u>P 3,607,891,146</u>	<u>P 2,670,871,617</u>
Net profit attributable to:				
Parent Company's shareholders		P 3,575,837,120	P 3,170,887,739	P 2,612,937,324
Non-controlling interests		<u>1,067,182,525</u>	<u>437,003,407</u>	<u>57,934,293</u>
		<u>P 4,643,019,645</u>	<u>P 3,607,891,146</u>	<u>P 2,670,871,617</u>
Earnings per Share:				
Basic and diluted	28	<u>P 1.03</u>	<u>P 0.92</u>	<u>P 1.04</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT		P 4,643,019,645	P 3,607,891,146	P 2,670,871,617
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of post-employment defined benefit plan	24	(5,836,964)	(577,372)	435,092
Tax income (expense)	25	<u>1,459,241</u>	<u>144,343</u>	(<u>1,029,189</u>)
		(<u>4,377,723</u>)	(<u>433,029</u>)	(<u>594,097</u>)
TOTAL COMPREHENSIVE INCOME		P <u>4,638,641,922</u>	P <u>3,607,458,117</u>	P <u>2,670,277,520</u>
Total comprehensive income attributable to:				
Parent Company's shareholders		P 3,571,459,397	P 3,170,454,710	P 2,612,343,227
Non-controlling interests		<u>1,067,182,525</u>	<u>437,003,407</u>	<u>57,934,293</u>
		P <u>4,638,641,922</u>	P <u>3,607,458,117</u>	P <u>2,670,277,520</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Attributable to Shareholders of the Parent Company									Non-controlling Interests (See Note 27)	Total
	Capital Stock (See Note 27)	Additional Paid-in Capital (See Note 27)	Treasury Stock (See Note 27)	Share Options Outstanding (See Note 27)	Revaluation Reserves (See Note 27)	Retained Earnings (See Note 27)		Total	Total		
						Appropriated	Unappropriated				
Balance at January 1, 2023	P 3,623,451,997	P 1,608,917,974	(P 732,664,604)	P 2,195,991	(P 13,910,501)	P 3,931,475,893	P 5,082,096,405	P 9,013,572,298	P 13,501,563,155	P 7,511,051,738	P 21,012,614,893
Transactions with owners											
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	-	879,500,000	879,500,000
Cash dividends	-	-	-	-	-	-	(623,736,265)	(623,736,265)	(623,736,265)	(112,380,000)	(736,116,265)
Stock option granted	-	-	-	2,115,986	-	-	-	-	2,115,986	-	2,115,986
	-	-	-	2,115,986	-	-	(623,736,265)	(623,736,265)	(621,620,279)	767,120,000	145,499,721
Appropriation of retained earnings											
Appropriations during the year	-	-	-	-	-	6,324,658,043	(6,324,658,043)	-	-	-	-
Reversal of appropriations during the year	-	-	-	-	-	(3,341,330,930)	3,341,330,930	-	-	-	-
	-	-	-	-	-	2,983,327,113	(2,983,327,113)	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	3,575,837,120	3,575,837,120	3,575,837,120	1,067,182,525	4,643,019,645
Other comprehensive loss	-	-	-	-	(4,377,723)	-	-	-	(4,377,723)	-	(4,377,723)
	-	-	-	-	(4,377,723)	-	3,575,837,120	3,575,837,120	3,571,459,397	1,067,182,525	4,638,641,922
Balance at December 31, 2023	P 3,623,451,997	P 1,608,917,974	(P 732,664,604)	P 4,311,977	(P 18,288,224)	P 6,914,803,006	P 5,050,870,147	P 11,965,673,153	P 16,451,402,273	P 9,345,354,263	P 25,796,756,536
Balance at January 1, 2022	P 3,623,451,997	P 1,608,917,974	(P 748,171,901)	P -	(P 13,477,472)	P 172,049,912	P 6,197,103,693	P 6,369,153,605	P 10,839,874,203	P 7,092,307,321	P 17,932,181,524
Transactions with owners											
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	-	61,641,010	61,641,010
Cash dividends	-	-	-	-	-	-	(519,780,221)	(519,780,221)	(519,780,221)	(79,900,000)	(599,680,221)
Stock option granted	-	-	-	3,005,840	-	-	-	-	3,005,840	-	3,005,840
Stock option exercised	-	-	15,507,297	(809,849)	-	-	(6,688,825)	(6,688,825)	8,008,623	-	8,008,623
	-	-	15,507,297	2,195,991	-	-	(526,469,046)	(526,469,046)	(508,765,758)	(18,258,990)	(527,024,748)
Appropriation of retained earnings											
Appropriations during the year	-	-	-	-	-	3,931,475,893	(3,931,475,893)	-	-	-	-
Reversal of appropriations during the year	-	-	-	-	-	(172,049,912)	172,049,912	-	-	-	-
	-	-	-	-	-	3,759,425,981	(3,759,425,981)	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	3,170,887,739	3,170,887,739	3,170,887,739	437,003,407	3,607,891,146
Other comprehensive loss	-	-	-	-	(433,029)	-	-	-	(433,029)	-	(433,029)
	-	-	-	-	(433,029)	-	3,170,887,739	3,170,887,739	3,170,454,710	437,003,407	3,607,458,117
Balance at December 31, 2022	P 3,623,451,997	P 1,608,917,974	(P 732,664,604)	P 2,195,991	(P 13,910,501)	P 3,931,475,893	P 5,082,096,405	P 9,013,572,298	P 13,501,563,155	P 7,511,051,738	P 21,012,614,893
Balance at January 1, 2021	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	P -	(P 12,883,375)	P 3,949,504,623	P 2,104,913,555	P 6,054,418,178	P 8,631,601,761	P 6,895,639,697	P 15,527,241,458
Transactions with owners											
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	-	226,733,331	226,733,331
Cash dividends	-	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)	(88,000,000)	(476,749,900)
Stock dividends	1,909,451,997	-	-	-	-	-	(1,909,451,997)	(1,909,451,997)	-	-	-
Acquisition of treasury stock	-	-	(15,320,885)	-	-	-	-	-	(15,320,885)	-	(15,320,885)
	1,909,451,997	-	(15,320,885)	-	-	-	(2,298,201,897)	(2,298,201,897)	(404,070,785)	138,733,331	(265,337,454)
Reversal of appropriations during the year	-	-	-	-	-	(3,777,454,711)	3,777,454,711	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	2,612,937,324	2,612,937,324	2,612,937,324	57,934,293	2,670,871,617
Other comprehensive loss	-	-	-	-	(594,097)	-	-	-	(594,097)	-	(594,097)
	-	-	-	-	(594,097)	-	2,612,937,324	2,612,937,324	2,612,343,227	57,934,293	2,670,277,520
Balance at December 31, 2021	P 3,623,451,997	P 1,608,917,974	(P 748,171,901)	P -	(P 13,477,472)	P 172,049,912	P 6,197,103,693	P 6,369,153,605	P 10,839,874,203	P 7,092,307,321	P 17,932,181,524

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022 (As Restated see Note 2)	2021 (As Restated see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 6,199,194,664	P 4,767,604,383	P 3,103,590,661
Adjustments for:				
Interest expense on:				
Loans	22	451,982,816	259,475,530	196,904,919
Lease liabilities	12	80,167,300	75,629,879	67,139,552
Bonds	16	66,856,868	15,444,620	-
Depreciation and amortization	20	186,911,151	170,626,662	121,798,863
Interest income	23	(13,874,699)	(14,664,879)	(6,528,935)
Share in net losses of associates	10	12,570,144	9,505,354	4,229,178
Share option benefits expense	24, 27	2,115,986	3,005,840	-
Recognition of impairment loss on financial assets	6	432,794	1,855,555	-
Loss (gain) on sale of property and equipment	11	17,410	(128,365)	16,577
Operating profit before working capital changes		6,986,374,433	5,288,354,579	3,487,150,815
Decrease in receivables		1,428,609,888	2,325,639,618	136,187,839
Increase in contract assets		(13,114,922,876)	(11,688,758,349)	(6,433,654,690)
Decrease (increase) in real estate inventories		2,956,338,724	2,409,017,134	(1,290,125,235)
Increase in deposits on land for future development		(349,502,459)	(129,996,729)	(376,327,882)
Decrease (increase) in prepayments and other current assets		(2,197,914,536)	625,328,447	(905,070,148)
Decrease (increase) in other non-current assets		(418,939,623)	(1,069,949,268)	(573,896,768)
Increase in trade and other payables		1,561,102,970	3,804,705,659	5,317,928,215
Increase (decrease) in contract liabilities		(149,023,660)	(5,892,736)	71,605,256
Increase (decrease) in customers' deposits		23,753,669	30,353,089	(106,227,005)
Increase (decrease) in post-employment defined benefit obligation		(4,831,145)	4,059,394	3,538,048
Cash generated from (used in) operations		(3,278,954,614)	1,592,860,838	(668,891,555)
Cash paid for taxes		(270,264,085)	(300,933,097)	(252,045,906)
Net Cash From (Used in) Operating Activities		(3,549,218,699)	1,291,927,741	(920,937,461)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	11	(996,053,776)	(1,204,019,547)	(299,836,002)
Acquisitions of investment properties	13	(321,623,733)	(5,174,664,275)	(4,865,426,664)
Additional investments in associates	10	(21,500,000)	(8,000,000)	(25,310,918)
Interest received	23	13,874,699	14,664,879	6,528,935
Advances to related parties	26	(12,794,426)	(368,535)	(35,500,674)
Acquisitions of computer software	14	(1,914,986)	(3,064,323)	(10,242,943)
Proceeds from sale of property and equipment	11	563,795	1,043,039	75,961
Collections of advances to related parties	26	-	22,000,465	16,907
Net Cash Used in Investing Activities		(1,339,448,427)	(6,352,408,297)	(5,229,695,398)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans - net	34	12,943,572,215	11,749,374,715	14,448,015,997
Repayments of interest-bearing loans	34	(5,791,848,745)	(8,807,422,731)	(6,288,347,939)
Interest paid on interest-bearing loans	15	(2,543,426,951)	(1,907,051,243)	(1,387,522,892)
Additional investment from non-controlling shareholders	27	879,500,000	61,641,010	226,733,331
Cash dividends paid	27	(727,716,265)	(599,680,221)	(476,749,900)
Interest paid on bonds	16	(337,485,050)	(14,704,640)	-
Payment of lease liability	12	(54,646,634)	(17,574,742)	(57,537,727)
Proceeds from issuances of bonds - net	16	-	4,926,627,631	-
Proceeds from reissuance of treasury stock	27	-	8,008,623	-
Acquisition of treasury stock		-	-	(15,320,885)
Net Cash From Financing Activities		4,367,948,570	5,399,218,402	6,449,269,985
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(520,718,556)	338,737,846	298,637,126
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,434,559,762	1,095,821,916	797,184,790
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 913,841,206	P 1,434,559,762	P 1,095,821,916

Supplemental Information on Non-cash Activities is disclosed in Note 35.

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Cebu Landmasters, Inc. (the Parent Company or CLI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 26, 2003. CLI is presently engaged in real estate-related activities, which include real estate development, sales, leasing and property management. The Parent Company's real estate portfolio include condominium and subdivision for residence, mixed-use properties, townships, hotels and resorts, offices, and co-living space.

The Parent Company is a subsidiary of A B Soberano Holdings Corp. (the Ultimate Parent Company or ABS). ABS is a holding company and is incorporated and domiciled in the Philippines. ABS is primarily and currently engaged in holding activities. The registered office and principal place of business of ABS is located at 2nd Street, Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

On January 6, 2017, the Board of Directors (BOD) approved the Company's application for the registration of its common stocks with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The Company's shares were listed on the main board of the PSE on June 2, 2017 (see Note 27).

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests in the following subsidiaries and associates:

Entities	Notes	Effective Percentage of Ownership	
		2023	2022
Subsidiaries			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	100%	100%
Cebu Landmasters Property Management, Inc. (CPM)	(b)	100%	100%
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	100%	100%
CLI Hotels and Resorts Inc. (CHR)	(d)	100%	100%
CLI-LITE Panglao Inc. (CLI-LITE)	(e)	88%	88%
Ming-mori Development Corporation (MDC)	(f)	78%	78%
Sugbo Prime Estate, Inc. (SPE)	(g)	64%	64%
BL CBP Ventures, Inc. (BL Ventures)	(h)	50%	50%
Yuson Excellence Soberano, Inc. (YES)	(i)	50%	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(j)	50%	50%
YHEST Realty and Development Corporation (YHEST)	(k)	50%	50%
CCLI Premier Hotels, Inc. (CCLI)	(l)	50%	50%

Forward

Entities	Notes	Effective Percentage of Ownership	
		2023	2022
Subsidiaries			
Cebu Homegrown Developers, Inc. (CHDI)	(m)	50%	50%
YHES Premier Hotels Inc. (YHESPH)*	(n)	50%	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(o)	50%	50%
GGTT Realty Corporation (GGTT)	(p)	50%	50%
Mivesa Garden Residences, Inc. (MGR)	(q)	45%	45%
El Camino Developers Cebu, Inc. (El Camino)	(r)	35%	35%
Associates			
Iloilo Global City Corporation (IGCC)	(s)	43%	-
ICOM Air Corporation (ICOM)	(t)	33%	33%
Magspeak Nature Park, Inc. (Magspeak)	(u)	25%	25%

* YHESPH is a wholly owned subsidiary of YHES

CLI and its subsidiaries (collectively referred as “the Group”), and associates are all incorporated in the Philippines. The subsidiaries and associates, except CPH, CPM, CCLI, YHESPH and ICOM are in the same line of business with CLI. A brief description of these entities follows:

- (a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business, which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.
- (b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPM is located in Cebu City.
- (c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.
- (d) CHR was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group’s various hotel projects. Its principal place of business is located in Cebu City. As at December 31, 2023, CHR has yet to start commercial operations.
- (e) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (f) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.

- (g) SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.
- (h) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.
- (i) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.
- (j) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.
- (k) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.
- (l) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2023, CCLI has yet to start commercial operations.
- (m) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.
- (n) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI, which owns 50% of YHES.
- (o) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.
- (p) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.
- (q) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.
- (r) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.
- (s) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business also is located in Iloilo City.

- (t) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2023, ICOM has yet to start its commercial operations.
- (u) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2023 (including the comparative consolidated financial statements for the years ended December 31, 2022 and 2021), were authorized for issue by the BOD on April 10, 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. These 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 details below and in 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 Circulars (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*; and,
- 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*.

SEC MC No. 08-2021, Amendment 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 below and in the succeeding page 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.

(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 statement 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 guidance should have been applied retrospectively and would have resulted in the restatement of prior year consolidated financial statements or applied using modified retrospective approach.

In the initial calculation of the Group, adoption of the deferred provisions of PFRS 15 and related issuances of the Philippine Interpretation Committee would have an impact on the following financial statement accounts as of and for the year ended December 31, 2023:

	Increase <u>(Decrease)</u>
Real estate sales	(P2,103,367,290)
Cost of real estate sales	(1,139,065,655)
Interest expense	1,602,455,786
Interest income	2,134,914,530
Provision for deferred income tax	50,067,140
Net profit	545,004,511
Real estate inventories	(1,422,007,090)
Deferred tax liability	(371,997,944)
Opening balance of retained earnings	1,249,000,523

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.

The Group has decided to use full retrospective approach upon 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 consolidated statement of comprehensive income separate from the consolidated statement of profit or loss.

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 has a 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 statement of financial position are not required to be disclosed.

(d) *Functional and Presentation Currency*

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

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

(e) *Reclassification of Accounts*

The Company reclassified certain deferred commissions as part of Prepayments and Other Current Assets to Other Non-current Assets account due to its expected recognition as expense in the succeeding years.

The effect of this reclassification in the consolidated financial statements as at December 31, 2022 and January 1, 2022 are summarized as follows:

(i) Consolidated statements of financial position

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 4,964,507,403	(P 728,255,278)	P 4,236,252,125
Other non-current assets	<u>648,815,560</u>	<u>728,255,278</u>	<u>1,377,070,838</u>
		<u>P -</u>	
January 1, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 4,737,412,289	(P 624,138,785)	P 4,113,273,504
Other non-current assets	<u>312,888,874</u>	<u>624,138,785</u>	<u>937,027,659</u>
		<u>P -</u>	

(ii) Consolidated statements of cash flows

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	(P 102,926,831)	P 728,255,278	P 625,328,447
Other non-current assets	(<u>341,693,990</u>)	(<u>728,255,278</u>)	(<u>1,069,949,268</u>)
		<u>P -</u>	
January 1, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	(P 1,529,208,933)	P 624,138,785	(P 905,070,148)
Other non-current assets	<u>50,242,017</u>	(<u>624,138,785</u>)	(<u>573,896,768</u>)
		<u>P -</u>	

The effect of the reclassification has no impact on the consolidated statements of profit or loss and consolidated statements of comprehensive income.

2.2 Adoption of Amended PFRS

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

The Group adopted for the first time the following amendments to PFRS, 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.

PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the 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.

- (ii) 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 judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the 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*, are 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) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries, 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.

Acquired subsidiaries are accounted for using the acquisition method of accounting.

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 Group commits to purchase or sell the asset).

(i) *Classification, Measurement and Reclassification of Financial Assets*

The Group's financial assets are all categorized as financial assets at amortized cost.

(ii) *Impairment of Financial Assets*

The expected credit losses (ECL) on receivables and contract assets are estimated by a probability weighted estimate of credit losses over the expected life of the financial assets. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, 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, bonds payable, and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)].

2.5 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, except for lease liabilities which are measured based on the present value of the remaining lease payments as if the acquired lease were a new lease at acquisition date and right-of-use assets which are measured at an amount equal to the recognized lease liability, adjusted to reflect favorable or unfavorable lease terms compared with market terms. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

2.6 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 project 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 recognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.7 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Buildings	20 years
Transportation equipment	5 years
Operating equipment	3-5 years
Furniture and fixtures	2-5 years

2.8 Investment Property

Properties held for lease under operating lease agreements, which comprise mainly of land, buildings and condominium units, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation. Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the assets ranging from 20 to 50 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

The Group develops real properties such as developed land, 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 real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

- (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 is presented as part of Real Estate Sales 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 in the consolidated statement of comprehensive income.
- (c) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a 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) *Hotel operations* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

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

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets and is 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 capitalized borrowing costs.

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 [see Note 2.4(a)(ii)].

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.

2.10 Leases

(a) The Group as Lessee

Subsequent to initial recognition, the Group depreciates 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 from two to five years for offices and 29 to 39 years for land.

The Group has elected to account for short-term leases and leases of low-value assets 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) The Group as Lessor

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

2.11 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 a trustee.

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

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 the 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 differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

The Group exercises critical 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 following:

- 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 determined that its performance obligation is satisfied over 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. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(c) *Determination of Collection Threshold for Revenue Recognition*

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Group determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price. Management is confident that when the collections received from the buyers exceed a certain threshold, it would be unlikely for the buyer to default and therefore, cancel the contract. Accordingly, the Group will not recognize the whole contract and no revenue will be recognized when the collection threshold is not yet reached.

(d) *Assessment Involving Right of Return*

The Group's real estate sales under pre-completed contracts has variable consideration, which is the right of return when a buyer defaulted the equity payments. Moreover, RA No. 6552, *Realty Installment Buyer Act* or, which is popularly known in the Philippines as the *Maceda Law*, provides a statutory obligation to the Group to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installment payments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) *Determination of ECL on Receivables and Contract Assets*

The Group uses the cumulative loss rate approach to calculate ECL for receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Group has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations.

On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Group's trade and other receivables and contract assets are disclosed in Note 31.2.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. 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 operations.

(g) Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a 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. Currently, its leases are all operating leases.

(b) Determination of Lease Term of Contracts with Renewal and Termination Options

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.

For leases of land and office space, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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.

(i) Accounting for Equity Ownership Interest in Subsidiaries and Associates

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Group evaluates whether control or significant influence exists. Control is present when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policy decisions.

The Parent Company was able to demonstrate control over the operations of CBLRV (since 2020), CHDI and YHESPH (since 2019), YHEST and CCLI (since 2018), MGR and YHES (since 2017), and BL Ventures, El Camino, and YES (since 2016), from the time of their incorporation, as indicated in Note 1.2. On June 22, 2021, CLI assumed control of MDC (see Note 10.1). It had been able to demonstrate control over the operations of the foregoing investees despite having 50% or less equity ownership interest in them by virtue of a formal agreement with the respective other shareholders of the investees and the Parent Company's actual role in the investees' operations. Accordingly, the said entities are accounted for as subsidiaries.

(j) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. The disclosures on relevant contingencies are presented in Note 29.

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) *Revenue Recognition for Performance Obligations 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 obligation. 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 apply 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.

(b) *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.

(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 behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgment in the estimation of the contractual cash flows due from counterparties that the Group would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year.

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 31.2.

(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 dates the estimates are made. The future realization of the carrying amounts of real estate inventory as presented in Note 7, 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 real estate inventories within the next financial reporting period.

Considering the Group's pricing policy, the net realizable values of real estate inventories for sale are determined to be higher than their related costs.

(e) *Estimation of Useful Lives of Property and Equipment, Investment Properties and Right-of-use Assets*

The Group estimates the useful lives of property and equipment, investment properties and right-of-use assets 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, right-of use assets, and investment properties are analyzed 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 these assets during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned.

(f) *Impairment of Non-financial Assets*

The Group's Investment Properties, Property and Equipment and other non-financial assets are subject to impairment testing.

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit 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.

Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management assessed that no impairment loss is required to be provided on its significant non-financial assets, particularly property and equipment, right-of-use assets and investment properties, as at December 31, 2023, 2022 and 2021.

(g) *Valuation of Post-employment Defined Benefit Obligation*

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

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit as well as the significant assumptions used in estimating such obligation are presented in Note 24.3.

(h) *Fair Value Measurement of Share Options*

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share option was granted. The estimates and assumptions used are presented in Note 27.4, which include, among others, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Parent Company's share price. Changes in these factors can affect the fair value of share options at grant date.

Details of employee share option plan and the amount of fair value recognized is presented in Note 27.4.

(i) *Fair Value Measurement for Investment Properties*

Investment properties are measured using the cost model. The fair value of investment property held for capital appreciation and to earn rental income disclosed in the consolidated financial statements is determined by the Group based on the appraisal reports of a professional and independent appraiser.

The fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets being disclosed.

The fair value the Group's investment properties as at December 31, 2023 and 2022 is disclosed in Notes 13 and 32.3(c).

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating segments 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's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Reporting

In identifying its operating segments, management generally follows the Group's products and service lines, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments;
- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

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

4.3 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

	2021				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 10,996,247,695	P 74,271,999	P 42,967,413	P 48,683,577	P 11,162,170,684
Intersegment sales	(83,694,730)	2,607,317	112,754,994	-	31,667,581
Total revenues	<u>10,912,552,965</u>	<u>76,879,316</u>	<u>155,722,407</u>	<u>48,683,577</u>	<u>11,193,838,265</u>
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	5,834,729,247	63,259	18,740,197	20,693,997	5,874,226,700
Operating expenses excluding depreciation and amortization	1,926,845,038	7,813,579	3,253,570	48,400,793	1,986,312,980
Depreciation and amortization	79,388,040	42,410,823	-	-	121,798,863
Total costs and expenses	<u>7,840,962,325</u>	<u>50,287,661</u>	<u>21,993,767</u>	<u>69,094,790</u>	<u>7,982,338,543</u>
FINANCE COST (INCOME)					
Interest expense on:					
Loans	206,602,933	1,576,018	656,253	-	208,835,204
Lease liabilities	67,139,552	-	-	-	67,139,552
Interest income on banks	(5,992,874)	(49,612)	(20,658)	(155,633)	(6,218,777)
Total finance cost (income)	<u>267,749,611</u>	<u>1,526,406</u>	<u>635,595</u>	<u>(155,633)</u>	<u>269,755,979</u>
SEGMENT PROFIT (LOSS) BEFORE TAX	<u>P 2,803,841,029</u>	<u>P 25,065,249</u>	<u>P 133,093,045</u>	<u>(P 20,255,580)</u>	<u>P 2,941,743,743</u>
ASSETS AND LIABILITIES					
Segment assets	P 59,241,930,021	P 13,257,992,141	P 47,761,136	P 668,752,885	P 73,216,436,183
Segment liabilities	47,210,106,719	36,400,266	8,264,159	476,195,105	47,730,966,249

The real estate segment is further analyzed based on their geographical location as shown in Note 18.1. Both rental and management services segments are located in Cebu City.

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

4.6 Reconciliation

Following 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 19,008,875,169	P 15,812,551,256	P 11,193,838,265
Elimination of intersegment revenues	(190,461,801)	(155,253,253)	(31,667,581)
Revenues as reported in profit or loss	<u>P 18,818,413,368</u>	<u>P 15,657,298,003</u>	<u>P 11,162,170,684</u>
Profit or loss			
Segment profit before tax	P 5,741,234,776	P 4,737,897,735	P 2,941,743,743
Adjustments for intersegment accounts	63,559,934	(155,253,253)	41,419,431
Other operating income	410,779,779	202,542,753	257,229,190
Share in net loss in associates	(12,570,144)	(9,505,354)	(4,229,178)
Other losses - net	(3,809,681)	(8,077,498)	(132,572,525)
Profit before tax as reported in profit or loss	<u>P 6,199,194,664</u>	<u>P 4,767,604,383</u>	<u>P 3,103,590,661</u>

Forward

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Segment assets and total assets reported in statements of financial position	P112,448,551,689	P 93,271,163,200	P 73,216,436,183
Elimination of intercompany accounts	(10,362,262,775)	(8,226,294,176)	(6,564,330,750)
Total assets as reported in the consolidated statements of financial position	<u>P102,086,288,914</u>	<u>P 85,044,869,024</u>	<u>P 66,652,105,433</u>
Liabilities			
Segment liabilities	P 73,194,519,349	P 62,571,078,617	P 47,730,966,249
Deferred tax liabilities	4,317,848,473	3,031,961,340	2,050,626,485
Elimination of intercompany accounts	(1,222,835,444)	(1,570,785,826)	(1,061,668,825)
Total liabilities as reported in the consolidated statements of financial position	<u>P 76,289,532,378</u>	<u>P 64,032,254,131</u>	<u>P 48,719,923,909</u>

5. CASH AND CASH EQUIVALENTS

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

	<u>2023</u>	<u>2022</u>
Cash on hand	P 4,365,735	P 3,024,222
Cash in banks	864,263,028	1,322,678,049
Short-term placements	<u>45,212,443</u>	<u>108,857,491</u>
	<u>P 913,841,206</u>	<u>P 1,434,559,762</u>

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 35 to 60 days and earn effective interest ranging from 3% to 3.5% per annum in 2023, ranging from 0.75% to 4.25% per annum in 2022, and ranging from 0.75% to 1.90% per annum in 2021.

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 23).

6. RECEIVABLES

This account includes the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Contract receivables:			
Third parties		P 1,548,388,979	P 2,900,433,836
Related parties	26.2, 26.3	685,584	129,796,291
Retention receivable		132,973,570	113,229,317
Management fee receivable		111,340,567	102,357,085
Receivable from contractors and suppliers		156,616,742	41,212,041
Receivable from insurance		77,373,832	144,893,228
Rent receivable		71,548,690	53,640,904
Advances to officers and employees		37,927,664	21,014,700
Receivable from hotel operations customers		8,510,578	2,621,371
Other receivables		106,109,124	170,886,446
		2,251,475,330	3,680,085,219
Allowance for impairment	31.2(c)	(2,242,262)	(1,809,469)
		<u>P 2,249,233,068</u>	<u>P 3,678,275,750</u>

Receivables are presented in the consolidated statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 2,093,139,231	P 3,571,775,532
Non-current	156,093,837	106,500,218
	<u>P 2,249,233,068</u>	<u>P 3,678,275,750</u>

Buyers of real estate properties are given two to four years to complete the equity amortization, which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement by the buyer's chosen financing institution of the buyer's account within 12 months. Title to real estate properties are transferred to the buyers once full payment has been made. Hence, contract receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost, which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P5,309,083 and P1,557,409 as at December 31, 2023 and 2022, respectively.

The Parent Company has day-one loss on noninterest-bearing contract receivables, net of amortization of day one loss, amounting to P3,751,672 and P257,332, and is presented as part of Finance Costs in the 2023 and 2022 consolidated statements of profit or loss, respectively (see Note 22). The amortization of day-one loss of noninterest-bearing contract receivables is presented as part of Finance Income in the consolidated statements of profit or loss (see Note 23).

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Group.

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group.

Advances to officers and employees are composed of advances intended for the Group's operations and are subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. A reconciliation of the allowance for impairment at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 1,809,469	P 600,695
Impairment losses	432,794	1,855,555
Write off	<u>-</u>	(<u>646,781</u>)
Balance at end of year	<u>P 2,242,262</u>	<u>P 1,809,469</u>

7. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Subdivision units		P 470,257,538	P 723,515,775
Condominium units		<u>400,467,121</u>	<u>442,847,171</u>
		<u>870,724,659</u>	<u>1,166,362,946</u>
Construction-in-progress (CIP):			
Condominium building costs		11,216,886,132	3,538,686,897
Housing costs		4,200,650,987	1,330,557,606
Land development costs		<u>1,627,403,713</u>	<u>9,090,488,250</u>
		<u>17,044,940,832</u>	<u>13,959,732,753</u>
Raw land inventory	8	<u>777,830,755</u>	<u>3,183,113,282</u>
		<u>P18,693,496,246</u>	<u>P18,309,208,981</u>

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 19.

Land development costs pertain to the cost of land acquisition, and site development costs of horizontal projects and other future site projects of the Group.

Condominium building costs consist of the cost of land and the cost to construct the units of the vertical projects of the Group. Housing costs pertain to the cost of house construction for the horizontal projects of the Group.

Raw land inventory consists of parcels of land owned by the Group in various locations. These are expected to be developed into saleable condominium or subdivision units.

In 2023, the Group reclassified deposits on land for future development to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated during the reporting period (see Note 8). There was no similar transaction in 2022.

Borrowing costs that are capitalized as part of real estate inventory amounted to P1,668,971,527 and P1,177,920,349 in 2023 and 2022, respectively, which represents the interest incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). The capitalization rate used for the borrowings ranges from 5% to 9.25% and 4% to 8% in 2023 and 2022, respectively.

In 2023 and 2022, the Group reclassified certain investment properties to real estate inventories (see Note 13). In 2023, the Group reclassified certain real estate inventories to property and equipment, there was no similar transaction in 2022 (see Note 11).

As at December 31, 2023 and 2022, real estate inventories totaling to P7,794,550,414 and P8,128,280,586, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

8. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Deposits on land for future development pertains to advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects. A reconciliation of the deposits on land for future development is presented below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P 129,996,729	P -
Additions		349,502,459	129,996,729
Transferred to raw land inventory	7	(464,499,188)	-
Balance at end of year		<u>P 15,000,000</u>	<u>P 129,996,729</u>

The deposits on land for future development is presented as current assets in the consolidated statements of financial position.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	<u>2023</u>	2022 (As restated - see Note 2)
Advances to subcontractors	P1,979,370,709	P 1,555,905,543
Input VAT and deferred input VAT	1,555,489,960	1,401,290,754
Deferred commissions	1,645,513,898	483,984,105
Advances to suppliers	537,191,493	248,056,728
Prepaid taxes	454,631,300	298,208,444
Short-term investments	200,838,362	204,836,249
Prepaid expenses	51,509,612	34,567,894
Others	<u>9,621,327</u>	<u>9,402,408</u>
	<u>P6,434,166,661</u>	<u>P 4,236,252,125</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of subdivision and condominium units for sale. These are applied against the progress billings of subcontractors.

Deferred commissions pertain to sales commissions incurred and capitalized by the Group upon execution of contracts to sell real properties to customers. 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 contracts. In 2023, 2022 and 2021, the Group expensed deferred commissions based on the POC of its related real estate project and is presented as Commissions under Operating Expenses in the consolidated statements of profit or loss (see Note 20).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Group's compliance with the regulatory requirements for issuance of license to sell, and are restricted for use in the Group's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 3.5% to 6.5% and 0.75% to 4.25% per annum in 2023 and 2022, respectively.

Prepaid expenses include advance payment for insurance and rent.

10. INVESTMENTS IN ASSOCIATES

10.1 Breakdown of Carrying Amounts

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 133,559,576	P 135,064,930
Share in net loss during the year	(12,570,144)	(9,505,354)
Additional investments	<u>21,500,000</u>	<u>8,000,000</u>
Balance at end of year	<u>P 142,489,432</u>	<u>P 133,559,576</u>

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2023 and 2022 is shown below.

	<u>IGCC</u>	<u>Magspeak</u>	<u>ICOM</u>	<u>Total</u>
December 31, 2023				
Cost				
Balance at beginning of year	P -	P 25,735,096	P 122,300,934	P 148,036,030
Additional investments	<u>8,500,000</u>	<u>5,000,000</u>	<u>8,000,000</u>	<u>21,500,000</u>
Balance at end of year	<u>8,500,000</u>	<u>30,735,096</u>	<u>130,300,934</u>	<u>169,536,030</u>
Accumulated equity in net losses				
Balance at beginning of year	-	(2,838,295)	(11,638,159)	(14,476,454)
Equity in net losses during the year	<u>-</u>	<u>(982,394)</u>	<u>(11,587,750)</u>	<u>(12,570,144)</u>
Balance at end of year	<u>-</u>	<u>(3,820,689)</u>	<u>(23,225,909)</u>	<u>(27,046,598)</u>
Carrying Amount	<u>P 8,500,000</u>	<u>P 26,914,407</u>	<u>P 107,075,025</u>	<u>P 142,489,432</u>
December 31, 2022				
Cost				
Balance at beginning of year	P -	P 25,735,096	P 114,300,934	P 140,036,030
Additional investments	<u>-</u>	<u>-</u>	<u>8,000,000</u>	<u>8,000,000</u>
Balance at end of year	<u>-</u>	<u>25,735,096</u>	<u>122,300,934</u>	<u>148,036,030</u>
Accumulated equity in net losses				
Balance at beginning of year	(1,487,450)	(3,483,650)	(4,971,100)	(9,942,200)
Equity in net losses during the year	<u>(1,350,845)</u>	<u>(8,154,509)</u>	<u>(8,582,650)</u>	<u>(18,077,404)</u>
Balance at end of year	<u>(2,838,295)</u>	<u>(11,638,159)</u>	<u>(13,553,750)</u>	<u>(28,030,204)</u>
Carrying Amount	<u>P 22,896,801</u>	<u>P 110,662,775</u>	<u>P 133,559,576</u>	<u>P 267,119,152</u>

On June 22, 2021, CLI assumed control of the MDC by acquiring additional common shares of MDC from nine other stockholders and became its parent Company. Upon acquisition, CLI remeasured its investment in an associate to its acquisition-date fair value and recognized a Gain on remeasurement of investments in associates presented under Other Operating Income in the 2021 consolidated statement of profit or loss (see Note 21.1).

The total revenues and net losses of MDC included in the 2021 consolidated statement of comprehensive income since acquisition date are nil and P2,330,126, respectively. Had the acquisition occurred at the beginning of the year, the total revenues and net losses of MDC to be included in the 2021 consolidated statement of comprehensive income are nil and P3,274,357, respectively.

10.2 Summarized Financial Information

The aggregated amounts of assets, liabilities and equity are as follows:

	<u>Current Assets</u>	<u>Non-current Assets</u>	<u>Current Liabilities</u>	<u>Non-current Liabilities</u>	<u>Equity</u>
December 31, 2023					
Magspeak	P 18,071,989	P 86,274,189	P 2,287,827	P 1,830,565	P 100,227,786
ICOM	33,763,138	292,523,319	3,138,099	87,942,100	235,206,258
IGCC	8,500,000	-	-	-	8,500,000
	<u>P 60,335,127</u>	<u>P 378,797,508</u>	<u>P 5,425,926</u>	<u>P 89,772,665</u>	<u>P 343,934,044</u>
December 31, 2022					
Magspeak	P 18,071,989	P 86,274,189	P 2,287,827	P 1,830,565	P 100,227,786
ICOM	30,759,869	300,684,537	1,379,372	39,000,000	291,065,034
	<u>P 48,831,858</u>	<u>P 386,958,726</u>	<u>P 3,667,199</u>	<u>P 40,830,565</u>	<u>P 391,292,820</u>

The aggregated amounts of revenues, net loss, other comprehensive loss of the associates are as follows:

	<u>Revenues</u>	<u>Net Loss</u>	<u>Other Comprehensive Income</u>	<u>Total Comprehensive Loss</u>
2023				
Magspeak	P -	(P 3,929,611)	P -	(P 3,929,611)
ICOM	12,452,209	(32,839,961)	-	(32,839,961)
IGCC	-	-	-	-
2022				
Magspeak	P -	(P 4,934,527)	P -	(P 4,934,527)
ICOM	14,448,415	(24,360,430)	-	(24,360,430)
2021				
Magspeak	P -	(P 2,551,014)	P -	(P 2,551,014)
ICOM	8,312,631	(10,310,845)	-	(10,310,845)

The reconciliation of the summarized financial information to the carrying amount of the interest in associates are as follows:

	<u>Magspeak</u>	<u>ICOM</u>	<u>IGCC</u>	<u>Total</u>
2023				
Net assets at end of year	P 100,227,786	P 235,206,258	P 8,500,000	
Proportion of equity interest by the Parent Company	<u>25%</u>	<u>33%</u>	<u>43%</u>	
Parent Company's share in the net assets of associates	25,056,947	77,618,065	3,655,000	
Other stockholders' unpaid subscription	<u>1,857,460</u>	<u>29,456,960</u>	<u>4,845,000</u>	
Carrying amount of investment	<u>P 26,914,407</u>	<u>P 107,075,025</u>	<u>P 8,500,000</u>	<u>P 142,489,432</u>
		<u>Magspeak</u>	<u>ICOM</u>	<u>Total</u>
2022				
Net assets at end of year		P 94,157,786	P 291,065,034	
Proportion of equity interest by the Parent Company		<u>25%</u>	<u>33%</u>	
Parent Company's share in the net assets of associates		23,539,447	96,051,461	
Other stockholders' unpaid subscription		(<u>642,548</u>)	<u>14,611,314</u>	
Carrying amount of investment		<u>P 22,896,899</u>	<u>P 110,662,775</u>	<u>P 133,559,674</u>

The shares in net losses of associates totaling P12,570,149, P9,505,354, and P4,229,178 were recognized in 2023, 2022 and 2021, respectively, in the consolidated statements of profit or loss.

There were no dividends received from the Group's associates in 2023, 2022 and 2021.

11. PROPERTY AND EQUIPMENT

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

	Land	Building and Parking Units	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2023								
Cost	P 359,058,133	P 512,706,244	P 125,131,130	P 60,827,521	P 50,499,782	P 14,587,797	P 6,420,474,335	P 7,543,284,942
Accumulated depreciation and amortization	-	(142,131,917)	(69,747,528)	(47,766,743)	(33,152,170)	(8,590,912)	-	(301,389,270)
Net carrying amount	<u>P 359,058,133</u>	<u>P 370,574,327</u>	<u>P 55,383,602</u>	<u>P 13,060,778</u>	<u>P 17,347,612</u>	<u>P 5,996,885</u>	<u>P 6,420,474,335</u>	<u>P 7,241,895,672</u>
December 31, 2022								
Cost	P 359,058,133	P 401,375,877	P 111,382,859	P 57,015,172	P 40,459,135	P 14,547,842	P 4,077,078,853	P 5,060,917,871
Accumulated depreciation and amortization	-	(117,269,272)	(53,078,326)	(42,285,966)	(27,932,433)	(6,619,424)	-	(247,185,421)
Net carrying amount	<u>P 359,058,133</u>	<u>P 284,106,605</u>	<u>P 58,304,533</u>	<u>P 14,729,206</u>	<u>P 12,526,702</u>	<u>P 7,928,418</u>	<u>P 4,077,078,853</u>	<u>P 4,813,732,450</u>
December 31, 2021								
Cost	P 140,896,820	P 313,420,883	P 91,775,926	P 59,603,223	P 36,731,888	P 12,514,727	P 471,807,019	P 1,126,750,486
Accumulated depreciation and amortization	-	(102,246,056)	(40,841,416)	(39,453,413)	(23,778,921)	(4,758,977)	-	(211,078,783)
Net carrying amount	<u>P 140,896,820</u>	<u>P 211,174,827</u>	<u>P 50,934,510</u>	<u>P 20,149,810</u>	<u>P 12,952,967</u>	<u>P 7,755,750</u>	<u>P 471,807,019</u>	<u>P 915,671,703</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023, 2022 and 2021 is as follows:

	Land	Building and Parking Units	Office Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2023 net of accumulated depreciation and amortization	P 359,058,133	P 284,106,605	P 58,304,533	P 14,729,206	P 12,526,702	P 7,928,418	P 4,077,078,853	P 4,813,732,450
Additions	-	97,747,164	13,857,110	4,359,670	10,040,647	39,955	2,343,395,482	2,469,440,028
Reclassifications	-	13,583,203	-	-	-	-	-	13,583,203
Disposals	-	-	(33,884)	(547,321)	-	-	-	(581,205)
Depreciation and amortization for the year	-	(24,862,645)	(16,744,157)	(5,480,777)	(5,219,737)	(1,971,488)	-	(54,278,804)
Balance at December 31, 2023 net of accumulated depreciation and amortization	<u>P 359,058,133</u>	<u>P 370,574,327</u>	<u>P 55,383,602</u>	<u>P 13,060,778</u>	<u>P 17,347,612</u>	<u>P 5,996,885</u>	<u>P 6,420,474,335</u>	<u>P 7,241,895,672</u>
Balance at January 1, 2022 net of accumulated depreciation and amortization	P 140,896,820	P 211,174,827	P 50,934,510	P 20,149,810	P 12,952,967	P 7,755,750	P 471,807,019	P 915,671,703
Additions	218,161,313	55,888,147	19,701,024	1,604,275	3,727,247	2,033,115	2,336,303,706	2,637,418,827
Disposals	-	-	(56,627)	(858,046)	-	-	-	(914,673)
Reclassification	-	32,066,847	-	-	-	-	1,268,968,128	1,301,034,975
Depreciation and amortization for the year	-	(15,023,216)	(12,274,374)	(6,166,833)	(4,153,512)	(1,860,447)	-	(39,478,382)
Balance at December 31, 2022 net of accumulated depreciation and amortization	<u>P 359,058,133</u>	<u>P 284,106,605</u>	<u>P 58,304,533</u>	<u>P 14,729,206</u>	<u>P 12,526,702</u>	<u>P 7,928,418</u>	<u>P 4,077,078,853</u>	<u>P 4,813,732,450</u>
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 140,896,820	P 170,588,299	P 39,392,002	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606
Additions	-	11,827,275	21,178,971	13,413,303	8,401,409	7,929,190	237,085,854	299,836,002
Disposals	-	-	(23,178)	-	(69,360)	-	-	(92,538)
Reclassification	-	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization for the year	-	(14,244,790)	(9,613,285)	(5,866,422)	(4,315,770)	(1,304,175)	-	(35,344,442)
Balance at December 31, 2021 net of accumulated depreciation and amortization	<u>P 140,896,820</u>	<u>P 211,174,827</u>	<u>P 50,934,510</u>	<u>P 20,149,810</u>	<u>P 12,952,967</u>	<u>P 7,755,750</u>	<u>P 471,807,019</u>	<u>P 915,671,703</u>

Depreciation and amortization expense on property and equipment is presented as part of Operating Expenses in the consolidated statements of profit or loss (see Note 20).

In 2023, the Group reclassified real estate inventory and investment property with carrying amount of P13,080,557 and P502,646, respectively, to Building as these properties will be used for administrative purposes.

In 2022, the Group reclassified construction in progress under Investment Properties with an aggregate carrying amount of P1,301,034,975 to Property and Equipment (see Note 13). Additionally, construction in progress with an aggregate carrying amount of P32,066,847 was reclassified to Building for office renovations completed during the year.

In 2021, the Group reclassified certain retail buildings previously presented as Investment Properties with an aggregate amount of P7,977,039 to Property and Equipment (see Note 13) because CLI used these units as one of its offices.

Borrowing costs that are capitalized as part of property and equipment amounted to P572,141,966 and P441,588,741 in 2023 and 2022, respectively, which represents the allocated costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). The capitalization rate used for the borrowings ranges from 5% to 9.25% and from 4% to 8% in 2023 and 2022, respectively.

Certain land, building, office equipment, furniture and fixtures and construction in progress with an aggregate carrying amount of P6,404,580,614 and P4,353,935,990 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

As at December 31, 2023 and 2022, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to P119,631,379 and P103,615,868, respectively.

12. LEASES

The Group entered into lease contracts, as lessee, for leases of land and office spaces. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the consolidated statements of financial position as Right-of-use Assets and the corresponding obligation, as Lease Liabilities. Variable lease payments, which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases 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.

Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2023 and 2022 consolidated statement of financial position.

	Number of right-of-use assets leased	Lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
December 31, 2023					
Land	4	21 to 39 years	-	-	-
Office space	2	2 to 4 years	1	-	1
December 31, 2022					
Land	4	25 to 42 years	-	-	-
Office space	2	4 to 5 years	1	-	1

12.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at December 31, 2023 and 2022 and the movements during the year are shown as follows:

	<u>Land</u>	<u>Office Space</u>	<u>Total</u>
December 31, 2023			
Cost			
Balance at beginning of year	P 1,262,756,727	P 15,877,921	P 1,278,634,648
Amendment of lease contract	<u>275,906</u>	<u>-</u>	<u>275,906</u>
Balance at end of year	<u>1,263,032,633</u>	<u>15,877,921</u>	<u>1,278,910,554</u>
Accumulated amortization			
Balance at beginning of year	102,160,939	8,424,304	110,585,243
Amortization for the year	<u>35,367,425</u>	<u>3,352,479</u>	<u>38,719,904</u>
Balance at end of year	<u>137,528,364</u>	<u>11,776,783</u>	<u>149,305,147</u>
Carrying amount at December 31, 2023	<u>P1,125,504,269</u>	<u>P 4,101,138</u>	<u>P1,129,605,407</u>
December 31, 2022			
Cost			
Balance at beginning of year	P 1,209,882,682	P 15,877,921	P 1,225,760,603
Additions	<u>52,874,045</u>	<u>-</u>	<u>52,874,045</u>
Balance at end of year	<u>1,262,756,727</u>	<u>15,877,921</u>	<u>1,278,634,648</u>
Accumulated amortization			
Balance at beginning of year	67,834,649	5,071,827	72,906,476
Amortization for the year	<u>34,326,290</u>	<u>3,352,477</u>	<u>37,678,767</u>
Balance at end of year	<u>102,160,939</u>	<u>8,424,304</u>	<u>110,585,243</u>
Carrying amount at December 31, 2022	<u>P1,160,595,788</u>	<u>P 7,453,617</u>	<u>P1,168,049,405</u>

There are no additional right-of-use asset in 2023. The additional right-of-use asset in 2022 pertains to a 30-year lease contract for a parcel of land intended for the development of a commercial complex.

12.2 Lease Liabilities

Lease liabilities presented in the consolidated statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 55,717,884	P 54,145,058
Non-current	<u>1,207,138,171</u>	<u>1,182,914,425</u>
	<u>P1,262,856,055</u>	<u>P1,237,059,483</u>

The Group is fully liable for the rentals on the remaining term of the lease of office space, including any interest, penalties, utility charges and damages for termination prior to expiration of the contract. The contracts of lease on land does not provide for any future lease termination and extension options.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities are as follows:

	<u>2023</u>	<u>2022</u>
Gross payments		
Within one year	P 55,717,884	P 54,145,058
From one to two years	57,294,654	55,823,190
From two to three years	70,139,485	57,377,309
From three to four years	72,023,308	70,139,485
From four to five years	74,496,654	72,023,307
More than five years	<u>3,548,425,975</u>	<u>3,622,922,628</u>
	3,878,097,960	3,932,430,977
Total discount	(<u>2,615,241,905</u>)	(<u>2,695,371,494</u>)
Net present value	<u>P 1,262,856,055</u>	<u>P 1,237,059,483</u>

12.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets is presented as Rent under Operating Expenses in the consolidated statements of profit or loss (see Note 20).

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P54,646,634, P17,574,742 And P57,537,727 in 2023, 2022 and 2021, respectively. The interest expense in relation to the lease liabilities are presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statement of profit or loss (see Note 22).

13. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for development of properties, condominium units and retail building for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2023 and 2022 are shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2023						
Costs	P 1,353,024,478	P 912,472,958	P 121,565,022	P 2,682,185,384	P 13,589,390,602	P 18,658,638,444
Accumulated depreciation	(147,637,420)	(157,211,650)	(19,774,721)	-	-	(324,623,791)
Carrying amount	<u>P 1,205,387,058</u>	<u>P 755,261,308</u>	<u>P 101,790,301</u>	<u>P 2,682,185,384</u>	<u>P 13,589,390,602</u>	<u>P 18,334,014,653</u>
December 31, 2022						
Costs	P 1,312,033,280	P 910,086,051	P 122,067,668	P 2,682,185,384	P 12,961,598,553	P 17,987,970,936
Accumulated depreciation	(98,114,489)	(126,885,260)	(13,673,654)	-	-	(238,673,403)
Carrying amount	<u>P 1,213,918,791</u>	<u>P 783,200,791</u>	<u>P 108,394,014</u>	<u>P 2,682,185,384</u>	<u>P 12,961,598,553</u>	<u>P 17,749,297,533</u>
December 31, 2021						
Costs	P 776,845,974	P 828,036,331	P 33,036,981	P 5,449,949,151	P 6,306,290,741	P 13,394,159,178
Accumulated depreciation	(49,310,883)	(97,154,410)	(7,570,223)	-	-	(154,035,516)
Carrying amount	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of years 2023, 2022 and 2021 is as follows:

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation	P 1,213,918,791	P 783,200,791	P 108,394,014	P 2,682,185,384	P 12,961,598,553	P 17,749,297,533
Additions	-	-	-	-	1,891,405,985	1,891,405,985
Reclassifications of completed projects	40,991,198	2,386,907	-	-	(43,378,105)	-
Reclassifications to other accounts	-	-	(502,646)	-	(1,220,235,831)	(1,220,738,477)
Depreciation during the year	(49,522,931)	(30,326,390)	(6,101,067)	-	-	(85,950,388)
Balance at December 31, 2023, net of accumulated depreciation	<u>P 1,205,387,058</u>	<u>P 755,261,308</u>	<u>P 101,790,301</u>	<u>P 2,682,185,384</u>	<u>P 13,589,390,602</u>	<u>P 18,334,014,653</u>
Balance at January 1, 2022, net of accumulated depreciation	P 727,535,091	P 730,881,921	P 25,466,758	P 5,449,949,151	P 6,306,290,741	P 13,240,123,662
Additions	250,000	1,535,704	-	-	6,622,774,985	6,624,560,689
Reclassifications	534,937,306	80,514,016	89,030,687	(2,767,763,767)	(32,532,827)	(2,030,748,931)
Depreciation during the year	(48,803,606)	(29,730,850)	(6,103,431)	-	-	(84,637,887)
Balance at December 31, 2022, net of accumulated depreciation	<u>P 1,213,918,791</u>	<u>P 783,200,791</u>	<u>P 108,394,014</u>	<u>P 2,682,185,384</u>	<u>P 12,961,598,553</u>	<u>P 17,749,297,533</u>
Balance at January 1, 2021, net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P 10,093,743,062
Additions	696,786	-	-	740,506,424	4,269,412,078	5,037,615,288
Reclassifications	184,643,291	276,075,529	1,665,177	(1,033,179,881)	(1,278,027,881)	(1,848,823,865)
Depreciation during the year	(19,231,618)	(21,571,298)	(1,607,907)	-	-	(42,410,823)
Balance at December 31, 2021, net of accumulated depreciation	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>

In 2023, the Group reclassified certain investment properties with aggregate carrying amount of P1,220,235,831 to real estate inventories (see Note 7) and P502,646 to property and equipment (see Note 11). In 2022, the Group reclassified certain investment properties with aggregate carrying amounts of P729,713,956 and P1,301,034,975 to real estate inventories and property and equipment, respectively (see Note 11). These reclassifications were made as a result of the change in the use of the properties from being held for lease to being held for sale and for use in the operations.

Borrowing costs that are capitalized as part of investment property amounted to P344,938,772 and P101,968,120 in 2023 and 2022, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). The capitalization rate used for the borrowings ranges from 5% to 9.25% and 4% to 8% for the years ended December 31, 2023 and 2022, respectively.

Income and expenses from investment properties in 2023, 2022 and 2021 are presented below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Rental income:	18.1			
Retail building		P 93,550,383	P 68,094,916	P 68,244,532
Condominium units		12,631,070	9,789,476	3,882,427
Parking units		2,257,520	1,287,074	728,102
Others		<u>3,904,883</u>	<u>106,093</u>	<u>1,416,939</u>
		<u>P 112,343,856</u>	<u>P 79,277,559</u>	<u>P 74,272,000</u>
Expenses:				
Depreciation	19	P 85,950,388	P 84,637,887	P 42,410,823
Repairs and maintenance	20	-	-	2,041,149
Others	19	<u>771,352</u>	<u>-</u>	<u>63,259</u>
		<u>P 86,721,740</u>	<u>P 84,637,887</u>	<u>P 44,515,231</u>

The depreciation and other expenses are included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2023, 2022 and 2021 (see Note 19).

Investment properties have a total fair value of P18,422,843,422 and P20,627,177,086 as at December 31, 2023 and 2022, respectively, based on the appraisal done by an independent expert [see Note 32.3(c)]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Group's investment properties as at December 31, 2023 and 2022 [see also Note 3.2(f)].

Investment properties with a total carrying amount of P7,160,910,550 and P7,165,081,902 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

14. OTHER NON-CURRENT ASSETS

This account includes the following:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Deferred commissions	P 1,046,459,553	P 728,255,278
Advances to subcontractors	550,104,738	473,134,430
Refundable deposits	152,741,454	128,384,996
Computer software - net	25,314,992	31,362,061
Investment in equity securities	9,375,002	9,375,002
Deferred input VAT	4,624,926	4,624,926
Others	<u>1,342,727</u>	<u>1,934,145</u>
	<u>P 1,789,963,392</u>	<u>P 1,377,070,838</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments, which are expected to be realized at the termination of the contract, to lessors and various payees. These are measured at amortized cost.

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

	<u>2023</u>	<u>2022</u>
Cost	P 65,252,045	P 63,337,059
Accumulated amortization	(39,937,053)	(31,974,998)
Carrying amount	<u>P 25,314,992</u>	<u>P 31,362,061</u>

The total additions to computer software amounted to P1,914,986, P3,064,323 and P10,242,943 in 2023, 2022 and 2021, respectively. The amortization expense on the computer software amounted to P7,962,055, P8,831,626 and P8,988,002 in 2023, 2022 and 2021, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 20).

15. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the consolidated statements of financial position as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Bank loans	15.1	P10,075,486,704	P 7,006,084,463
Corporate notes	15.2	<u>1,491,666,667</u>	<u>1,117,559,524</u>
		<u>11,567,153,371</u>	<u>8,123,643,987</u>
Non-current:			
Bank loans	15.1	20,871,648,528	15,721,660,371
Corporate notes	15.2	<u>9,750,043,837</u>	<u>11,216,986,253</u>
		<u>30,621,692,365</u>	<u>26,938,646,624</u>
		<u>P42,188,845,736</u>	<u>P 35,062,290,611</u>

15.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P22,727,744,834	P 16,181,942,664
Proceeds and drawdowns - net		12,943,572,215	11,749,374,715
Repayments		(4,674,289,221)	(5,262,184,636)
Reclassification	17	(154,500,000)	-
Amortization of debt issue costs		<u>104,607,404</u>	<u>58,612,091</u>
Balance at end of year		<u>P30,947,135,232</u>	<u>P 22,727,744,834</u>

In 2023, the Group reclassified interest-bearing loans obtained from co-venturers to trade and other payables.

The unamortized debt issue cost as at December 31, 2023 and 2022 amounts to P163,081,681 and P107,967,127, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 107,967,127	P 64,046,933
Debt issue costs from new loans	159,721,958	102,532,285
Amortization of debt issue cost	(104,607,404)	(58,612,091)
Balance at end of the year	<u>P 163,081,681</u>	<u>P 107,967,127</u>

The loans bear interest rates per annum ranging from 5% to 8.04%, from 4% to 8%, from 1.71% to 6.25% in 2023, 2022, 2021, respectively. Certain loans are collateralized by the specific projects and developments and certain property and equipment for which the loans were obtained. The cost of such projects aggregating to P21,360,041,578 and P19,647,298,478 as at December 31, 2023 and 2022, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 7, 11 and 13).

The Group's new loans bear interest ranging from 5% to 8.04% in 2023 and from 4% to 8% in 2022.

The total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P2,079,945,262, P1,077,091,468 and P612,575,458 in 2023, 2022, 2021, respectively, and of which P1,627,962,447, P817,615,938 and P414,515,526, respectively, were capitalized as part of construction costs of real estate inventory, investment property and property and equipment (see Notes 7, 11 and 13). The capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 5% to 8% and from 4% to 8% in 2023 and 2022, respectively.

15.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) totaling P13,000,000,000 and two short-dated notes (SDN) amounting to P2,000,000,000 and P3,000,000,000, respectively.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P12,334,545,777	P 15,839,776,726
Repayments	(1,117,559,524)	(3,545,238,095)
Amortization of debt issue cost	<u>24,724,251</u>	<u>40,007,146</u>
Balance at end of the year	<u>P 11,241,710,504</u>	<u>P 12,334,545,777</u>

The NFA is composed of the following tranches:

<u>NFA</u>	<u>Date Executed</u>	<u>Tranche</u>	<u>Tenor</u>	<u>Principal Amount</u>
LTCN	07/20/2018	Series A	Seven years	P 2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	1,500,000,000
	03/05/2020	Series D	Five years	1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	<u>1,000,000,000</u>
				<u>P 13,000,000,000</u>
SDN	10/25/2019	SDN 1	18 months from drawdown date	P 2,000,000,000
	04/30/2021	SDN 2	18 months from drawdown date	<u>3,000,000,000</u>
				<u>P 5,000,000,000</u>

The Parent Company made the following drawdowns from the NFA.

<u>Year</u>	<u>Tranche</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
2021	SDN 2	3.88%	November 2022	P <u>3,000,000,000</u>
2020	Series D	3.46%	September 2025	P 1,300,000,000
	Series E	3.54% - 4.66%	April 2027	5,700,000,000
	Series F	4.23% - 5.23%	March 2030	<u>1,000,000,000</u>
				<u>P 8,000,000,000</u>
2019	Series A	7.25%	January 2026	P 2,000,000,000
	SDN 1	4.75%	April 2021	<u>2,000,000,000</u>
				<u>P 4,000,000,000</u>
2018	Series A	7.25%	December 2025	P 500,000,000
	Series B	6.63%	August - September 2028	1,000,000,000
	Series C	6.75%	October - December 2028	<u>1,500,000,000</u>
				<u>P 3,000,000,000</u>

In 2021 and 2020, the Parent Company recognized debt issuance costs for new NFA amounting to P27,236,842 and P108,124,311, respectively, which has a carrying amount of P77,634,734 and P102,358,985 as at December 31, 2023 and 2022, respectively, in relation to the drawdowns from the NFA. The debt issuance cost amortization in 2023 and 2022 amounted to P24,724,251 and P40,007,146, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA, including amortization of debt issuance cost, amounted to P667,255,268, P836,758,484 and P861,785,646 in 2023, 2022 and 2021, respectively, which was capitalized as part of real estate inventories and investment properties in 2023, 2022 and 2021, respectively (see Notes 7, 11 and 13).

The Parent Company is required to maintain the specifically defined financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Parent Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the consolidated statements of profit or loss, amounted to P451,982,816, P259,475,530 and P196,904,919 in 2023, 2022 and 2021, respectively (see Note 22).

The accrued interest on these loans amounts to P262,413,071 and P136,111,341 as at December 31, 2023 and 2022, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

16. BONDS PAYABLE

On September 23, 2022, CLI registered with the SEC its debt securities program of P15,000,000,000 fixed rate bonds, which will be offered in one or more tranches within three years.

On October 7, 2022, the Parent Company issued the first tranche of its fixed rate bonds amounting to P5,000,000,000 and was listed with the Philippine Dealing & Exchange Corp. (PDEX). The bonds have been rated “PRS Aa plus” with a stable outlook by PhilRatings and are comprised of the following tenors:

- Series A – maturity of 3.5 years and a coupon rate of 6.4222%;
- Series B – maturity of 5.5 years and a coupon rate of 6.9884%; and,
- Series C – maturity of 7 years and a coupon rate of 7.3649%.

In 2022, the Company recognized bond issuance costs amounting to P73,372,369 in relation to the issuance of the first tranche of the bonds which has a carrying amount of P52,177,479 and P69,417,369 as at December 31, 2023 and 2022, respectively. In 2023, the Company capitalized a portion of the amortization of bond issuance costs amounting to P14,081,503 as part of real estate inventory, property and equipment and investment property. No similar capitalization in 2022. The Company expensed the amortization amounting to P3,158,387 and P3,955,000, in 2023 and 2022, respectively.

The total interest incurred related to the bonds, including amortization of bond issuance cost, amounted to P357,691,418 and P82,547,408 in 2023 and 2022, respectively, of which P290,834,550 and P67,102,788 was capitalized as part of real estate inventories and investment properties in 2023 and 2022, respectively, and P66,856,868 and P15,444,620 was recognized as interest expense as part of Finance Costs in 2023 and 2022, respectively. No similar transaction in 2021.

The capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 6.89% to 7.64% and from 6.89% to 7.64% in 2023 and 2022, respectively.

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Parent Company is compliant with the requirements.

17. TRADE AND OTHER PAYABLES

The current portion of trade and other payables is composed of the following:

	Note	<u>2023</u>	<u>2022</u>
Unbilled construction costs		P 12,617,790,247	P 10,491,702,481
Trade payables		4,517,518,729	4,357,836,398
Sales commissions payable		3,763,166,755	1,944,995,963
Retention payable		1,112,645,901	968,787,106
Accrued expenses	15	262,413,071	282,466,666
Payable to co-venturers	15	154,500,000	-
Government-related obligations		85,420,412	99,495,460
Output VAT		76,190,277	117,142,226
Advances from NCI		19,344,748	467,105,353
Other payables		<u>326,300,458</u>	<u>114,104,235</u>
		<u>P22,780,790,598</u>	<u>P 18,843,635,888</u>

The non-current portion of trade and other payables is composed of the following:

	<u>2023</u>	<u>2022</u>
Retention payable	P 141,540,119	P 172,064,151
Advance rental	33,282,573	16,072,805
Other payables	<u>10,597,440</u>	<u>6,938,747</u>
	<u>P 185,420,132</u>	<u>P 195,075,703</u>

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the consolidated statements of financial position.

Accrued expenses pertain to accruals for interest, contracted services, security services, professional fees and other recurring accruals in the Group's operations. Current portion of the other payables are mostly construction bonds from various subcontractors.

Advances from NCI pertains to noninterest-bearing advances of certain subsidiaries from non-controlling shareholders.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

18.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time. Presented below are revenues from its major product lines and geographical areas for the years ended December 31, 2023, 2022 and 2021.

	2023				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 7,054,772,604	P 4,249,501,336	P 2,444,419,631	P 544,680,899	P 14,293,374,470
At a point in time	<u>1,114,472,339</u>	<u>139,887,766</u>	<u>2,937,687,511</u>	<u>22,880,000</u>	<u>4,214,927,616</u>
	8,169,244,943	4,389,389,102	5,382,107,142	567,560,899	18,508,302,086
<i>Hotel operations</i>					
Over time	138,551,300	-	-	-	138,551,300
<i>Lease of properties</i>					
Over time	112,167,681	-	176,175	-	112,343,856
<i>Render of management services</i>					
Over time	<u>47,828,318</u>	<u>-</u>	<u>11,387,808</u>	<u>-</u>	<u>59,216,126</u>
	<u>P 8,467,792,242</u>	<u>P 4,389,389,102</u>	<u>P 5,393,671,125</u>	<u>P 567,560,899</u>	<u>P 18,818,413,368</u>
	2022				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 5,339,637,015	P 4,335,738,980	P 5,171,981,673	P 7,441,250	P 14,854,798,918
At a point in time	<u>314,907,742</u>	<u>30,553,637</u>	<u>195,896,965</u>	<u>42,979,100</u>	<u>584,337,444</u>
	5,654,544,757	4,366,292,617	5,367,878,638	50,420,350	15,439,136,362
<i>Hotel operations</i>					
Over time	83,418,279	-	-	-	83,418,279
<i>Lease of properties</i>					
Over time	79,277,559	-	-	-	79,277,559
<i>Render of management services</i>					
Over time	<u>46,653,575</u>	<u>135,000</u>	<u>8,677,228</u>	<u>-</u>	<u>55,465,803</u>
	<u>P 5,863,894,170</u>	<u>P 4,366,427,617</u>	<u>P 5,376,555,866</u>	<u>P 50,420,350</u>	<u>P 15,657,298,003</u>
	2021				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 5,968,595,568	P 2,519,430,086	P 2,313,454,074	P -	P 10,801,479,728
At a point in time	<u>117,211,523</u>	<u>32,795,711</u>	<u>29,159,733</u>	<u>15,601,000</u>	<u>194,767,967</u>
	6,085,807,091	2,552,225,797	2,342,613,807	15,601,000	10,996,247,695
<i>Hotel operations</i>					
Over time	48,683,577	-	-	-	48,683,577
<i>Lease of properties</i>					
Over time	74,272,000	-	-	-	74,272,000
<i>Render of management services</i>					
Over time	<u>35,645,074</u>	<u>-</u>	<u>7,322,338</u>	<u>-</u>	<u>42,967,412</u>
	<u>P 6,244,407,742</u>	<u>P 2,552,225,797</u>	<u>P 2,349,936,145</u>	<u>P 15,601,000</u>	<u>P 11,162,170,684</u>

18.2 Contract Balance

The breakdown of contract balances is as follows:

	2023	2022
Contract assets - net	P45,093,986,410	P 31,979,063,534
Contract liabilities	(449,338,207)	(598,361,867)
Contract assets - net	<u>P44,644,648,203</u>	<u>P 31,380,701,667</u>

A reconciliation of the opening and closing balance of Contract Assets is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P31,979,063,534	P 20,290,305,185
Performance of property development	18,072,586,633	15,220,156,341
Collections	(4,957,663,757)	(2,546,181,039)
Transfers to contract receivables	<u>-</u>	<u>(985,216,953)</u>
Balance at end of year	<u>P45,093,986,410</u>	<u>P 31,979,063,534</u>

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. Its classification and presentation in the consolidated statements of financial position is based on the Group's estimate of project completion, hence, any change in estimated completion period affects transfers to contracts receivables.

The Group assesses an ECL when the contract assets are initially recognized and updates the assessment at each reporting date based on the analysis determined by management [see Note 31.2(c)]. The Group's contract assets as at December 31, 2023 and 2022 are presented in the consolidated statements of the financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 26,225,182,718	P 16,208,926,784
Non-current	<u>18,868,803,692</u>	<u>15,770,136,750</u>
	<u>P45,093,986,410</u>	<u>P 31,979,063,534</u>

A reconciliation of the opening and closing balance of Contract Liabilities is shown in below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 598,361,867	P 604,254,603
Revenue recognized that was included in contract liability at the beginning of year	(435,715,453)	(218,980,021)
Increase due to cash received excluding amount recognized as revenue during the year	<u>286,691,793</u>	<u>213,087,285</u>
Balance at end of year	<u>P 449,338,207</u>	<u>P 598,361,867</u>

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted for and presented as Customers' Deposits in the consolidated statements of financial position. The balance of Customers' Deposits amounts to P144,003,765 and P120,250,096 as at December 31, 2023 and 2022, respectively. Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

18.3 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 P26,831,730,439 and P21,166,752,524, respectively. As of December 31, 2023 and 2022, the Group expects to recognize revenue from unsatisfied contracts as follows:

	<u>2023</u>	<u>2022</u>
Within a year	P16,468,635,728	P 10,644,823,054
More than one year to three years	<u>10,363,094,711</u>	<u>10,521,929,470</u>
	<u>P26,831,730,439</u>	<u>P 21,166,752,524</u>

19. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below (see Note 20).

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of real estate sales:				
Contracted services	20	P6,756,086,995	P 6,542,806,165	P 4,846,649,738
Borrowing costs	20	1,203,143,299	460,629,194	307,427,540
Land	20	1,197,636,227	1,126,978,391	623,070,696
Other costs		<u>310,747,305</u>	<u>95,620,574</u>	<u>113,233,414</u>
		<u>9,467,613,826</u>	<u>8,226,034,324</u>	<u>5,890,381,388</u>
Cost of rental services:				
Depreciation		85,950,388	84,637,887	42,410,823
Others		<u>771,352</u>	<u>-</u>	<u>63,259</u>
	13	<u>86,721,740</u>	<u>84,637,887</u>	<u>42,474,082</u>
Cost of management services:				
Salaries and wages		31,404,255	24,220,828	18,716,268
Materials and supplies		<u>250</u>	<u>53,709</u>	<u>23,929</u>
		<u>31,404,505</u>	<u>24,274,537</u>	<u>18,740,197</u>
Cost of hotel operations:				
Materials and supplies		17,448,513	9,293,657	5,944,099
Salaries and wages		13,621,634	11,235,316	9,147,270
Advertising and promotion		8,744,778	3,256,197	572,891
Utilities		6,836,731	4,454,328	2,366,117
Others		<u>7,955,802</u>	<u>4,449,304</u>	<u>2,663,620</u>
		<u>54,607,458</u>	<u>32,688,802</u>	<u>20,693,997</u>
		<u>P9,640,347,529</u>	<u>P 8,367,635,549</u>	<u>P 5,972,289,664</u>

20. COSTS AND EXPENSES BY NATURE

Details of costs and expenses by nature are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contracted services	19	P 6,756,086,995	P 6,542,806,165	P 4,846,649,738
Borrowing costs	7, 15, 19	1,203,143,299	460,629,194	307,427,540
Land	19	1,197,636,227	1,126,978,391	623,070,696
Commissions	9	1,098,413,229	847,167,494	725,648,666
Salaries and employee benefits	24.1	640,179,561	540,416,163	450,644,706
Taxes and licenses		246,525,634	323,092,809	352,965,277
Depreciation and amortization	11, 12, 13, 14	186,911,151	170,626,662	121,798,863
Advertising		114,388,720	71,973,193	43,175,289
Repairs and maintenance	13	75,373,439	87,599,940	19,427,792
Utilities		67,068,697	50,536,408	37,931,503
Hotel operations		54,607,458	32,688,802	20,693,997
Security services		46,363,199	35,588,415	19,179,307
Insurance		41,993,315	27,249,959	18,401,367
Transportation and travel		39,391,380	40,131,671	13,040,272
Rent	12.3, 29.2	38,696,975	24,410,422	23,699,072
Association dues		37,178,773	34,626,976	19,337,420
Representation and entertainment		36,342,834	33,552,413	20,694,266
Professional and legal fees		27,865,251	29,603,118	55,365,530
Donations		27,231,797	13,629,849	110,667,997
Supplies		19,240,550	21,027,969	12,178,787
Subscription and membership dues		18,002,477	14,108,468	15,313,005
Management fee		14,633,689	11,767,780	7,965,205
Communications		8,338,820	8,540,822	10,374,788
Trainings and seminars		1,604,995	1,463,617	880,012
Others		427,763,973	186,351,802	46,097,279
		<u>P 12,424,982,438</u>	<u>P 10,736,568,502</u>	<u>P 7,922,628,374</u>

These costs and expenses are classified in the consolidated statements of profit or loss as follows:

	Note	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of sales and services	19	P 9,640,347,529	P 8,367,635,549	P 5,972,289,664
Operating expenses		<u>2,784,634,909</u>	<u>2,368,932,953</u>	<u>1,950,338,710</u>
		<u>P 12,424,982,438</u>	<u>P 10,736,568,502</u>	<u>P 7,922,628,374</u>

21. OTHER OPERATING INCOME AND OTHER LOSSES

21.1 Other Operating Income

This account is composed of the following:

	Note	<u>2023</u>	<u>2022</u>	<u>2021</u>
Reversal of payables	P	115,283,578	P 40,320	P 61,973,774
Documentation fee		30,657,165	13,604,956	11,045,486
Move-in fee income		19,520,069	38,348,832	41,299,914
Water service fee		16,337,568	14,260,920	11,150,077
Utilities charged to tenants		16,034,536	5,612,043	6,660,345
Sponsorships		14,056,920	7,957,554	2,125,098
Administrative charges		11,619,322	91,633,272	67,830,520
Late payment penalties charged to customers		10,753,489	7,524,767	2,612,361
Scrap sales		3,638,108	3,389,340	3,837,069
Foreign exchange gains		2,195,803	6,454,820	2,108,206
Referral incentive		1,396,796	2,240,129	609,488
Gain on remeasurement of investment in associates	10.1	-	-	32,438,511
Concession income		-	-	1,733,355
Others		<u>15,997,370</u>	<u>11,475,800</u>	<u>11,804,986</u>
		<u>P 410,779,779</u>	<u>P 202,542,753</u>	<u>P 257,229,190</u>

Reversal of payables pertains to outstanding payables related to advances from buyers in excess of the paid transfer charges and move-in fees, which are not refunded to the buyers. It also includes outstanding payables from cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay and income from the write-off of long-outstanding unidentified deposits.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Administrative charges include standard fees charged to the buyers and non-refundable portion of the buyers' payment upon withdrawal from sale.

21.2 Other Losses

This account is composed of the following:

		<u>2023</u>	<u>2022</u>	<u>2021</u>
Foreign exchange losses	P	3,338,765	P 8,205,863	P 2,716,588
Loss (gain) on sale of assets – net		17,410	(128,365)	16,577
Losses due to typhoon		-	-	129,839,360
Other losses		<u>453,506</u>	<u>(128,365)</u>	<u>16,577</u>
		<u>P 3,809,681</u>	<u>P 8,077,498</u>	<u>P 132,572,525</u>

On December 16, 2021, severe tropical storm “Odette” affected some of the Group’s projects in Cebu. CLI, El Camino, MGR and BL Ventures reported calamity damages, net of estimated insurance claims totaling P129,839,360 in the consolidated statement of profit or loss in 2021. The affected entities above filed notarized declarations of casualty losses on February 23, 2022.

22. FINANCE COSTS

This is composed of the following:

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest expense on:				
Loans	15	P 451,982,816	P 259,475,530	P 196,904,919
Lease liabilities	12.4	80,167,300	75,629,879	67,139,552
Bonds	16	66,856,868	15,444,620	-
Post-employment defined benefit obligation	24.3	428,176	241,469	24,537
Day one loss, net of amortization of day one loss on non-current contract receivables	6	<u>3,751,672</u>	<u>257,332</u>	<u>-</u>
		<u>P 603,186,832</u>	<u>P 351,048,830</u>	<u>P 264,069,008</u>

Interest expense on loans and bonds are the portion not capitalized as part of real estate inventories, property and equipment, and investment properties. (see Notes 7, 11 and 13).

23. FINANCE INCOME

This is composed of the following:

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest income on banks	5	P 13,874,699	P 14,664,879	P 6,528,935
Amortization of day one loss on non-current contract receivables - net	6	-	-	1,160,937
Others		<u>1,108,707</u>	<u>154,487</u>	<u>-</u>
		<u>P 14,983,406</u>	<u>P 14,819,366</u>	<u>P 7,689,872</u>

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits		P 633,424,448	P 532,826,554	P 446,042,346
Post-employment defined benefit expense	24.3	4,639,127	4,583,769	4,602,360
Share options	24.2, 27.4	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	20	<u>P 640,179,561</u>	<u>P 540,416,163</u>	<u>P 450,644,706</u>

24.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the Operating Expenses account in the consolidated statements of profit or loss, amounted to P2,115,986 and P3,005,840 in 2023 and 2022, respectively (see Note 24.1), while the corresponding cumulative credit to Share Options Outstanding account is presented under the Equity section of the consolidated statements of financial position (see Note 27.4).

24.3 Post-Employment Benefit Plan

(a) *Characteristics of the Defined Benefit Plan*

The Group maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank manages the fund in coordination with the Group's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

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

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Present value of the obligation	P 53,883,058	P 44,024,728
Fair value of plan assets	(43,487,144)	(34,634,633)
	<u>P 10,395,914</u>	<u>P 9,390,095</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 44,024,728	P 40,124,208
Current service cost	4,639,127	4,583,769
Interest cost	3,178,585	2,038,310
Benefits paid	(2,979,086)	(765,844)
Remeasurements - actuarial losses (gains) arising from:		
Changes in financial assumptions	(2,343,401)	(4,166,909)
Experience adjustments	<u>2,676,303</u>	<u>2,211,194</u>
Balance at end of year	<u>P 53,883,058</u>	<u>P 44,024,728</u>

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

	<u>2023</u>		<u>2022</u>
Balance at beginning of year	P 34,634,633	P	35,370,879
Contributions to the plan	6,919,362		-
Interest income	2,750,409		1,796,841
Remeasurement on plan assets (excluding amounts included in net interest)	(817,260 )	(	2,533,087)
Balance at end of year	<u>P 43,487,144</u>	P	<u>34,634,633</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	<u>2023</u>		<u>2022</u>
Unitized investment funds	P 35,963,869	P	29,623,378
Government debt securities	6,901,410		4,888,091
Cash and cash equivalents	530,543		84,245
Receivables	<u>91,322</u>		<u>38,919</u>
	<u>P 43,485,764</u>	P	<u>34,634,633</u>

The fair values of the above unitized investment funds and government debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized gains of P1,933,149 in 2023. In 2022 and 2021 the plan assets recognized losses and gains of P736,246 and P507,111, respectively.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	<u>2023</u>		<u>2022</u>		<u>2021</u>
<i>Recognized in profit or loss</i>					
Current service cost - net	P 4,639,127	P	4,583,769	P	4,602,360
Net interest expense on defined benefit obligation	<u>428,176</u>		<u>241,469</u>		<u>24,537</u>
	<u>P 5,067,303</u>	P	<u>4,825,238</u>	P	<u>4,626,897</u>
<i>Recognized in other comprehensive loss (income)</i>					
Actuarial losses (gains) arising from changes in:					
Financial assumptions	P 2,343,401	(P	4,166,909)	P	2,431,649
Demographic assumptions	-		-	(	2,420,116)
Experience adjustments	2,676,303		2,211,194	(	1,316,633)
Remeasurement of plan assets (excluding amounts included in net interest expense)	<u>817,260</u>		<u>2,533,087</u>		<u>870,008</u>
	<u>P 5,836,964</u>	P	<u>577,372</u>	(P	<u>435,092</u>)

The net interest expense is included in Finance Costs in profit or loss (see Note 22).

Amounts recognized in other comprehensive loss 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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rates	6.12%	7.22%	5.08%
Salary increase rates	7%	7%	7%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25 years for both males and females. 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 zero-coupon government bonds with terms to maturity approximating the terms of the post-employment 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 risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a 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. Due to the long-term nature of the plan obligation, a level of continuing equity 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 defined benefit obligation 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 as follows:

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	<u>Impact on Post-employment Defined Benefit Obligation</u>		
	<u>Changes in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
December 31, 2023			
Discount rate	+/-1.0%	(P 2,148,365)	P 1,759,621
Salary increase rate	+/-1.0%	2,571,038	(1,514,962)
December 31, 2022			
Discount rate	+/-1.0%	(P 1,499,020)	P 1,759,621
Salary increase rate	+/-1.0%	1,745,813	(1,514,962)

In addition, assuming there are no attrition rates, the increase in post-employment defined benefit obligation would be P102,849,832 and P64,956,547 in 2023 and 2022, respectively.

The foregoing 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 defined benefit obligation 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 defined benefit obligation 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 defined benefit obligation 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 Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities 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 post-employment 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 Group does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	<u>2023</u>		<u>2022</u>
Within one year	P 36,662,697	P	31,203,897
More than one year to five years	11,257,978		10,454,910
More than five years to ten years	<u>11,757,739</u>		<u>11,154,743</u>
	<u>P 59,678,414</u>	P	<u>52,813,550</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.7 years.

25. CURRENT AND DEFERRED TAXES

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P280,801,696 and such was recognized in the 2021 profit or loss and in other comprehensive income.

The Group is registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Group enjoys an income tax holiday on the BOI-registered projects within three to four taxable years from its registration. The Group has 8 and 10 registered projects with BOI as of December 31, 2023 and 2022, respectively.

The components of tax expense relating to profit or loss and other comprehensive loss (income) are as shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
RCIT tax at 25%	P 264,650,963	P 173,257,102	P 81,211,577
Final income tax	2,792,536	2,915,541	1,212,829
MCIT	1,385,046	2,061,395	-
Adjustment in 2020 income taxes due to change in income tax rates	<u>-</u>	<u>-</u>	<u>(11,812,475)</u>
	<u>268,828,645</u>	<u>178,234,038</u>	<u>70,611,931</u>
Deferred tax expense arising from:			
Origination and reversal of temporary differences	1,287,346,374	981,479,199	643,829,225
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(281,722,112)</u>
	<u>1,287,346,374</u>	<u>981,479,199</u>	<u>362,107,113</u>
	<u>P1,556,175,019</u>	<u>P1,159,713,237</u>	<u>P 432,719,044</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in other comprehensive income (loss):</i>			
Deferred tax income (expense)			
arising from:			
Origination and reversal of temporary differences	P 1,459,241	P 144,343	(P 108,773)
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>920,416</u>
	<u>P 1,459,241</u>	<u>P 144,343</u>	<u>(P 1,029,189)</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of profit or loss is presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit at 25%	P1,549,798,666	P 1,191,901,096	P 775,897,665
Adjustments for income subject to lower tax rate	(593,661)	(749,364)	(318,128)
Tax effects of:			
Tax-exempt real estate sales	(2,801,680)	(31,596,098)	(60,528,608)
Non-deductible expenses	6,454,513	7,015,969	8,500,064
Changes in unrecognized deferred tax assets	3,317,181	(6,858,366)	2,702,648
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(293,534,597)</u>
Tax expense	<u>P1,556,175,019</u>	<u>P1,159,713,237</u>	<u>P 432,719,044</u>

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

	<u>2023</u>	<u>2022</u>
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	P 4,725,923,261	P 3,314,825,173
Rental income	15,649,234	5,515,232
Post-employment defined benefit asset	875,788	875,788
Others	<u>255,466</u>	<u>11,541</u>
	<u>4,742,703,749</u>	<u>3,321,227,734</u>
Deferred tax assets:		
Sales commissions	301,763,750	216,383,222
Net operating loss carry-over (NOLCO)	63,865,699	34,044,857
Net lease liabilities	46,784,773	33,211,533
Post-employment defined benefit obligation	3,116,095	2,070,585
Unamortized past service cost	1,486,199	1,774,557
MCIT	1,262,043	327,168
Employee stock option	644,905	115,908
Allowance for impairment	560,566	464,599
Others	<u>5,371,246</u>	<u>873,965</u>
	<u>424,855,276</u>	<u>289,266,394</u>
	<u>P 4,317,848,473</u>	<u>P 3,031,961,340</u>

The components of deferred tax expense (income) are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Deferred tax liabilities:			
Difference between tax reporting base and financial reporting base used in sales recognition	P 1,411,674,333	P 1,078,452,609	P 335,614,825
Rental income	10,134,002	621,241	2,489,526
Post-employment defined benefit asset	-	(2,802,029)	(1,061,941)
Others	(4,253,356)	(2,214,351)	(278,254)
Deferred tax assets:			
Sales commissions	(85,380,528)	(60,477,471)	46,547,593
NOLCO	(29,820,842)	(21,179,834)	(10,891,790)
Net lease liabilities	(13,573,240)	(12,160,455)	(11,017,733)
MCIT	(934,875)	(327,169)	-
Employee stock options	(528,997)	(115,908)	-
Post-employment defined benefit obligation	413,731	1,724,845	(153,402)
Amortization of past service cost	(287,887)	272,146	888,899
Allowance for impairment	(95,967)	(314,425)	(30,610)
	<u>P 1,287,346,374</u>	<u>P 981,479,199</u>	<u>P 362,107,113</u>
<i>Reported in other comprehensive income:</i>			
Post-employment defined benefit obligation	(P 1,459,241)	(P 144,343)	P 1,029,189

NOLCO can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred except for NOLCO incurred in 2022 and 2021 by certain subsidiaries, which can be claimed as deduction from gross income until 2026 and 2025, respectively, in accordance with RA 11494, *Bayanihan to Recover as One Act*. Details of the Group's NOLCO are shown below.

<u>Inception Year</u>	<u>Amount</u>	<u>Utilized</u>	<u>Balance</u>	<u>Expiry Year</u>
2023	P 99,701,640	P -	P 99,701,640	2026
2022	104,742,663	(6,054,747)	98,687,916	2025
2021	84,017,743	(18,257,985)	65,759,758	2026
2020	<u>24,135,885</u>	<u>(2,085,519)</u>	<u>22,050,366</u>	2025
	<u>P 312,597,931</u>	<u>(P 26,398,251)</u>	<u>P 286,199,680</u>	

The Group has deferred tax assets related to NOLCO of P7,684,221 and P17,463,815 as at December 31, 2023 and 2022, respectively, which were not recognized because the subsidiaries to which such are attributable may not be able to generate enough taxable profit yet within the validity period of NOLCO for the assets to be recovered. As at December 31, 2023, only the Parent Company, CCPH, YHES and SPE are subject to MCIT, which is computed at the applicable rate (1% before July 1, 2023 and 2% thereafter) of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. Other components of the Group are not yet subject to MCIT as those have not operated beyond four taxable years. The Group reported MCIT amounting to P1,385,046 and P2,061,395 in 2023 and 2022, respectively.

The Group opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction. Furthermore, it opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2023, 2022 and 2021.

26. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, shareholders, the Group's key management personnel, its retirement fund. A summary of the Group's transactions and outstanding balances with related parties is presented below.

	Notes	Amount of Transaction			Outstanding Balance	
		2023	2022	2021	2023	2022
Ultimate Parent Company						
Real estate sales	26.2	P 4,363,528	P 15,445,769	P 96,272,362	P 685,584	P 75,822,632
Cancellation of sales	26.2	79,849,031	-	-	-	-
Entities under Common Ownership						
Advances (collections)	26.1	10,835,561	(22,000,465)	35,500,674	46,236,770	35,401,209
Associates						
Advances (collections)	26.1	1,958,865	368,535	(16,907)	2,359,997	401,132
Key Management Personnel						
Real estate sales	26.3	-	34,868,415	52,101,000	-	53,973,659
Compensation	26.4	209,130,536	149,885,801	122,750,352	-	-

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at December 31, 2023 and 2022. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions are discussed as follows:

26.1 Advances to Related Parties

The Group grants cash advances to shareholders, entities under common ownership and associates. An analysis of such advances in 2023 and 2022 is presented below.

	Entities Under Common Ownership		Associates	Total
Balance at January 1, 2023	P	35,401,209	P 401,132	P 35,802,341
Additional advances		10,835,561	1,958,865	12,794,426
Balance at December 31, 2023	P	46,236,770	P 2,359,997	P 48,596,767
Balance at January 1, 2022	P	57,401,674	P 32,597	P 57,434,271
Additional advances		-	368,535	368,535
Collections	(	22,000,465)	-	(22,000,465)
Balance at December 31, 2022	P	35,401,209	P 401,132	P 35,802,341

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Due from related parties in the consolidated statements of financial position.

26.2 Real Estate Sales to Ultimate Parent Company

In 2023, 2022, and 2021, CLI sold condominium units to ABS. The outstanding balance related to these transactions are noninterest-bearing and due on demand, and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

In 2023, the Group cancelled the sale of a single floor at Baseline HQ made to ABS on December 2017.

26.3 Real Estate Sales to Key Management Personnel

In 2022 and 2021, CLI sold condominium units to key management personnel. The outstanding balance related to these transactions are noninterest-bearing, collectible similarly to the sale of real estate units to customers, is presented as part of Contract receivables under the Receivables account in the 2022 consolidated statement of financial position (see Note 6). There is no similar transaction in 2023.

26.4 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2023, 2022 and 2021 is shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term benefits	P 159,664,014	P 141,949,540	P 121,082,068
Post-employment benefits	47,350,536	4,930,421	1,668,284
Share options	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	<u>P 209,130,536</u>	<u>P 149,885,801</u>	<u>P 122,750,352</u>

26.5 Retirement Fund

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2023 and 2022 consists of the contributions to the plan and interest earned (see Note 24.3). The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

27. EQUITY

27.1 Capital Stock

Details of the Parent Company's authorized capital stock as of December 31, 2023 and 2022 are as follows:

	<u>Shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Preferred shares				
Authorized				
Series A – P1.00 par value	1,000,000,000		P 1,000,000,000	
Series B – P0.10 par value	<u>1,000,000,000</u>		<u>100,000,000</u>	
Total	<u>2,000,000,000</u>	<u>1,000,000,000</u>	<u>P 1,100,000,000</u>	<u>P 100,000,000</u>
Common shares – P1.00 par value				
Authorized	<u>9,000,000,000</u>	<u>10,000,000,000</u>	<u>P 9,000,000,000</u>	<u>P 10,000,000,000</u>
Issued:				
Balance at beginning and end of year	3,623,451,997	3,623,451,997	P 3,623,451,997	P 3,623,451,997
Treasury shares	(158,250,530)	(158,250,530)	(732,664,604)	(732,664,604)
Issued and outstanding	<u>3,465,201,467</u>	<u>3,465,201,467</u>	<u>P 2,890,787,393</u>	<u>P 2,890,787,393</u>

The par value of the authorized preferred shares in 2022 is P0.10 per share. There is no issued preferred stock as at December 31, 2023 and 2022.

On April 25, 2023, the BOD approved the amendment of the Articles of Incorporation (AOI) of CLI to reallocate the authorized capital stock of P10,100,000,000 to be divided as follows:

- (a) 9,000,000,000 common shares with a par value of P1 per share;
- (b) 1,000,000,000 Series A preferred shares with a par value of P1 per share; and,
- (c) 1,000,000,000 Series B preferred shares with a par value of P0.10 per share.

The amendment to the AOI was later approved by the stockholders on June 1, 2023. On October 18, 2023, the SEC officially accepted CLI's application for the amendment of its AOI, which was later approved on December 29, 2023.

The share price of the Parent Company's common stock closed at P2.47 and P2.80 per share on December 29, 2023 and 2022, respectively, the last trading day in the PSE for 2023 and 2022.

The Company has no other listed equity securities as at December 31, 2023 and 2022.

27.2 Additional Paid-in Capital

On June 2, 2017, the Parent Company made an initial public offering (IPO) of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000. Accordingly, the Parent Company recognized additional paid-in capital of P1,608,917,974 in the consolidated statements of financial position after deducting the related share issuance costs of P111,082,026.

27.3 Treasury Shares

An analysis of treasury shares as of December 31, 2023 and 2022, respectively is shown below.

	<u>Shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	158,250,530	161,600,000	P 732,664,604	P 748,171,901
Re-issuance of shares	-	(3,349,470)	-	(15,507,297)
Balance at end of year	<u>158,250,530</u>	<u>158,250,530</u>	<u>P 732,664,604</u>	<u>P 732,664,604</u>

On February 27, 2018, the BOD of the Parent Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 2022, qualified employees started exercising their stock options (see Note 27.4).

On March 27, 2020, the BOD of the Parent Company approved an additional P500,000,000 stock buy-back program over the next two years.

In relation to this program, the Parent Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,885 and P485,657,205, respectively, and presented them as Treasury Stock in the consolidated statement of financial position. No additional shares were reacquired in 2022.

In 2022, the Parent Company has reissued 3,349,470 shares of treasury shares as a result of exercise of the same number of stock options (Note 27.4).

The common stock of the Parent Company that is held under nominee accounts totaled 1,285,302,905 shares and 1,307,052,405 shares as of December 31, 2023 and 2022, respectively. This represents 35% and 36% of the Parent Company's outstanding shares as of December 31, 2023 and 2022, respectively.

27.4 Employee Share Option

On October 6, 2021, the BOD of the Parent Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Parent Company at a price of P2.25 or current market price with a 15% discount, whichever is higher. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees.

Pursuant to this ESOP, on January 5, 2022, the Parent Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the Parent Company, with the following vesting period.

- The 1st 25% of the options granted can be exercised immediately upon the year of grant;
- The 2nd 25% of the options granted can be exercised one year after the options were granted;
- The 3rd 25% of the options granted can be exercised two years after the options were granted; and,
- The last 25% of the options granted can be exercised three years after the options were granted.

In 2022, a total of 3,349,470 share options were exercised at a price of P2.40 per share using the Parent Company treasury shares (see Note 27.3).

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Average option life	2.5 years
Average share price at grant date	P2.86
Average exercise price at grant date	P2.43
Average fair value at grant date	P0.15
Average standard deviation of share price returns	20.17%
Average dividend yield	14.95%
Average risk-free investment rate	2.59%

The underlying expected volatility was determined by reference to historical prices of the Parent Company's shares.

Share option benefits expense, which is included as part of Salaries and employee benefits under the Operating Expenses account, amounting to P2,115,986 and P3,005,840 was recognized in 2023 and 2022, respectively (see Note 24.1), while the corresponding credit to Share Options Outstanding account is presented as part of Equity Attributable to Owners of the Parent Company under the Equity section of the consolidated statements of financial position.

27.5 Revaluation Reserves

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

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		(P 13,910,501)	(P 13,477,472)	(P 12,883,375)
Other comprehensive income:				
Gain (loss) on remeasurement of post-employment defined benefit obligation	24.3	(5,836,964)	(577,372)	435,092
Tax income (expense)	25	<u>1,459,241</u>	<u>144,343</u>	<u>(1,029,189)</u>
		<u>(4,377,723)</u>	<u>(433,029)</u>	<u>(594,097)</u>
Balance at end of year		<u>(P 18,288,224)</u>	<u>(P 13,910,501)</u>	<u>(P 13,477,472)</u>

27.6 Retained Earnings

(a) Cash Dividends

On March 15, 2021, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P388,749,900 to stockholders on record as of April 16, 2021 and was paid on May 10, 2021.

On March 15, 2022, the Parent Company's BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P519,780,221 to stockholders on record as of April 22, 2022 and were paid on May 17, 2022.

On March 20, 2023, the BOD declared regular and special cash dividends of P0.15 and P0.03 per share, respectively, totaling P623,736,265 to stockholders on record as of April 18, 2023. Such dividends were paid on April 28, 2023.

(b) Appropriations

On November 23, 2023 and December 6, 2022, the Parent Company's BOD approved the appropriation of P6,324,658,043 and P3,931,475,893, respectively, from its retained earnings for the construction of various real estate projects. The real estate projects are expected to be completed from dates ranging from the first quarter of 2023 until the second quarter of 2030.

The Parent Company released the appropriated retained earnings in 2022 amounting to P3,341,330,930 in 2023 and appropriated retained earnings in 2021 amounting to P172,049,912 in 2022 to unrestricted retained earnings after partial fulfillment of its intended purpose.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

In 2021, no appropriation has been made by the Parent Company and a release of P3,777,454,711 from previous appropriations was made.

27.7 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at December 31, 2023, 2022 and 2021 are as follows:

Subsidiaries	NCI Ownership %			NCI Equity in Subsidiaries		
	2023	2022	2021	2023	2022	2021
YHEST	50%	50%	50%	P 4,361,054,926	P 3,875,590,923	P 3,706,027,295
CHDI	50%	50%	50%	1,548,403,514	786,666,552	672,519,752
El Camino	65%	65%	65%	1,086,949,888	1,122,368,628	1,113,400,062
YHES	50%	50%	50%	907,960,322	686,512,645	605,533,074
CBLRV	50%	50%	50%	416,435,594	105,222,808	98,733,293
GGTT	50%	50%	50%	393,007,824	267,015,020	90,043,506
CCLI	50%	50%	50%	158,489,937	91,485,695	96,831,317
CLI-LITE	12%	12%	12%	152,524,190	124,588,359	124,729,968
YES	50%	50%	50%	95,705,218	181,981,225	243,297,814
MDC	22%	22%	22%	79,728,192	79,813,515	59,453,985
MGR	55%	55%	55%	69,697,228	101,114,684	172,090,942
SPE	36%	36%	36%	46,960,280	14,296,286	(18,518,426)
BL Ventures	50%	50%	50%	28,437,150	74,395,398	128,164,739
				P 9,345,354,263	P 7,511,051,738	P 7,092,307,321

The analysis of the movement of NCI as at December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Balance at beginning of year	P 7,511,051,738	P 7,092,307,321	P 6,895,639,697
Share in net profit during the year	1,067,182,525	437,003,407	57,934,293
New and additional investments	879,500,000	61,641,010	226,733,331
Dividends	(112,380,000)	(79,900,000)	(88,000,000)
Balance at end of year	P9,345,354,263	P7,511,051,738	P7,092,307,321

The new and additional investments came from the non-controlling shareholders of CHDI, CBLRV, CCLI and SPE in 2023, from the non-controlling shareholders of SPE and MDC in 2022, and from the non-controlling shareholders of CLI-LITE in 2021.

The dividends came from MGR and BL Ventures and YES in 2023, from MGR and BL Ventures, and only from MGR in 2021.

The summarized balance sheets of the subsidiaries with significant NCI before intragroup eliminations for the years ended December 31, 2023 and 2022 are shown below and in the succeeding page.

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2023					
YHEST	P 7,734,595,875	P 3,546,876,031	P 1,859,479,842	P 699,882,212	P 8,722,109,852
CHDI	4,599,085,997	754,108,027	1,421,802,775	834,584,221	3,096,807,028
El Camino	3,356,543,217	1,905,626,745	2,128,113,784	1,461,825,581	1,672,230,597
YHES	2,269,517,130	3,448,370,957	2,088,005,396	1,813,962,047	1,815,920,644
CBLRV	681,079,710	1,360,702,524	892,598,764	316,312,282	832,871,188
GGTT	469,201,653	1,417,731,748	725,244,756	375,672,997	786,015,648
CCLI	147,574,518	1,385,762,580	282,662,087	933,695,137	316,979,874
CLI-LITE	695,597,554	1,473,557,615	703,143,944	245,817,705	1,220,193,520
YES	379,897,473	165,518,020	263,099,988	90,905,069	191,410,436
MDC	364,415,785	-	2,014,912	-	362,400,873
MGR	181,224,979	642,056	42,574,704	12,570,098	126,722,233
SPE	56,236,350	420,821,441	80,356,451	266,256,118	130,445,222
BL Ventures	76,490,553	668,892,636	369,764,081	318,744,808	56,874,300

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2022					
YHEST	P 4,123,628,226	P 3,372,951,634	P 930,337,608	P 91,670,042	P 6,474,572,210
El Camino	3,265,465,140	2,368,266,476	1,437,453,690	2,469,023,658	1,727,254,268
CHDI	3,619,552,664	682,792,917	2,090,465,890	638,546,595	1,573,333,096
YHES	1,486,953,404	2,939,090,975	1,865,621,402	1,187,137,129	1,373,285,848
CLI-LITE	410,122,908	740,515,353	390,783,076	3,296,816	756,558,369
GGTT	383,824,261	1,055,346,456	533,367,538	244,043,137	661,760,042
YES	951,126,375	26,757,666	478,859,125	135,062,460	363,962,456
CBLRV	629,852,008	276,739,032	624,205,689	69,113,940	213,271,411
MGR	260,752,902	861,935	53,427,339	20,967,617	187,219,881
CCLI	218,137,796	716,187,814	86,343,000	665,011,219	182,971,391
MDC	178,469,710	-	1,865,870	-	176,603,840
BL Ventures	152,023,688	694,170,706	294,560,741	402,863,601	148,770,052
SPE	54,658,372	396,273,145	55,767,420	253,537,865	141,626,232

The summarized comprehensive income of the subsidiaries with significant NCI before intragroup eliminations for the years ended December 31, 2023, 2022 and 2021 is shown below.

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2023			
YHEST	P 2,865,787,323	P 970,928,006	P -
YHES	987,027,818	442,895,354	-
CBLRV	954,184,151	337,425,572	-
CHDI	1,012,029,844	289,473,924	-
GGTT	604,200,731	251,985,607	-
CLI-LITE	637,386,548	223,486,648	-
BL Ventures	50,452,086	(75,116,496)	-
El Camino	249,507,623	(59,490,369)	-
YES	22,310,048	(32,352,014)	-
SPE	-	(20,377,794)	-
CCLI	-	(25,991,516)	-
MGR	61,948,129	4,477,353	-
MDC	-	(381,832)	-
2022			
GGTT	P 820,847,579	P 354,846,240	P -
YHEST	868,396,211	339,127,564	-
CHDI	844,564,708	228,293,599	-
YHES	622,016,164	162,027,169	-
YES	166,545,780	(122,633,178)	-
BL Ventures	(4,367,243)	(90,732,683)	-
SPE	-	(24,517,493)	-
El Camino	408,514,109	13,797,794	-
CBLRV	34,842,825	12,979,029	-
CCLI	-	(10,691,245)	-
CLI-LITE	-	(1,156,876)	-
MGR	(26,999,881)	952,259	-
MDC	-	(413,395)	-
2021			
YHES	P 342,152,332	P 129,664,463	P -
YES	27,963,542	(102,856,292)	-
El Camino	726,343,098	81,621,893	-
GGTT	221,930,052	80,087,011	-
CHDI	176,756,441	35,869,739	-
MGR	(12,991,772)	(35,069,128)	-
BL Ventures	39,771,377	(35,002,671)	-
SPE	-	(24,179,468)	-
YHEST	-	(19,396,226)	-
CCLI	-	(16,440,305)	-
CLI-LITE	-	(13,060,257)	-
MDC	-	(3,274,357)	-
CBLRV	-	(1,398,623)	-

The allocation of profit or loss between the Parent Company and NCI as follows:

	<u>Parent Company's Shareholders</u>	<u>NCI</u>	<u>Net profit</u>
2023			
YHEST	P 485,464,003	P 485,464,003	P 970,928,006
YHES	221,447,677	221,447,677	442,895,354
CBLRV	168,712,786	168,712,786	337,425,572
CHDI	144,736,962	144,736,962	289,473,924
GGTT	125,992,803	125,992,804	251,985,607
CLI-LITE	195,550,817	27,935,831	223,486,648
BL Ventures	(37,558,248)	(37,558,248)	(75,116,496)
El Camino	(19,071,629)	(35,418,740)	(54,490,369)
YES	(16,176,007)	(16,176,007)	(32,352,014)
SPE	(13,041,788)	(7,336,006)	(20,377,794)
CCLI	(12,995,758)	(12,995,758)	(25,991,516)
MGR	2,014,809	2,462,544	4,477,353
MDC	(302,509)	(85,323)	(387,832)
2022			
GGTT	P 177,423,120	P 177,423,120	P 354,846,240
YHEST	169,563,782	169,563,782	339,127,564
CHDI	114,146,799	114,146,800	228,293,599
YHES	81,013,584	81,013,585	162,027,169
YES	(61,316,589)	(61,316,589)	(122,633,178)
BL Ventures	(45,466,342)	(45,366,341)	(90,732,683)
SPE	(15,691,196)	(8,826,297)	(24,517,493)
El Camino	4,829,228	8,968,566	13,797,794
CBLRV	6,489,514	6,489,515	12,979,029
CCLI	(5,345,623)	(5,345,622)	(10,691,245)
CLI-LITE	(1,012,266)	(144,609)	(1,156,876)
MGR	428,517	523,742	952,259
MDC	(321,167)	(92,228)	(413,395)

28. EARNINGS PER SHARE

EPS is computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income available to common stockholders	P3,575,837,120	P 3,170,887,739	P 2,612,937,324
Divided by weighted average number of outstanding common shares	<u>3,465,201,467</u>	<u>3,464,364,100</u>	<u>2,507,833,165</u>
Basic and diluted EPS	<u>P 1.03</u>	<u>P 0.92</u>	<u>P 1.04</u>

The Parent Company granted share options to qualified officers (see Note 27.4). The basic and diluted earnings per share in 2023 and 2022 are the same because the dilutive effects of potential common shares from the employee share options are negligible for the periods presented. The maximum increase in the weighted average number of outstanding shares from the exercise of employee shares options in 2023 and 2022 amounting to 10,876,872 shares and 4,773,547 shares, respectively, which results in the same EPS amounts.

Aside from the employee share options, there were no instruments that could potentially dilute basic earnings per share in 2023, 2022, and 2021; hence, basic EPS is the same as diluted EPS.

29. COMMITMENTS AND CONTINGENCIES

29.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering certain condominium and parking units and retail building space (see Note 13). To manage its risks over these operating leases, the Group retains its legal title over the underlying assets and requires its lessee to pay security deposits at the start of the lease, which are forfeited in case a lessee pre-terminates without prior notice or before the expiry of the lease term without cause. The leases have terms ranging from one to 15 years, with renewal options, and include annual escalation from 5% to 10%.

The future minimum lease receivables under these agreements are presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Within one year	P 90,163,930	P 65,807,376	P 59,212,971
Within one to two years	107,102,709	38,881,603	41,589,378
Within two to three years	71,458,255	25,941,561	27,748,172
Within three to four years	23,406,711	8,497,362	9,089,131
Within four to five years	45,565,584	66,269,406	70,884,510
More than five years	<u>136,979,178</u>	<u>92,651,746</u>	<u>105,840,163</u>
	<u>P 474,676,367</u>	<u>P 298,049,054</u>	<u>P 314,364,325</u>

None of the rental income in 2023, 2022 and 2021 are relating to variable lease payments.

29.2 Operating Lease Commitments – Group as Lessee

The Group entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases are shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Notes 20).

As at December 31, 2023 and 2022, the expected future rentals is expected to be more or less the same with the annual rent expense recognized because of the terms of the leases, which are less than 12 months.

29.3 Completion of Sold Units

The Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Group recognized a contract liability, which amounts to P449,338,207 and P598,391,867 as at December 31, 2023 and 2022, respectively, when it collects more than it is entitled to based on the stage of completion of the project development (see Note 18.2).

29.4 Purchase of Land

In 2023 and 2022, the Group had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land amounting to P349,502,459 and P129,996,729, respectively and transferred to raw land inventory amounting to P464,499,188 and nil in 2023 and 2022, respectively (see Note 8). There were no such commitments as at December 31, 2021.

29.5 Capital Commitments for Construction Cost

As at December 31, 2023 and 2022, the Group has capital commitments of about P7,869,502,871 and P8,812,246,977, respectively, for the construction of real estate inventories, property and equipment and investment properties.

29.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements because the possible outflow of economic resource as a result of present obligations is considered improbable or remote or the amount to be provided cannot be measured reliably. As at December 31, 2023 and 2022, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

30. EVENTS AFTER THE REPORTING PERIOD

30.1 Public Offering of Preferred Shares

On January 8, 2024, the BOD approved the proposed registration with the SEC of the Parent Company's perpetual, cumulative, non-voting, non-participating, non-convertible, and redeemable Philippine Peso-denominated Series "A" Preferred Shares with a firm offer of up to 3,000,000 Series "A" Preferred Shares with an oversubscription option up to 2,000,000 Series "A" Preferred Shares by way of a follow-on public offering. The Registration Statement covering the IPO was filed with the SEC and PSE on January 25, 2024 and January 26, 2024, respectively.

30.2 Declaration of Cash Dividends

On March 18, 2024, the Board approved the declaration of regular cash dividends amounting to P0.15 per share and special cash dividends amounting to P0.03 per share with record date on April 17, 2024 which will be paid on May 3, 2024.

31. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 32. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management 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.

It does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described as follows:

31.1 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 result from its operating, investing, and financing activities.

It has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

31.2 Credit Risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Group maintains credit policies and monitors its exposure to credit risk on a continuous basis. Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Group transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) Maximum exposure to credit risk

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets), as summarized below.

	Notes	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	5	P 913,841,206	P 1,434,559,762
Receivables*	6	2,211,305,404	3,657,261,050
Contract assets	18.2	45,093,986,410	31,979,063,534
Due from related parties	26.1	48,596,767	35,802,341
Short-term investments	9	200,838,362	204,836,249
Refundable deposits	14	152,741,454	128,384,996
		<u>P48,621,309,603</u>	<u>P 37,439,907,932</u>

* Receivables excludes advances to officers and employees.

The estimated fair value of collateral and other security enhancements held against contract receivables and contract assets are presented below.

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
2023			
Contract receivables	P 1,549,074,563	P 11,060,916,251	P -
Contract assets	<u>45,093,986,410</u>	<u>78,168,084,114</u>	<u>-</u>
	<u>P 46,643,060,973</u>	<u>P 89,229,000,365</u>	<u>P -</u>
2022			
Contract receivables	P 3,030,230,127	P 6,632,550,849	P -
Contract assets	<u>31,979,063,534</u>	<u>58,301,956,960</u>	<u>-</u>
	<u>P 35,009,293,661</u>	<u>P 64,934,507,809</u>	<u>P -</u>

(b) Credit risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

An analysis of concentration of credit risk by location of the Group's contract receivables and contract assets, net of allowance for impairment, is shown below.

	<u>2023</u>	<u>2022</u>
Cebu	P 21,835,148,629	P 16,921,619,068
Visayas	2,545,817,311	7,230,845,939
Mindanao	15,398,918,372	10,856,726,305
Luzon	<u>6,863,176,661</u>	<u>102,349</u>
	<u>P46,643,060,973</u>	<u>P 35,009,293,661</u>

(c) *Credit Quality*

The Group classifies cash in banks as high grade as these are deposited with reputable banks.

Other receivables and refundable deposits are considered to be unrated and are neither past due nor impaired. For trade receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Group.

The quality of the Group's financial assets as of December 31, 2023 and 2022 is shown below.

	<u>Neither past due not impaired</u>			<u>Past due but not impaired</u>	<u>Individually impaired</u>	<u>Total</u>
	<u>High grade</u>	<u>Standard grade</u>	<u>Unrated</u>			
2023						
Cash	P 913,841,206	P -	P -	P -	P -	P 913,841,206
Receivables						
Contract	-	1,178,231,296	-	370,843,267	-	1,549,074,563
Others	-	-	659,988,579	-	2,242,262	662,230,841
Contract assets	-	45,093,986,410	-	-	-	45,093,986,410
Due from related parties	-	-	45,596,767	-	-	48,596,767
Short-term investments	200,838,362	-	-	-	-	200,838,362
Refundable deposits	-	-	152,741,454	-	-	152,741,454
	<u>P 1,114,679,568</u>	<u>P 46,272,217,706</u>	<u>P 858,326,800</u>	<u>P 370,843,267</u>	<u>P 2,242,262</u>	<u>P 48,621,309,603</u>
2022						
Cash	P 1,434,559,762	P -	P -	P -	P -	P 1,434,559,762
Receivables						
Contract	-	2,246,422,576	-	783,807,551	-	3,030,230,127
Others	-	-	625,221,454	-	1,809,469	627,030,923
Contract assets	-	31,979,063,534	-	-	-	31,979,063,534
Due from related parties	-	-	35,802,341	-	-	35,802,341
Short-term investments	204,836,249	-	-	-	-	204,836,249
Refundable deposits	-	-	128,384,996	-	-	128,384,996
	<u>P 1,639,396,011</u>	<u>P 34,225,486,110</u>	<u>P 789,408,791</u>	<u>P 783,807,551</u>	<u>P 1,809,469</u>	<u>P 37,439,907,932</u>

31.3 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 on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. It maintains cash to meet its liquidity. Excess cash are invested in short-term placements.

As at December 31, 2023 and 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within Six Months	Six to 12 Months	One to Five Years	More than Five Years
December 31, 2023				
Interest-bearing loans and borrowings	P 9,445,312,066	P 4,952,650,498	P 29,024,476,051	P 7,153,781,014
Bonds payable	168,742,525	168,742,525	4,872,277,006	1,062,987,665
Trade and other payables*	<u>18,062,302,871</u>	<u>274,654,434</u>	<u>4,801,971,020</u>	<u>-</u>
	<u>P 26,019,437,410</u>	<u>P 3,924,517,266</u>	<u>P 34,573,391,066</u>	<u>P 6,113,144,735</u>
December 31, 2022				
Interest-bearing loans and borrowings	P 6,173,740,948	P 2,374,903,037	P 21,006,645,481	P 9,462,451,360
Bonds payable	168,742,525	168,742,525	3,849,718,073	2,423,031,648
Trade and other payables*	<u>11,863,581,836</u>	<u>3,807,034,840</u>	<u>3,135,384,424</u>	<u>-</u>
	<u>P 18,206,065,309</u>	<u>P 6,350,680,402</u>	<u>P 27,991,747,978</u>	<u>P 11,885,483,008</u>

* Trade and other payables excludes output VAT, government-related obligations and advance rental.

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

32. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

32.1 Carrying Amounts and Fair Values by Category

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

	Notes	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
At amortized cost:					
Cash and cash equivalents	5	P 913,841,206	P 913,841,206	P 1,434,559,762	P 1,434,559,762
Receivables - net ¹	6	2,211,305,404	2,211,305,404	3,657,261,050	3,657,261,050
Due from related parties	26.1	48,596,767	48,596,767	35,802,341	35,802,341
Short-term investments	9	200,838,362	200,838,362	204,836,249	204,836,249
Refundable deposits	14	<u>152,741,454</u>	<u>152,741,454</u>	<u>128,384,996</u>	<u>128,384,996</u>
		<u>P 3,527,323,193</u>	<u>P 3,527,323,193</u>	<u>P 5,460,844,398</u>	<u>P 5,460,844,398</u>
Financial Liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	15	P 42,188,845,736	P 43,660,634,271	P 35,062,290,611	P 32,892,943,912
Bonds payable	16	5,000,000,000	5,159,876,668	4,930,582,631	5,074,171,211
Trade and other payables ²	17	<u>22,771,317,468</u>	<u>22,771,317,468</u>	<u>18,806,001,100</u>	<u>18,806,001,100</u>
		<u>P 69,960,163,204</u>	<u>P 71,591,828,407</u>	<u>P 58,798,874,342</u>	<u>P 56,773,116,223</u>

1 Receivables - net excludes advances to officers and employees.

2 Trade and other payables excludes output VAT, government-related obligations and advance rental.

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 31.

32.2 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 statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts set-off in the consolidated statements of financial position		Net amount
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	
December 31, 2023						
Cash and cash equivalents	<u>P 913,841,206</u>	<u>P -</u>	<u>P 913,841,206</u>	<u>P 909,475,471</u>	<u>P -</u>	<u>P 4,365,735</u>
December 31, 2022						
Cash and cash equivalents	<u>P 1,434,559,762</u>	<u>P -</u>	<u>P 1,434,559,762</u>	<u>P 554,474,038</u>	<u>P -</u>	<u>P 880,085,724</u>

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 statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts set-off in the consolidated statements of financial position		Net amount
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	
December 31, 2023						
Interest-bearing loans	<u>P 42,188,845,736</u>	<u>P -</u>	<u>P 42,188,845,736</u>	<u>P 909,475,471</u>	<u>P -</u>	<u>P 41,279,370,265</u>
December 31, 2022						
Interest-bearing loans	<u>P 35,062,290,611</u>	<u>P -</u>	<u>P 35,062,290,611</u>	<u>P 554,474,038</u>	<u>P -</u>	<u>P 34,507,816,573</u>

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., banks) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and 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.

32.3 Fair Value Measurements and Disclosures

(a) 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 has the following levels:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial 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 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.

(b) *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value in the 2023 and 2022 consolidated statements of financial position, but for which fair value is disclosed (see Note 32.1).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2023				
<i>Financial assets:</i>				
Cash and cash equivalents	P 913,841,206	P -	P -	P 913,841,206
Receivables – net ¹	-	-	2,211,305,405	2,211,305,404
Due from related parties	-	-	48,596,767	48,596,767
Short-term investments	200,838,362	-	-	200,838,362
Refundable deposits	-	-	152,741,454	152,741,454
	<u>P 1,114,679,568</u>	<u>P -</u>	<u>P 2,412,643,625</u>	<u>P 3,527,323,193</u>
<i>Financial liabilities:</i>				
Interest-bearing loans	P -	P -	P 43,660,634,271	P 43,660,634,271
Bonds payable	-	-	5,159,879,668	5,159,876,668
Trade and other payables	-	-	22,771,317,470	22,771,317,470
	<u>P -</u>	<u>P -</u>	<u>P 71,591,828,409</u>	<u>P 71,591,828,409</u>
2022				
<i>Financial assets:</i>				
Cash and cash equivalents	P 1,434,559,762	P -	P -	P 1,434,559,762
Receivables – net ¹	-	-	3,657,261,050	3,657,261,050
Due from related parties	-	-	35,802,341	35,802,341
Short-term investments	204,836,249	-	-	204,836,249
Refundable deposits	-	-	128,384,996	128,384,996
	<u>P 1,639,396,011</u>	<u>P -</u>	<u>P 3,821,448,387</u>	<u>P 5,460,844,398</u>
<i>Financial liabilities:</i>				
Interest-bearing loans and borrowings	P -	P -	P 32,892,943,912	P 32,892,943,912
Bonds payable	-	-	5,074,171,211	5,074,171,211
Trade and other payables ²	-	-	18,806,001,100	18,806,001,100
	<u>P -</u>	<u>P -</u>	<u>P 56,773,116,223</u>	<u>P 56,773,116,223</u>

¹ Receivables excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans and borrowings, because of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Group has no non-financial assets measured at fair value as at December 31, 2023 and 2022.

The table below shows the Levels within the hierarchy of investment property, which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023	<u>P -</u>	<u>P -</u>	<u>P 18,422,843,422</u>	<u>P 18,422,843,422</u>
December 31, 2022	<u>P -</u>	<u>P -</u>	<u>P 20,627,177,086</u>	<u>P 20,627,177,086</u>

In 2023 and 2022, the fair value of the Group's Investment Properties is determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(i) *Fair Value Measurement for Land, Condominium Units and Retail Buildings*

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(ii) *Fair Value Measurement for Improvements under Retail Buildings*

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2023 and 2022.

33. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2023</u>	<u>2022</u>
Total interest-bearing loans and borrowings and bonds payable	P47,136,668,257	P 39,992,873,242
Total equity	<u>25,796,756,536</u>	<u>21,012,614,893</u>
Debt-to-equity ratio	<u>1:83:1.00</u>	<u>1.90:1.00</u>

The Group's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis. The Parent Company is required to maintain certain financial ratios in relation with its borrowings (see Note 15.2). The Group has complied with its covenant obligations for both years ended December 31, 2023 and 2022.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

34. RECONCILIATION 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.

	Bank Loans <small>(see Note 15)</small>	Lease Liabilities <small>(see Note 12.2)</small>	Bonds Payable <small>(see Note 16)</small>	Total
Balance as of January 1, 2023	P 35,062,290,611	P 1,237,059,483	P 4,930,582,631	P41,229,932,725
Cash flows from financing activities:				
Additional borrowings - net	12,943,572,215	-	-	12,943,572,215
Repayments	(5,791,848,745)	(54,646,634)	-	(5,846,495,379)
Reclassifications	(154,500,000)	-	-	(154,500,000)
Non-cash financing activities:				
Amortization of debt issue cost	129,331,655	-	17,239,890	146,571,545
Interest amortization on lease obligation	-	80,167,300	-	80,167,300
Amendment of lease contract	-	275,906	-	275,908
Balance at December 31, 2023	<u>P 42,188,845,736</u>	<u>P 1,262,856,055</u>	<u>P 4,947,822,521</u>	<u>P 48,399,524,312</u>
Balance as of January 1, 2022	P 32,021,719,390	P 1,126,130,301	P -	P 33,147,849,691
Cash flows from financing activities:				
Additional borrowings - net	11,749,374,715	-	4,926,627,631	16,676,002,346
Repayments	(8,807,422,731)	(17,574,742)	-	(8,824,997,473)
Non-cash financing activities:				
Amortization of debt issue cost	98,619,237	-	3,955,000	102,574,237
Interest amortization on lease obligation	-	75,629,879	-	75,629,879
Additional lease liabilities	-	52,874,045	-	52,874,045
Balance at December 31, 2022	<u>P 35,062,290,611</u>	<u>P 1,237,059,483</u>	<u>P 4,930,582,631</u>	<u>P 41,229,932,725</u>
Balance as of January 1, 2021	P 23,793,983,711	P 834,733,975	P -	P 24,628,717,686
Cash flows from financing activities:				
Additional borrowings - net	14,448,015,997	-	-	14,448,015,997
Repayments	(6,288,347,939)	(57,537,727)	-	(6,345,885,666)
Non-cash financing activities:				
Additional lease liabilities	-	290,015,132	-	290,015,132
Amortization of debt issue cost	68,067,621	-	-	68,067,621
Interest amortization on lease obligation	-	67,139,552	-	67,139,552
Amendment of lease contract	-	(8,220,631)	-	(8,220,631)
Balance at December 31, 2021	<u>P 32,021,719,390</u>	<u>P 1,126,130,301</u>	<u>P -</u>	<u>P33,147,849,691</u>

35. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

Discussed below are the supplemental information on non-cash investing and financing activities relative to the consolidated statements of cash flows of the Group.

- (a) The Group recognized additional Right-of-Use assets and Lease Liabilities amounting to P275,906 due to amendment of a lease contract in 2023 and P52,874,045 due to new lease contracts in 2022 (see Notes 12 and 34).
- (b) In 2023 and 2022, borrowing costs that were capitalized as part of Real Estate Inventories, Property and Equipment and Investment Properties totaled to P2,586,052,265 and P1,721,477,210, respectively (see Notes 7, 11, 13 and 15).
- (c) In 2023 and 2022, the Group recognized unpaid construction costs of P2,126,087,766 and P2,339,738,833, respectively, in Property and Equipment and Investment Properties (see Notes 11 and 13).

- (d) In 2023, the Group reclassified assets from Investment Properties totaling P1,220,235,831 and P502,646 to Real Estate Inventories and Property and equipment. In 2022, the group reclassified assets from Investment Properties totaling P729,713,956 and P1,301,034,975 to Real Estate Inventories and Property Equipment, respectively (see Notes 7, 11 and 13).
- (e) In 2023, the Group reclassified Real estate inventories to Property and equipment totaling P13,080,557 (see Notes 7 and 11).
- (f) In 2023, the Group reclassified interest-bearing loans obtained from co-venturer amounting to P154,500,000 from Interest-bearing loans and borrowings to Trade and other payables (see Notes 15 and 17).
- (g) In 2023, BL Ventures declared dividends amounting to P16,800,000 of which P8,400,000 is still outstanding and payable to shareholders as at December 31, 2023.



**Report of Independent Auditors
to Accompany Supplementary
Information Required by the
Securities and Exchange Commission
Filed Separately from the Basic
Consolidated Financial Statements**

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**The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)**

10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (the Group) for the year ended December 31, 2023, on which we have rendered our report dated April 10, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
List of Supplementary Information
December 31, 2023

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CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Schedule A - Financial Assets
December 31, 2023

<i>Type of securities</i>	<i>Amount Shown in the Statement of Financial Position</i>		<i>Income Received and Accrued</i>	
<u>Financial Assets at Amortized Cost</u>				
Cash and Cash Equivalents				
Cash in banks	P	864,263,028	P	3,967,760
Short-term placements		45,212,443		1,159,382
Cash on hand		<u>4,365,735</u>		<u>-</u>
		<u>913,841,206</u>		<u>5,127,142</u>
Receivables				
Contract receivables		1,549,074,563		-
Retention receivable		132,973,570		-
Management fee receivables		111,340,567		-
Receivable from insurance		77,373,832		-
Rent receivable		71,548,690		-
Other receivables		<u>268,994,182</u>		<u>-</u>
		<u>2,211,305,404</u>		<u>-</u>
Due from Related Parties		<u>48,596,767</u>		<u>-</u>
Prepayments and other current assets				
Short-term investments		<u>200,838,362</u>		<u>8,747,555</u>
Other Non-Current Assets				
Refundable deposits		<u>152,741,454</u>		<u>-</u>
Total	P	<u>3,527,323,193</u>	P	<u>13,874,697</u>

Cebu Landmasters, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Reclassification	Deductions		Ending Balance		Balance at end of period
				Amounts collected	Amounts Written off	Current*	Not-current**	
Entities Under Common Ownership:								
<i>Condominium Corporation</i>								
Base Line Center Condo Corporation	P 15,507,686	P 425,355	p -	(P 196,418)	P -	P 15,736,623	P -	P 15,736,623
Casa Mira Towers Labangon	6,273,362	173,630	-	(155,710)	-	6,291,282	-	6,291,282
Mesatierra Garden Residences Condominium Corporation	59,501	5,158,086	-	-	-	5,217,587	-	5,217,587
Baseline Residences Condo Corporation	5,953,040	217,941	-	(3,421,323)	-	2,749,658	-	2,749,658
Latitude Corporate Center Condo Corp	1,404,876	263,200	-	937,671	-	2,605,747	-	2,605,747
Mivesa Garden Residences Condo Corporation	1,658,574	2,185,664	-	(2,033,854)	-	1,810,384	-	1,810,384
Mesaverte Residences Condominium Corporation	(1,278,800)	(5,462,388)	-	7,774,236	-	1,033,048	-	1,033,048
Midori Residences Condo Corporation	379,904	121,184	-	(177,184)	-	323,904	-	323,904
Asia Premier Condo Corporation	310,219	157,449	-	(165,622)	-	302,046	-	302,046
Mesavirre Garden Residences Condominium Corporation	33,954	166,479	-	(27,557)	-	172,876	-	172,876
38 Park Avenue Condominium Corporation	252,550	24,076	-	(201,408)	-	75,218	-	75,218
Casa Mira Towers Guadalupe Condominium Corp	-	42,000	-	-	-	42,000	-	42,000
Park Centrale Condo Corporation	(1,280,643)	(4,170,713)	-	4,676,018	-	(775,338)	-	(775,338)
	<u>29,274,223</u>	<u>(698,037)</u>	<u>-</u>	<u>7,008,849</u>	<u>-</u>	<u>35,585,035</u>	<u>-</u>	<u>35,585,035</u>
<i>Homeowners' Associations</i>								
Casa Mira South	2,213,785	(652,960)	-	2,046,618	-	3,607,443	-	3,607,443
Casa Mira Linao	1,545,268	2,661	-	(3,506)	-	1,544,423	-	1,544,423
Velmiro Heights	798,897	77,670	-	(198,520)	-	678,047	-	678,047
Midori Plains	346,592	241,700	-	(44,088)	-	544,204	-	544,204
Casa Mira Coast	103,878	166,876	-	-	-	270,754	-	270,754
San Josemaria Villages	315,916	15,339	-	(76,236)	-	255,019	-	255,019
Villa Casita North	48,382	-	-	(34,000)	-	14,382	-	14,382
Velmiro Uptown	-	(172,443)	-	-	-	(172,443)	-	(172,443)
	<u>5,372,718</u>	<u>(321,157)</u>	<u>-</u>	<u>1,690,268</u>	<u>-</u>	<u>6,741,829</u>	<u>-</u>	<u>6,741,829</u>
<i>Others</i>								
Regalos de Cebu	733,933	5,958,855	-	(4,498,490)	-	2,194,298	-	2,194,298
AB Soberano International Corp	-	1,687,466	-	-	-	1,687,466	-	1,687,466
Cebu Landmasters Foundation, Inc.	20,335	7,807	-	-	-	28,142	-	28,142
	<u>754,268</u>	<u>7,654,128</u>	<u>-</u>	<u>(4,498,490)</u>	<u>-</u>	<u>3,909,906</u>	<u>-</u>	<u>3,909,906</u>
	<u>35,401,209</u>	<u>6,634,934</u>	<u>-</u>	<u>4,200,627</u>	<u>-</u>	<u>46,236,770</u>	<u>-</u>	<u>46,236,770</u>
Associates								
Iloilo Global City Corporation	-	2,328,000	-	-	-	2,328,000	-	2,328,000
Magspeak Nature Park Inc	632,726	392,772	-	(953,367)	-	72,131	-	72,131
ICOM Air Corporation	(231,594)	8,000,000	-	(7,808,540)	-	(40,134)	-	(40,134)
	<u>401,132</u>	<u>10,720,772</u>	<u>-</u>	<u>(8,761,907)</u>	<u>-</u>	<u>2,359,997</u>	<u>-</u>	<u>2,359,997</u>
Ultimate Parent Company								
	<u>75,822,632</u>	<u>-</u>	<u>-</u>	<u>(75,137,048)</u>	<u>-</u>	<u>685,584</u>	<u>-</u>	<u>685,584</u>
Key Management Personnel								
	<u>53,973,659</u>	<u>-</u>	<u>-</u>	<u>(53,973,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	P 165,598,632	P 17,355,706	p -	(P 133,671,987)	p -	P 49,282,351	p -	P 49,282,351

*Due within one year
**Due beyond one year

Cebu Landmasters, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2023

Name and Designation of debtor					Deductions		Current*	Non-current**	Balance at end of period
	Balance at beginning of period	Additions	Reclassification		Amounts collected	Amounts written off			
El Camino Developers Cebu, Inc.	P 214,178,112	P 209,845,349	p -	(P 40,311,715)	-	P 383,711,746	P -	P 383,711,746	
Yuson Excellence Soberano, Inc.	413,325,300	13,794,906	-	(313,750,755)	-	113,369,451	-	113,369,451	
Cebu Homegrown Developers, Inc.	497,308,642	87,559,072	(517,000,000)	(33,131,289)	-	34,736,425	-	34,736,425	
Cebu Landmasters Property Management, Inc.	31,078,755	10,664,873	-	(12,586,715)	-	29,156,913	-	29,156,913	
BL CBP Ventures, Inc.	19,841,675	9,821,882	-	(1,117,200)	-	28,546,357	-	28,546,357	
CLI Premier Hotels Int'l. Inc.	18,712,707	22,203,334	-	(20,713,591)	-	20,202,450	-	20,202,450	
Cebu BL-Ramos Ventures, Inc.	218,876,477	13,814,492	(142,000,000)	(78,334,751)	-	12,356,218	-	12,356,218	
CCLI Premier Hotels Int'l. Inc.	2,606,774	21,820,799	-	(13,225,787)	-	11,201,786	-	11,201,786	
YHEST Realty and Development Corporation	9,075,749	20,751,923	-	(19,841,001)	-	9,986,671	-	9,986,671	
GGTT Realty Corporation	4,375,802	1,700,831	-	(544,284)	-	5,532,349	-	5,532,349	
Sugbo Prime Estate, OPC.	1,461,685	7,165,559	-	(5,628,121)	-	2,999,123	-	2,999,123	
Yuson Huang Excellence Soberano, Inc.	7,392,874	8,143,047	-	(12,874,137)	-	2,661,784	-	2,661,784	
Mivesa Garden Residences, Inc.	1,790,866	8,654,777	-	(9,267,737)	-	1,177,906	-	1,177,906	
CLI Hotels and Resorts, Inc.	227,310	50,500	-	-	-	277,810	-	277,810	
CLI-LITE Panglao, Inc.	2,676,340	181,544	-	(2,805,776)	-	52,108	-	52,108	
Ming-mori Development Corporation	-	70,000	-	(70,000)	-	-	-	-	
	P 1,442,929,068	P 436,242,888	(P 659,000,000)	(P 564,202,859)	P -	P 655,969,097	P -	P 655,969,097	

*Due within one year

**Due beyond one year

Cebu Landmasters, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2023

<i>Title of issue and type of obligation</i>	<i>Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position</i>	<i>Amount shown under caption "Long-Term Debt" in related Statement of Financial Position</i>	<i>Interest Rate</i>	<i>No. of Periodic Installments</i>	<i>Maturity Date</i>
<i>Promissory notes</i>					
Bank of the Philippine Islands	P 2,135,541,671	P 7,969,697,864	3.75% to 8.25%	Various	1/13/24 to 7/26/34
Land Bank of the Philippines	1,249,946,183	936,861,706	5% to 7.50%	Various	2/5/24 to 8/30/29
BDO Unibank Inc.	308,333,332	294,476,245	6.38% to 8.37%	Various	1/3/24 to 7/25/2027
Bank of Commerce	293,750,000	650,828,136	7.23% to 8.75%	Various	1/20/24 to 3/3/29
Development Bank of the Philippines	2,119,173,032	2,326,007,733	5% to 8.5%	Various	1/24/24 to 5/30/34
China Banking Corporation	1,003,333,333	2,733,988,780	6.65% to 7.75%	Various	1/25/24 to 6/1/34
Rizal Commercial Banking Corporation	191,153,846	3,166,241,601	5.25% to 8.75%	Various	2/29/24 to 9/27/30
RCBC Capital Corporation	495,000,000 (	1,368,332)	7.25% to 7.5%	Various	3/3/24 to 6/21/24
Philippine National Bank	1,342,740,029	1,400,346,582	4.75% to 7.96%	Various	1/25/24 to 7/12/24
Philippine Veterans Bank	600,000,000 (	234,247)	6.18% to 6.26%	Various	2/17/2024
Robinsons Bank	277,777,778	319,600,054	5.5% to 8.5%	Various	1/8/24 to 5/13/27
Union Bank of the Philippines	-	407,743,027	7.24%	Various	4/26/2027
Asia United Bank	50,000,000	149,515,745	6.25% to 6.75%	Various	03/17/27 to 6/16/28
Sterling Bank of Asia	-	312,397,673	9% to 9.25%	Various	12/15/28 to 2/23/29
Security Bank	8,737,500	205,545,961	7.24% to 8.04%	Various	3/30/2029
	<u>10,075,486,704</u>	<u>20,871,648,528</u>			
<i>Corporate notes</i>					
Bank of the Philippine Islands	212,500,000	1,185,534,141	3.54% to 7.25%	Various	12/20/25 to 04/28/27
Land Bank of the Philippines	142,857,144	1,627,917,892	4.23% to 6.63%	Various	08/02/28 to 03/10/30
BDO Unibank Inc.	125,000,000	621,140,689	7.25%	Various	12/20/25
Development Bank of the Philippines	250,000,000	1,611,580,497	3.54% to 4.66%	Various	04/28/27
China Banking Corporation	440,476,190	2,998,847,245	3.46% to 7.25%	Various	09/04/25 to 10/10/28
Rizal Commercial Banking Corporation	270,833,333	1,518,831,323	3.46% to 4.66%	Various	09/04/25 to 04/28/27
Social Security System	50,000,000	186,192,050	3.460%	Various	09/04/25
	<u>1,491,666,667</u>	<u>9,750,043,837</u>			
<i>Bonds</i>					
Philippine Depository & Trust	-	4,947,822,521		1	4/7/26 to 10/7/29
<i>Loans to partners</i>					
IBC Holdings Co.	62,000,000	-	-	-	12/31/2024
Borromeo Bros Estate, Inc.	92,500,000	-	6.250%	Various	5/11/2024 to 7/29/2024
	<u>154,500,000</u>	<u>-</u>			
	P 11,721,653,371	P 35,569,514,886			

Cebu Landmasters, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties
December 31, 2023

<i>Name of related party</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>
------------------------------	---	-------------------------------------

NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2023

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount guaranteed and outstanding</i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee</i>
---	--	--	--	----------------------------

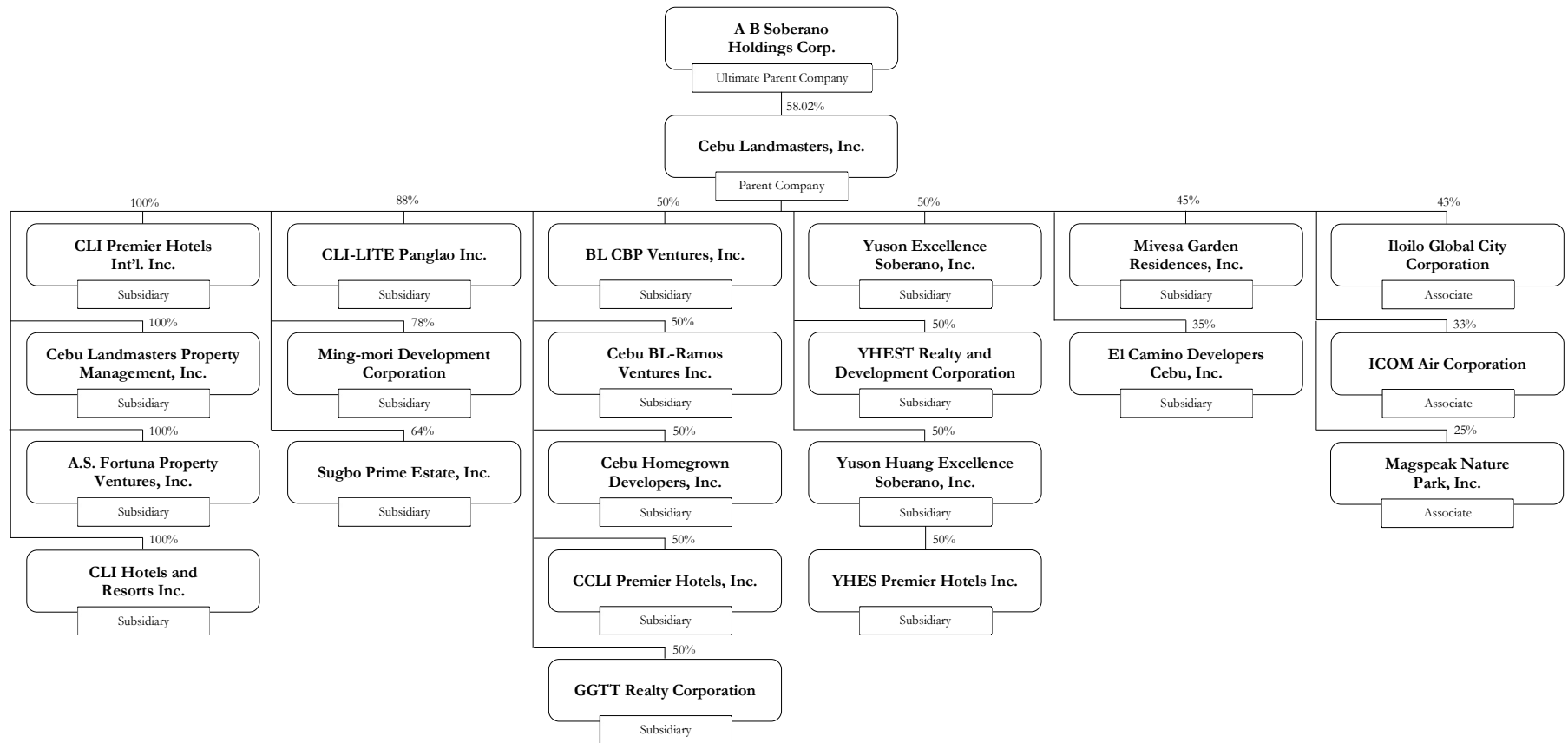
NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2023

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related Statement of Financial Position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value						
Authorized	9,000,000,000					
Issued and outstanding		3,465,201,467	158,250,530	2,267,130,595	48,502,500	1,149,568,372
Preferred Shares - P0.10 par value						
Authorized						
Series A	1,000,000,000					
Series B	100,000,000					
Issued and outstanding		-	-	-	-	-

CEBU LANDMASTERS, INC. AND SUBSIDIARIES

Map Showing the Relationship Between and Among the Company
and its Ultimate Parent, Subsidiaries, and Associates
December 31, 2023



CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City
Reconciliation of Retained Earnings Available for Dividend Declaration
as of December 31, 2022
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year		P 6,280,269,150
Prior Year's Outstanding Reconciling Items, net of tax		
Treasury stock, at cost	(	732,664,604)
Share in profit of subsidiaries and associates	(	672,423,198)
Gain on remeasurement of investment in associates	(	<u>32,438,511)</u>
Unappropriated Retained Earnings Available for Dividend declaration at beginning of Year, as Adjusted		4,842,742,837
Net Profit Realized during the Year	P	3,205,817,635
Share in profit of subsidiaries and associates	(	<u>430,697,764)</u> 2,775,119,871
Other Transactions During the Year		
Appropriation of retained earnings	(	3,931,475,893)
Release of appropriated retained earnings		172,049,912
Cash dividend declared	(	<u>519,780,221)</u> (<u>4,279,206,202)</u>
Unappropriated Retained Earnings Available for Dividend declaration at end of Year		<u>P 3,338,656,506</u>



**Report of Independent Auditors
on Components of
Financial Soundness Indicators**

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
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)**
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023 and 2022
(Amounts in Philippine Pesos)

Ratio	Formula	2023	Formula	2022
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets Divide by: Total Current Liabilities <hr/> Current Ratio	1.55	Total Current Assets divided by Total Current Liabilities Total Current Assets Divide by: Total Current Liabilities <hr/> Current Ratio	1.58
Acid test ratio	Quick assets (Cash and cash equivalents plus Current Receivables and Current Contract Assets and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents Add: Current Receivables Current Contract Assets Due from Related Parties <hr/> Quick Assets Divide by: Total Current Liabilities <hr/> Acid test ratio	0.84	Quick assets (Cash and cash equivalents plus Current Receivables and Current Contract Assets and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents Add: Current Receivables Current Contract Assets Due from Related Parties <hr/> Quick Assets Divide by: Total Current Liabilities <hr/> Acid test ratio	0.77
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities Divide by: Total Assets <hr/> Solvency ratio	0.75	Total Liabilities divided by Total Assets Total Liabilities Divide by: Total Assets <hr/> Solvency ratio	0.75
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities Divide by: Total Equity <hr/> Debt-to-equity ratio	2.96	Total Liabilities divided by Total Equity Total Liabilities Divide by: Total Equity <hr/> Debt-to-equity ratio	3.05
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets Divide by: Total Equity <hr/> Assets-to-equity ratio	3.96	Total Assets divided by Total Equity Total Assets Divide by: Total Equity <hr/> Assets-to-equity ratio	4.05
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax Add: Interest charged to: Cost of Sales Finance cost <hr/> EBIT Divide by: Interest Expense* <hr/> Interest rate coverage ratio <i>*Includes 2,521,540,922 interest capitalized as part of real estate inventory, property and equipment, and investment property</i>	2.55	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax Add: Interest charged to: Cost of Sales Finance cost <hr/> EBIT Divide by: Interest Expense* <hr/> Interest rate coverage ratio <i>*Includes 1,721,477,210 interest capitalized as part of real estate inventory, property and equipment, and investment property</i>	2.76
Return on equity	Net Profit divided by Total Ave. Equity Net Profit Divide by: Total Ave. Equity <hr/> Return on equity	20%	Net Profit divided by Total Ave. Equity Net Profit Divide by: Total Ave. Equity <hr/> Return on equity	19%
Return on assets	Net Profit divided by Total Ave. Assets Net Profit Divide by: Total Ave. Assets <hr/> Return on assets	5%	Net Profit divided by Total Ave. Assets Net Profit Divide by: Total Ave. Assets <hr/> Return on assets	5%
Net profit margin	Net Profit divided by Revenues Net Profit Divide by: Total Revenue <hr/> Return on assets	25%	Net Profit divided by Revenues Net Profit Divide by: Total Revenue <hr/> Return on assets	23%
Other ratio	Gross Profit divided by Total Revenue Gross Profit Divide by: Total Revenue <hr/> Gross profit margin	49%	Gross Profit divided by Total Revenue Gross Profit Divide by: Total Revenue <hr/> Gross profit margin	47%

COVER SHEET

For AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	2	1	2	4	0
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Company Name

C	E	B	U		L	A	N	D	M	A	S	T	E	R	S	,		I	N	C	.																					
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H	o	l	d	i	n	g	s		C	o	r	p	.)																												

Principal Office (No./Street/Barangay/City/Town)Province

1	0	T	H		F	L	O	O	R		P	A	R	K		C	E	N	T	R	A	L	E		T	O	W	E	R												
J	O	S	E		M	A	.		D	E	L		M	A	R		S	T	.	M	A	R		B	2		L	3													
C	E	B	U		I	.	T	.		P	A	R	K	,		B	R	G	Y	.		A	P	A	S	,															
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Form Type

A	F	S	2	3
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Department requiring the report

S	E	C	
---	---	---	--

Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

jgarde@cebulandmasters.com
--

Company's Telephone Number/s

(032) 231 4870

Mobile Number

0966 410 9807

No. of Stockholders

21

Annual Meeting
Month/Day

1 st Friday of July

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Jose R. Soberano III

Email Address

ceo@cebulandmasters.com
--

Telephone Number/s

(032) 231 4870

Mobile Number

--

Contact Person's Address

10 th floor, Park Centrale Tower, Jose Ma. del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, 6000

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

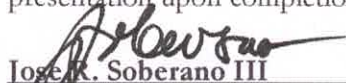
The management of **Cebu Landmasters, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the fiscal years ended **December 31, 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

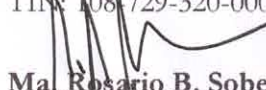
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

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


Jose R. Soberano III
Chairman of the Board, Chief Executive Officer and President
TIN: 108-729-320-000


Ma Rosario B. Soberano
Executive Vice President and Treasurer
TIN: 106-129-910-000



Beauregard Grant L. Cheng
Chief Finance Officer
TIN: 205-557-510-000

Signed this APR 10 2024 day of _____ 2024.

SUBSCRIBED AND SWORN to before me this APR 10 2024 at Cebu City, affiants exhibiting to me their respective Tax Identification Nos.

Doc No. 227 ;
Page No. 47 ;
Book No. 9 ;
Series of 2024




ATTY. EDELINE O. COSICO
Notary Public
Barter Commission No. 040-23, Cebu C
Valid until December 31, 2024
Roll of Attorneys No. 82445
10th Floor, Park Centrale, J.M. del Mar St., Cebu IT Park, Apas, Cebu City
Tel. No. (032) 231 - 4914 & (032) 231 - 4870 or Telefax (032) 231 - 5073
BP No. 385699 ; 01-02-2024; Cebu Chapter
10th Flr. Park Centrale Tower, J.M. Del Mar St.,
Cebu IT Park, Apas, Cebu City



Mark Anthony Yu <myucliacctg@gmail.com>

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Hi CEBU LANDMASTERS INC,

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- <None>

Transaction Code: **AFS-0-69DL5JFD0QZSXVW1SPYP1Q1SP07DDJFKHC**
Submission Date/Time: **Apr 15, 2024 09:28 PM**
Company TIN: **227-599-320**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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AFS-0-69DL5JFD0QZSXVW1SPYP1Q1SP07DDJFKHC

Submission Date/Time:

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P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Cebu Landmasters, Inc.

December 31, 2023, 2022 and 2021
(With Corresponding Figures as of January 1, 2022)



Report of Independent Auditors

The Board of Directors and Stockholders
Cebu Landmasters, Inc.
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy. Apas
Cebu City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cebu Landmasters, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 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 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 Financial Statements* section of our report. We are independent of the Company 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 financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the 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 financial statements are disclosed in Note 2 to the financial statements. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

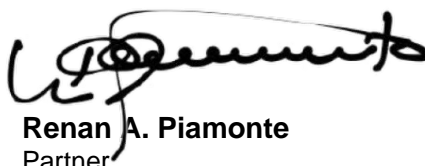
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 33 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

	Notes	2023	December 31, 2022 (As Restated - see Note 2)	January 1, 2022 (As Restated - see Note 2)
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	4	P 441,670,591	P 465,354,066	P 333,090,459
Receivables	5	1,465,941,409	2,497,006,115	3,858,553,483
Contract assets	17	19,482,468,256	14,063,209,951	4,197,781,332
Due from related parties	25	698,510,600	1,481,499,405	1,009,485,690
Real estate inventories	6	9,093,063,224	8,591,824,122	9,948,060,927
Deposits on land for future development	7	-	121,996,729	-
Prepayments and other current assets	8	4,194,661,169	2,340,624,416	2,612,332,086
Total Current Assets		<u>35,376,315,249</u>	<u>29,561,514,804</u>	<u>21,959,303,977</u>
NON-CURRENT ASSETS				
Receivables	5	156,093,837	106,500,219	161,127,276
Contract assets	17	13,235,300,241	11,323,558,221	12,058,377,792
Investments in subsidiaries and associates	9	9,345,133,685	6,865,126,687	5,878,006,728
Property and equipment - net	10	6,012,622,261	4,076,726,251	393,883,159
Right-of-use assets - net	11	887,603,255	910,749,954	880,257,377
Investment properties - net	12	9,570,958,321	9,937,376,563	6,278,133,219
Other non-current assets - net	13	1,539,183,844	1,258,879,680	938,354,721
Total Non-current Assets		<u>40,746,895,444</u>	<u>34,478,917,575</u>	<u>26,588,140,272</u>
TOTAL ASSETS		<u>P 76,123,210,693</u>	<u>P 64,040,432,379</u>	<u>P 48,547,444,249</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	14	P 10,443,628,947	P 7,521,349,177	P 7,529,549,385
Trade and other payables	16	14,223,925,249	12,202,834,640	7,804,074,512
Contract liabilities	17	164,891,955	289,366,657	353,200,147
Customers' deposits	17	135,710,979	76,996,569	57,469,700
Lease liabilities	11	37,685,586	36,716,315	-
Total Current Liabilities		<u>25,005,842,716</u>	<u>20,127,263,358</u>	<u>15,744,293,744</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	14	25,514,057,795	21,932,094,231	19,380,660,006
Bonds payable	15	4,947,822,521	4,930,582,631	-
Lease liabilities	11	939,780,431	911,374,869	834,573,823
Trade and other payables	16	193,517,068	176,234,971	142,482,853
Post-employment defined benefit obligation	23	10,395,914	9,390,095	4,753,329
Deferred tax liabilities - net	24	2,924,076,644	2,333,833,716	1,517,640,834
Total Non-current Liabilities		<u>34,529,650,373</u>	<u>30,293,510,513</u>	<u>21,880,110,845</u>
Total Liabilities		<u>59,535,493,089</u>	<u>50,420,773,871</u>	<u>37,624,404,589</u>
EQUITY				
Capital stock	26	3,623,451,997	3,623,451,997	3,623,451,997
Additional paid-in capital		1,608,917,974	1,608,917,974	1,608,917,974
Share options outstanding		4,311,977	2,195,991	-
Treasury stock, at cost		(732,664,604)	(732,664,604)	(748,171,901)
Revaluation reserves - net		(18,288,224)	(13,910,501)	(13,477,472)
Retained earnings		<u>12,101,988,484</u>	<u>9,131,667,651</u>	<u>6,452,319,062</u>
Total Equity		<u>16,587,717,604</u>	<u>13,619,658,508</u>	<u>10,923,039,660</u>
TOTAL LIABILITIES AND EQUITY		<u>P 76,123,210,693</u>	<u>P 64,040,432,379</u>	<u>P 48,547,444,249</u>

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES	17			
Sale of real estate		P 11,090,852,136	P 11,628,922,857	P 9,399,697,717
Rental		101,513,196	75,752,573	67,989,495
Management fees		154,376,800	141,931,941	110,519,689
		<u>11,346,742,132</u>	<u>11,846,607,371</u>	<u>9,578,206,901</u>
COST OF SALES AND SERVICES	18, 19	(<u>6,148,404,773</u>)	(<u>6,302,292,611</u>)	(<u>4,839,619,063</u>)
GROSS PROFIT		5,198,337,359	5,544,314,760	4,738,587,838
OPERATING EXPENSES	19	(1,968,974,042)	(1,869,225,902)	(1,631,230,305)
OTHER OPERATING INCOME	20	<u>363,652,839</u>	<u>158,898,108</u>	<u>206,723,560</u>
OPERATING PROFIT		3,593,016,156	3,833,986,966	3,314,081,093
SHARE IN NET PROFIT OF SUBSIDIARIES AND ASSOCIATES	9	1,249,633,091	430,697,764	24,587,593
FINANCE COSTS	22	(556,837,615)	(265,764,622)	(153,469,616)
FINANCE INCOME	21	43,989,261	70,675,962	30,505,137
OTHER LOSSES - Net	20	(<u>3,233,017</u>)	(<u>6,252,156</u>)	(<u>90,966,879</u>)
PROFIT BEFORE TAX		4,326,567,876	4,063,343,914	3,124,737,328
TAX EXPENSE	24	(<u>732,510,780</u>)	(<u>857,526,279</u>)	(<u>520,938,437</u>)
NET PROFIT		<u>P 3,594,057,096</u>	<u>P 3,205,817,635</u>	<u>P 2,603,798,891</u>

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT		P 3,594,057,096	P 3,205,817,635	P 2,603,798,891
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of post-employment defined benefit plan	23	(5,836,965)	(577,372)	435,092
Tax income (expense)	24	<u>1,459,242</u>	<u>144,343</u>	(<u>1,029,189</u>)
Other Comprehensive Loss - Net of tax		(<u>4,377,723</u>)	(<u>433,029</u>)	(<u>594,097</u>)
TOTAL COMPREHENSIVE INCOME		P <u>3,589,679,373</u>	P <u>3,205,384,606</u>	P <u>2,603,204,794</u>

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (See Note 26)	Additional Paid-in Capital (See Note 26)	Share Options Outstanding (See Note 26)	Treasury Stock, at Cost (See Note 26)	Revaluation Reserves (See Note 26)	Retained Earnings (See Note 26)			Total
						Appropriated	Unappropriated	Total	
Balance at January 1, 2023	P 3,623,451,997	P 1,608,917,974	P 2,195,991	(P 732,664,604)	(P 13,910,501)	P 3,931,475,893	P 5,200,191,758	P 9,131,667,651	P 13,619,658,508
Transactions with owners:									
Cash dividend	-	-	-	-	-	-	(623,736,263)	(623,736,263)	(623,736,263)
Stock option granted	-	-	2,115,986	-	-	-	-	-	2,115,986
	-	-	2,115,986	-	-	-	(623,736,263)	(623,736,263)	(621,620,277)
Appropriation of retained earnings									
Appropriations during the year	-	-	-	-	-	6,324,658,043	(6,324,658,043)	-	-
Release of appropriations during the year	-	-	-	-	-	(3,341,330,930)	3,341,330,930	-	-
	-	-	-	-	-	2,983,327,113	(2,983,327,113)	-	-
Total comprehensive income for the year:									
Net profit for the year	-	-	-	-	-	-	3,594,057,096	3,594,057,096	3,594,057,096
Other comprehensive loss	-	-	-	-	(4,377,723)	-	-	-	(4,377,723)
	-	-	-	-	(4,377,723)	-	3,594,057,096	3,594,057,096	3,589,679,373
Balance at December 31, 2023	P 3,623,451,997	P 1,608,917,974	P 4,311,977	(P 732,664,604)	(P 18,288,224)	P 6,914,803,006	P 5,187,185,478	P 12,101,988,484	P 16,587,717,604
Balance at January 1, 2022	P 3,623,451,997	P 1,608,917,974	P -	(P 748,171,901)	(P 13,477,472)	P 172,049,912	P 6,280,269,150	P 6,452,319,062	P 10,923,039,660
Transactions with owners:									
Cash dividend	-	-	-	-	-	-	(519,780,221)	(519,780,221)	(519,780,221)
Stock option granted	-	-	3,005,840	-	-	-	-	-	3,005,840
Stock option exercised	-	-	(809,849)	15,507,297	-	-	(6,688,825)	(6,688,825)	8,008,623
	-	-	2,195,991	15,507,297	-	-	(526,469,046)	(526,469,046)	(508,765,758)
Appropriation of retained earnings									
Appropriations during the year	-	-	-	-	-	3,931,475,893	(3,931,475,893)	-	-
Reversal of appropriations during the year	-	-	-	-	-	(172,049,912)	172,049,912	-	-
	-	-	-	-	-	3,759,425,981	(3,759,425,981)	-	-
Total comprehensive income for the year:									
Net profit for the year	-	-	-	-	-	-	3,205,817,635	3,205,817,635	3,205,817,635
Other comprehensive loss	-	-	-	-	(433,029)	-	-	-	(433,029)
	-	-	-	-	(433,029)	-	3,205,817,635	3,205,817,635	3,205,384,606
Balance at December 31, 2022	P 3,623,451,997	P 1,608,917,974	P 2,195,991	(P 732,664,604)	(P 13,910,501)	P 3,931,475,893	P 5,200,191,758	P 9,131,667,651	P 13,619,658,508
Balance at January 1, 2021	P 1,714,000,000	P 1,608,917,974	P -	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,197,217,445	P 6,146,722,068	P 8,723,905,651
Transactions with owners:									
Issuance of shares through stock dividend	1,909,451,997	-	-	-	-	-	(1,909,451,997)	(1,909,451,997)	-
Cash dividend	-	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)
Acquisition of treasury stock	-	-	-	(15,320,885)	-	-	-	-	(15,320,885)
	1,909,451,997	-	-	(15,320,885)	-	-	(2,298,201,897)	(2,298,201,897)	(404,070,785)
Reversal of appropriations during the year	-	-	-	-	-	(3,777,454,711)	3,777,454,711	-	-
Total comprehensive income for the year:									
Net profit for the year	-	-	-	-	-	-	2,603,798,891	2,603,798,891	2,603,798,891
Other comprehensive loss	-	-	-	-	(594,097)	-	-	-	(594,097)
	-	-	-	-	(594,097)	-	2,603,798,891	2,603,798,891	2,603,204,794
Balance at December 31, 2021	P 3,623,451,997	P 1,608,917,974	P -	(P 748,171,901)	(P 13,477,472)	P 172,049,912	P 6,280,269,150	P 6,452,319,062	P 10,923,039,660

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022 (As Restated see Note 2)	2021 (As Restated see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 4,326,567,876	P 4,063,343,914	P 3,124,737,328
Adjustments for:				
Share in net profit of subsidiaries and associates	9	(1,249,633,091)	(430,697,764)	(24,587,593)
Interest expense on interest-bearing loans and borrowings	22	419,639,440	188,308,333	100,246,234
Depreciation and amortization	19	131,323,468	115,405,442	102,154,493
Interest expense on bonds	22	66,856,481	15,444,620	-
Interest expense on lease liabilities	22	65,882,750	61,205,859	52,757,989
Interest income on banks and advances to related parties	21	(43,989,261)	(70,675,962)	(29,344,200)
Share option benefits expense	23, 26	2,115,986	3,005,840	-
Loss on disposal of property and equipment - net	20	17,411	128,364	16,577
Operating profit before working capital changes		3,718,781,060	3,945,468,646	3,325,980,828
Decrease in receivables		981,471,088	1,416,174,425	730,401,253
Increase in contract assets		(7,331,000,325)	(9,130,609,048)	(6,785,502,849)
Decrease in real estate inventories		2,344,410,369	2,362,573,519	122,960,973
Decrease (increase) in deposits on land for future development		121,996,729	(121,996,729)	(376,327,882)
Decrease (increase) in prepayments and other current assets		(1,854,036,753)	960,574,771	(620,852,947)
Increase in other non-current assets		(449,046,103)	(879,540,808)	(511,894,414)
Increase in trade and other payables		1,941,120,588	2,518,197,107	2,435,396,433
Decrease in contract liabilities		(124,474,702)	(63,833,490)	(8,520,478)
Increase (decrease) in customers' deposits		58,714,410	19,526,869	(33,782,415)
Increase (decrease) in post-employment defined benefit obligation		(4,831,146)	4,059,395	4,567,238
Cash generated from (used in) operations		(596,894,785)	1,030,594,657	(1,717,574,260)
Cash paid for taxes		(140,808,610)	(176,807,609)	(91,100,985)
Net Cash From (Used in) Operating Activities		(737,703,395)	853,787,048	(1,808,675,245)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of equity interest in subsidiaries and associates	9	(1,336,593,907)	(650,822,195)	(1,303,891,928)
Acquisitions of property and equipment	10	(1,272,143,177)	(1,014,909,274)	(86,121,567)
Collections of advances to related parties	25	983,991,952	153,969,288	118,069,803
Acquisitions of investment properties	12	(842,441,388)	(3,989,896,837)	(2,389,976,164)
Advances to related parties	25	(201,003,147)	(625,983,003)	(800,124,927)
Dividends received	9	106,220,000	94,400,000	72,000,000
Interest received		43,989,261	70,675,962	29,344,200
Acquisitions of computer software	13	(1,914,986)	(3,064,324)	(10,242,943)
Proceeds from disposal of property and equipment		16,474	786,310	567,519
Net Cash Used in Investing Activities		(2,519,878,918)	(5,964,844,073)	(4,370,376,007)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of interest-bearing loans and borrowings - net	14, 32	11,434,269,173	9,978,618,073	12,999,276,695
Repayments of interest-bearing loans and borrowings	14, 32	(5,050,319,185)	(7,524,170,278)	(5,288,736,576)
Interest paid on interest-bearing loans and borrowings		(2,152,046,014)	(1,546,828,245)	(1,210,229,172)
Cash dividends paid	26	(623,736,263)	(519,780,221)	(388,749,900)
Interest paid on bonds		(337,485,051)	(78,592,408)	-
Payments of lease liabilities	11, 32	(36,783,822)	(562,543)	(5,452,222)
Proceeds from reissuance of treasury stock	26	-	8,008,623	-
Proceeds from issuances of bonds - net	15, 32	-	4,926,627,631	-
Acquisition of treasury stock	26	-	-	(15,320,885)
Net Cash From Financing Activities		3,233,898,838	5,243,320,632	6,090,787,940
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(23,683,475)	132,263,607	(88,263,312)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		465,354,066	333,090,459	421,353,771
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 441,670,591	P 465,354,066	P 333,090,459

Supplemental Information for Non-cash Investing and Financing Activities:

- 1) In 2023, the Company reclassified investment property to real estate inventories amounting to P1,452.0 million. The Company also reclassified real estate inventory and deposit from purchased properties to property and equipment amounting to P13,080.6 million and P162,694.9 million, respectively. In 2022, the Company reclassified investment properties to property and equipment amounting to P1,301.0 million and reclassified real estate inventories to investment properties amounting to P12.6 million (see Notes 6, 10 and 12).
- 2) In 2023 and 2022, borrowing costs that were capitalized as part of Real Estate Inventories, Property and Equipment and Investment Properties amounted to P2,177.8 million and P1,514.4 million, respectively (see Notes 6, 10, 12, 14 and 15).
- 3) In 2023 and 2022, the Company recognized unpaid construction costs of P60.0 million and P1,914.3 million, respectively, for the construction of Property and Equipment and Investment Properties (see Notes 10 and 12).
- 4) There were no additions to right-of-use asset and lease liabilities in 2023. The Company recognized right-of-use assets and lease liabilities amounting to P52.9 million in 2022 (see Note 11).

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Cebu Landmasters, Inc. (CLI or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 26, 2003. The Company is presently engaged in real estate-related activities such as real estate development, sales, leasing and property management. The Company's real estate portfolio include condominium and subdivision for residence, mixed-use properties, townships, hotels and resorts, offices, and co-living space.

The Company is a subsidiary of A B Soberano Holdings Corp. (ABS). ABS is a holding company and is incorporated and domiciled in the Philippines. ABS is primarily and currently engaged in holding activities. The registered office and principal place of business of ABS is located at 2nd Street, Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

On January 6, 2017, the Board of Directors (BOD) approved the Company's application for the registration of its common stocks with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The Company's shares were listed on the main board of the PSE on June 2, 2017 (see Note 26.2).

The Company's registered office address, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu IT Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

The Company holds ownership interests in the following subsidiaries and associates.

Entities	Note	Effective Percentage of Ownership	
		2023	2022
Subsidiaries			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	100%	100%
Cebu Landmasters Property Management, Inc. (CPM)	(b)	100%	100%
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	100%	100%
CLI Hotels and Resorts Inc. (CHR)	(d)	100%	100%
CLI-LITE Panglao Inc. (CLI-LITE)	(e)	88%	88%
Ming-mori Development Corporation (MDC)	(f)	78%	78%
Sugbo Prime Estate, Inc. (SPE)	(g)	64%	64%
BL CBP Ventures, Inc. (BL Ventures)	(h)	50%	50%
Yuson Excellence Soberano, Inc. (YES)	(i)	50%	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(j)	50%	50%
YHEST Realty and Development Corporation (YHEST)	(k)	50%	50%
CCLI Premier Hotels, Inc. (CCLI)	(l)	50%	50%

Forward

Effective Percentage

Entities	Note	of Ownership	
		2023	2022
Subsidiaries			
Cebu Homegrown Developers, Inc. (CHDI)	(m)	50%	50%
YHES Premier Hotels Inc. (YHESPH)*	(n)	50%	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(o)	50%	50%
GGTT Realty Corporation (GGTT)	(p)	50%	50%
Mivesa Garden Residences, Inc. (MGR)	(q)	45%	45%
El Camino Developers Cebu, Inc. (El Camino)	(r)	35%	35%
Associates			
Iloilo Global City Corporation (IGCC)	(s)	43%	-
ICOM Air Corporation (ICOM)	(s)	33%	33%
Magspeak Nature Park, Inc. (Magspeak)	(t)	25%	25%

* YHESPH is a wholly owned subsidiary of YHES

All of the subsidiaries and associates of the Company are incorporated in the Philippines, and except CPH, CPM, CCLI, YHESPH and ICOM are in the same line of business as the Company. A brief description of these entities follows:

- (a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business, which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.
- (b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPM is located in Cebu City.
- (c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.
- (d) CHR was incorporated in 2022 as a wholly owned subsidiary of the CLI. CHR is engaged in the real estate, and hotel and resorts management. The principal place of business of CHR is located in Cebu City.
- (e) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (f) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.

On June 22, 2021, CLI acquired additional 6,379,980 common shares of MDC from nine other stockholders, resulting to an increased ownership interest from 20% to 77.69%. Such acquisition was considered as a business combination achieved in stages, otherwise known as step-up acquisition.

- (g) SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.
- (h) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.
- (i) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.
- (j) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.
- (k) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.
- (l) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2021, CCLI has yet to start commercial operations.
- (m) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.
- (n) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI, which owns 50% of YHES. As at December 31, 2023, YHESPH has yet to start commercial operations.
- (o) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.
- (p) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.
- (q) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.
- (r) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.

- (s) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business is also located in Iloilo City.
- (t) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2023, ICOM has yet to start its commercial operations.
- (u) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2023 (including the comparative financial statements for the years ended December 31, 2022 and 2021, were authorized for issue by the BOD on April 10, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company 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 Company are disclosed in details below and in 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 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 Company*

The Company 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 Circulars (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*; and,
- 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*.

SEC MC No. 08-2021, Amendment 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 below and in the succeeding pages are the financial reporting reliefs availed of by the Company, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Company 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.

- (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 Company 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 Company elected not to defer this provision of the standard, it would have an impact in the financial statement 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 guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements or applied using modified retrospective approach.

In the initial calculation of the Company, adoption of the interpretation would have an impact on the following financial statement accounts as of and for the year ended December 31, 2023:

	Increase <u>(Decrease)</u>
Real estate sales	(P1,104,059,468)
Cost of real estate sales	(P1,003,701,447)
Interest expense	1,370,371,831
Interest income	1,125,491,464
Provision for deferred income tax	113,165,050
Net profit	501,267,430
Real estate inventories	(1,504,709,193)
Deferred tax liability	(345,878,683)
Opening balance of retained earnings	1,349,320,446

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.

The Company has decided to use the modified retrospective approach upon adoption.

(c) *Presentation of Financial Statements*

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

The Company presents a third 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 has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) *Functional and Presentation Currency*

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

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

(e) *Reclassification of Accounts*

The Company reclassified certain deferred commissions as part of Prepayments and Other Current Assets to Other Non-current Assets to match the timing of actual utilization/incurrence.

The effect of this reclassification in the consolidated financial statements as at December 31, 2022 and January 1, 2022 are summarized as follows:

(i) Statements of financial position

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 2,802,500,412	(P 461,875,996)	P 2,340,624,416
Other non-current assets	<u>797,003,684</u>	<u>461,875,996</u>	<u>1,258,879,680</u>
		<u>P -</u>	
<i>Changes in Liabilities</i>			
Lease liability - current	P -	P 36,716,315	P 36,716,315
Lease liability - non-current	<u>984,091,184</u>	(<u>36,716,315</u>)	<u>911,374,869</u>
		<u>P -</u>	
January 1, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 3,165,580,633	(P 553,248,547)	P 2,612,332,086
Other non-current assets	<u>385,106,174</u>	<u>553,248,547</u>	<u>938,354,721</u>
		<u>P -</u>	

There is no reclassification of lease liability as of January 1, 2022.

(ii) Statements of cash flows

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	P 496,698,775	P 461,875,996	P 960,574,771
Other non-current assets	(<u>417,664,812</u>)	(<u>461,875,996</u>)	(<u>879,540,808</u>)
		<u>P -</u>	
January 1, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	(P 1,174,101,494)	P 553,248,547	(P 620,852,947)
Other non-current assets	<u>41,354,133</u>	(<u>553,248,547</u>)	(<u>511,894,414</u>)
		<u>P -</u>	

The effect of the reclassification has no impact on the statements of profit or loss and statements of comprehensive income.

2.2 Adoption of Amended PFRS

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

The Company adopted for the first time the following amendments to PFRS, 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 Company's 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 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 Company's 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 judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the 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 Company's financial statements.

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

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*, are not relevant to the Company's 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 Company's 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) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Separate Financial Statements and Investments in Subsidiaries and Associates

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements which is available to the public through the disclosures section of the PSE Edge and Company's website.

The Company assess whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries and associates are initially recognized at cost and subsequently accounted for using the equity 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 Company's financial assets are all categorized as financial assets at amortized cost.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on receivables and contract assets are estimated by a probability weighted estimate of credit losses over the expected life of the financial assets. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Company 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, bonds payable, and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)].

2.5 Real Estate Inventories

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

The Company 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 project 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 recognized and the cost of the repossessed property is recognized in the statement of comprehensive income.

2.6 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Buildings and parking units	20 years
Transportation equipment	5 years
Leasehold improvements	5 years
Operating equipment	3-5 years
Furniture and fixtures	2-5 years

2.7 Investment Property

Properties held for lease under operating lease agreements, which comprise mainly of land, buildings and condominium units, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation. Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the assets of 20 years.

2.8 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

The Company develops real properties such as developed land, house and lot, and condominium units. The Company 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 Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

- (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 Company measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized is presented as part of Real Estate Sales in the 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 in the statement of comprehensive income.
- (c) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

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

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets and is 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 capitalized borrowing costs.

Under its contracts with customers, the Company 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 Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.4(a)(ii)].

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

2.9 Leases

(a) Company as Lessee

Subsequent to initial recognition, the Company depreciates 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 from two to five years.

The Company has elected to account for short-term leases and leases of low-value assets 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) Company as Lessor

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

2.10 Impairment of Non-financial Assets

The Company's Investment Properties, Property and Equipment and other non-financial assets are subject to impairment testing.

2.11 Employee Benefits

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments and estimates that affect the amounts reported in the 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 differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Company's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Company assesses the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

The Company exercises critical 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 Company considers the following:

- any asset created or enhanced as the Company 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 Company's enforceable right for payment for performance completed to date.

The Company determined that its performance obligation is satisfied over 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 Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(c) *Determination of Collection Threshold for Revenue Recognition*

The Company uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Company determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(d) *Assessment Involving Right of Return*

The Company's sale of real estate under pre-completed contracts has variable consideration which is the right of return when a buyer defaulted the equity payments. Moreover, R.A. No. 6552, provides a statutory obligation to the Company to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) *Determination of ECL on Trade and Other Receivables and Contract Assets*

The Company uses the cumulative loss rate approach to calculate ECL for trade receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Company has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations. On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Company's trade and other receivables are disclosed in Note 29.2.

(f) *Distinction Among Investment Properties and Owner-occupied Properties*

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independently 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.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company 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 use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(g) *Distinction Between Real Estate Inventories and Investment Properties*

Residential and condominium units 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 Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers management's intention over these assets in making its judgment.

(h) *Distinction Between Operating and Finance Leases (Lessor)*

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a 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 assessment, the Company's lease agreements are classified as operating lease.

(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.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 27.

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) *Revenue Recognition for Performance Obligations Satisfied Over Time*

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Company measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Company estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply 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.

(b) *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 behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(c) *Determination of Net Realizable Value of Real Estate Inventories*

In determining the net realizable value of real estate inventory, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate inventory 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 Company's real estate inventories within the next reporting period. Considering the Company's pricing policy, the net realizable values of real estate units for sale are higher than their related costs.

(d) *Fair Value Measurement of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in Note 12 to the financial statements is determined by the Company using the discounted cash flows valuation technique since the information on current or recent prices is not available. The Company uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: 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 Company 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 with undetermined use, the fair value is determined using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility. A significant change in the elements may affect prices and the value of the assets.

(e) *Estimation of Useful Lives of Property and Equipment and Investment Properties*

The Company estimates the useful lives of property and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties 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. In addition, estimation of the useful lives of property and equipment and investment properties is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

An analysis of amount of Property and Equipment and Investment Properties is presented in Notes 10 and 12, respectively.

(f) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the Company's non-financial assets required to be recognized in 2023 and 2022 based on management's assessment.

(g) *Valuation of Post-employment Defined Benefit Obligation*

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

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 23.3.

(h) *Determination of Realizable Amount of Deferred Tax Assets*

The Company 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 amount of the net deferred tax assets arising from unrealized foreign currency loss, retirement benefit obligation, and impairment losses as at December 31, 2023 and 2022 is disclosed in Note 24.

4. CASH AND CASH EQUIVALENTS

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

	<u>2023</u>	<u>2022</u>
Cash on hand	P 3,096,637	P 2,487,619
Cash in banks	393,361,510	419,008,956
Short-term placements	<u>45,212,444</u>	<u>43,857,491</u>
	<u>P 441,670,591</u>	<u>P 465,354,066</u>

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 60 to 62 days and earn effective interest ranging from 3.5% to 6%, 2.50% to 3%, and 0.75% to 1.90% per annum for 2023, 2022 and 2021, respectively.

Interest income earned from cash and cash is presented as part of Finance Income in the statements of profit or loss (see Note 21).

5. RECEIVABLES

This account includes the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Contract receivables			
Third parties		P 1,164,195,965	P 1,965,297,209
Related parties	25.4, 25.5	685,584	129,796,291
Retention receivable		111,577,658	106,529,324
Charges to contractors and suppliers		109,754,180	41,212,041
Receivable from insurance claims		75,371,849	142,791,495
Rent receivable	27.1	67,016,313	46,369,378
Advances to officers and employees		36,371,824	20,582,391
Receivables from move in fees		15,060,152	5,618,942
Receivable from buy-back transactions		7,179,996	12,394,628
Receivable from water income		4,912,754	4,228,016
Management fee receivable		3,982,960	9,733,183
Other receivables		<u>25,926,011</u>	<u>118,953,436</u>
		<u>P 1,622,035,246</u>	<u>P 2,603,506,334</u>

Receivables are presented in the statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 1,465,941,409	P 2,497,006,115
Non-current	<u>156,093,837</u>	<u>106,500,219</u>
	<u>P 1,622,035,246</u>	<u>P 2,603,506,334</u>

Buyers of real estate properties are given two to three years to complete the amortization of their down payment, which ranges from 10% to 20% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the total transaction price is reasonably assured. Generally, full payment by buyers of their equity payments is made within 24 to 36 months following the recognition of sale, which is then followed by full settlement by the buyer's chosen financing institution of the buyer's account. Title to real estate properties are transferred to the buyers once full payment has been made.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P5,309,083 and P1,557,409 as at December 31, 2023 and 2022, respectively.

In 2023 and 2022, the Company has day-one loss on noninterest-bearing contract receivables, net of amortization of day one loss, amounting to P3,751,674 and P257,332, and is presented as part of Finance Costs in the 2023 and 2022 statements of profit or loss (see Note 22). On the other hand, the amortization of day-one loss of noninterest-bearing contract receivables, net of day-one loss, amounted to P1,160,937 in 2021 (nil in 2023 and 2022) and is presented as part of Finance Income in the 2021 statement of profit or loss (see Note 21).

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Company.

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Company, which will be received three to four months after release of loan.

Advances to officers and employees are composed of advances intended for the Company's operations and are subject to liquidation.

The Company assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. No allowance for ECL need to be recognized in 2023, 2022 and 2021 (see Note 29.2)

6. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	Note	<u>2023</u>	<u>2022</u>
Subdivision units		P 470,257,538	P 723,515,775
Condominium units		<u>269,063,334</u>	<u>195,654,846</u>
		<u>739,320,872</u>	<u>919,170,621</u>
Construction-in-progress (CIP):			
Land development costs		3,919,921,918	4,365,318,179
Condominium building costs		2,506,044,729	1,692,159,086
Housing costs		<u>1,463,227,862</u>	<u>1,330,557,606</u>
		<u>7,889,194,509</u>	<u>7,388,034,871</u>
Raw land inventory	7	<u>464,547,843</u>	<u>284,618,630</u>
		<u>P 9,093,063,224</u>	<u>P 8,591,824,122</u>

An analysis of the cost of real estate inventories included in cost of sales for the year is presented in Note 18.

Land development costs pertain to the cost of acquisition of land and site development costs of subdivision projects and other future site projects of the Company.

Housing costs pertain to the cost of house construction for the horizontal projects of the Company.

Condominium building costs consist of the cost of acquisition of land and the cost to construct the units of the vertical projects of the Company.

Raw land inventory consists of parcels of land owned by the Company that are located in various locations. These are expected to be developed into saleable condominium or subdivision units. In 2023 the Company reclassified deposits on land for future development amounting to P121,996,729 to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated (see Note 7). There were no similar reclassifications in 2022.

Borrowing costs that are capitalized as part of real estate inventories amounted to P1,406,687,855 and P1,018,896,316 in 2023 and 2022, respectively, which represents the specific borrowing costs incurred on bank loans, corporate notes and bonds obtained to fund the construction projects (see Notes 14 and 15). Capitalization rate used for the borrowings ranges from 4.75% to 9.25% and 4% to 7.50% in 2023 and 2022, respectively.

In 2023, the Company reclassified real estate inventories to property and equipment (see Note 10) and investment properties to real estate inventories (see Note 12).

In 2022, the Company reclassified real estate inventories to investment properties (see Note 12).

Certain real estate inventories amounting to P5,308,547,812 and P4,976,334,244 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

7. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Deposits on land for future development pertains to advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects. A reconciliation of the carrying amount of deposits on land for future development as at beginning and end of 2023 and 2022 is presented below.

	Note	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P 121,996,729	P -
Transferred to raw land inventory	6	(121,996,729)	-
Additions		<u>-</u>	<u>121,996,729</u>
Balance at end of year		<u>P -</u>	<u>P 121,996,729</u>

8. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Deferred commissions and incentives	P 1,320,763,478	P 188,870,264
Advances to subcontractors	1,173,327,064	968,438,203
Input VAT and deferred input VAT	698,470,288	591,692,464
Prepaid income tax	394,652,955	269,493,001
Advances to suppliers	392,560,042	205,941,986
Short-term investments	184,532,637	101,034,408
Prepaid expenses	30,281,204	15,080,589
Others	<u>73,501</u>	<u>73,501</u>
	<u>P 4,194,661,169</u>	<u>P 2,340,624,416</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses that were paid on behalf of subcontractors. These are applied against the billings of subcontractors.

Deferred commissions and incentives pertain to sales commissions and incentives incurred and capitalized by the Company upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Company measures progress towards complete satisfaction of its performance obligation in its contracts. In 2023, 2022 and 2021, the Company expensed deferred commissions and incentives based on the POC of the related real estate contract and is presented as Commissions and incentives under the Operating Expenses account in the statements of profit or loss (see Note 19).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Company's compliance with the regulatory requirements for issuance of license to sell and are restricted for use in the Company's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 3.5% to 6% and 2.50% to 3% per annum in 2023 and 2022, respectively.

Prepaid expenses include advance payment for insurance and rent.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

This account comprises the following as at December 31:

	Notes	<u>2023</u>	<u>2022</u>
Investment in subsidiaries	9.1	P 9,202,644,254	P 6,731,567,105
Investments in associates	9.2	<u>142,489,431</u>	<u>133,559,582</u>
		<u>P 9,345,133,685</u>	<u>P 6,865,126,687</u>

A reconciliation of the carrying amounts of investments in subsidiaries and associates at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 6,865,126,687	P 5,878,006,728
Investments during the year	1,336,593,907	650,822,195
Equity in net profit during the year	1,249,633,091	430,697,764
Dividends received	(106,220,000)	(94,400,000)
Balance at end of year	<u>P 9,345,133,685</u>	<u>P 6,865,126,687</u>

9.1 Investments in Subsidiaries

A reconciliation of the carrying amounts of the investments in subsidiaries at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 6,731,567,105	P 5,743,093,372
Additions	1,315,093,907	642,822,195
Equity in net profit	1,262,203,242	440,051,538
Dividends received	(106,220,000)	(94,400,000)
Balance at end of year	<u>P 9,202,644,254</u>	<u>P 6,731,567,105</u>

9.2 Investments in Associates

A reconciliation of the carrying amounts of the investments in associates at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 133,559,582	P 134,913,356
Additions	21,500,000	(9,353,774)
Equity in net loss	(12,570,151)	<u>8,000,000</u>
Balance at end of year	<u>P 142,489,431</u>	<u>P 133,559,582</u>

10. PROPERTY AND EQUIPMENT

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

	Building and Parking Units	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2023							
Cost	P 546,791,391	P 122,949,665	P 56,101,383	P 44,479,066	P 4,392,461	P 5,496,193,456	P 6,270,907,422
Accumulated depreciation and amortization	(113,442,334)	(68,471,110)	(43,808,343)	(29,926,065)	(2,637,309)	-	(258,285,161)
Net carrying amount	<u>P 433,349,057</u>	<u>P 54,478,555</u>	<u>P 12,293,040</u>	<u>P 14,553,001</u>	<u>P 1,755,152</u>	<u>P 5,496,193,456</u>	<u>P 6,012,622,261</u>
December 31, 2022							
Cost	P 373,019,225	P 111,049,218	P 52,286,882	P 35,095,811	P 4,370,139	P 3,708,701,466	P 4,284,522,741
Accumulated depreciation and amortization	(88,891,788)	(52,185,686)	(38,939,854)	(25,346,548)	(2,432,614)	-	(207,796,490)
Net carrying amount	<u>P 284,127,437</u>	<u>P 58,863,532</u>	<u>P 13,347,028</u>	<u>P 9,749,263</u>	<u>P 1,937,525</u>	<u>P 3,708,701,466</u>	<u>P 4,076,726,251</u>
January 1, 2022							
Cost	P 285,064,231	P 91,655,631	P 54,891,520	P 32,175,937	P 2,352,961	P 102,799,019	P 568,939,299
Accumulated depreciation and amortization	(73,868,573)	(40,091,131)	(37,021,957)	(21,743,468)	(2,331,011)	-	(175,056,140)
Net carrying amount	<u>P 211,195,658</u>	<u>P 51,564,500</u>	<u>P 17,869,563</u>	<u>P 10,432,469</u>	<u>P 21,950</u>	<u>P 102,799,019</u>	<u>P 393,883,159</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023, 2022 and 2021 is shown below.

	Building and Parking Units	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 284,127,437	P 58,863,532	P 13,347,028	P 9,749,263	P 1,937,525	P 3,708,701,466	P 4,076,726,251
Additions	(2,003,261)	12,009,288	3,814,501	9,383,255	22,321	1,787,491,990	1,810,718,094
Disposal	-	(33,885)	-	-	-	-	(33,885)
Reclassification	175,775,427	-	-	-	-	-	175,775,427
Depreciation and amortization charges for the year	(24,550,546)	(16,360,380)	(4,868,489)	(4,579,517)	(204,694)	-	(50,563,626)
Balance at December 31, 2023, net of accumulated depreciation and amortization	<u>P 433,349,057</u>	<u>P 54,478,555</u>	<u>P 12,293,040</u>	<u>P 14,553,001</u>	<u>P 1,755,152</u>	<u>P 5,496,193,456</u>	<u>P 6,012,622,261</u>
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 211,195,658	P 51,564,500	P 17,869,563	P 10,432,469	P 21,950	P 102,799,019	P 393,883,159
Additions	55,888,147	19,487,678	1,587,688	2,919,875	2,017,179	2,336,934,319	2,418,834,886
Disposal	-	(94,092)	(4,192,326)	-	-	-	(4,286,418)
Reclassification	32,066,847	-	-	-	-	1,268,968,128	1,301,034,975
Depreciation and amortization charges for the year	(15,023,215)	(12,094,554)	(1,917,897)	(3,603,081)	(101,604)	-	(32,740,351)
Balance at December 31, 2022, net of accumulated depreciation and amortization	<u>P 284,127,437</u>	<u>P 58,863,532</u>	<u>P 13,347,028</u>	<u>P 9,749,263</u>	<u>P 1,937,525</u>	<u>P 3,708,701,466</u>	<u>P 4,076,726,251</u>
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331,314,799
Additions	11,782,632	21,800,399	13,413,303	6,126,083	22,322	32,976,828	86,121,567
Disposal	-	(66,514)	-	(517,582)	-	-	(584,096)
Reclassification	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization charges for the year	(13,476,337)	(9,272,620)	(4,924,016)	(3,269,519)	(3,658)	-	(30,946,150)
Balance at December 31, 2021, net of accumulated depreciation and amortization	<u>P 211,195,658</u>	<u>P 51,564,500</u>	<u>P 17,869,563</u>	<u>P 10,432,469</u>	<u>P 21,950</u>	<u>P 102,799,019</u>	<u>P 393,883,159</u>

Depreciation and amortization expenses on property and equipment is presented as part of Operating Expenses in the statements of profits or loss (see Note 19).

In 2023, the Company reclassified Real Estate Inventory and Deposit from Purchased Properties with a carrying amount of P13,080,558 and P162,694,869, respectively, to Building and Parking Units as these properties will be used for administrative purposes.

In 2022, the Company reclassified certain retail buildings previously presented as Investment Properties with an aggregate amount of P1,301,034,975 to Property and Equipment (see Note 12). These pertain to the ongoing construction of buildings which will be used in hotel operations and for administrative purposes.

Borrowing costs that are capitalized as part of property and equipment amounted to P515,412,919 and P413,771,181 in 2023 and 2022, respectively, which represents the interest incurred on loans and corporate notes obtained to fund the construction projects (see Note 14). Capitalization rate used for the borrowings ranges from 4.75% to 9.25% and 4% to 8% in 2023 and 2022, respectively.

Property and equipment with a total carrying amount of P5,446,829,756 and P3,688,924,771 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans and borrowings (see Note 14).

As at December 31, 2023 and 2022, the cost of the Company's fully-depreciated property and equipment that are still used in operations amounts to P113,057,781 and P103,301,639, respectively.

11. LEASES

The Company entered into lease contracts, as lessee, for leases of land. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the statement of financial position as Right-of-use Assets and the corresponding obligation as Lease Liabilities. Variable lease payments which do not depend on an index, or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For the lease on the land, the Company must insure all the improvements made on the property.

The table below describes the nature of the Company's leasing activity by type of right-of-use asset recognized in the statements of financial position.

	<u>Number of right-of-use asset leased</u>	<u>Range of remaining term</u>	<u>Number of leases with extension option</u>	<u>Number of leases with purchase option</u>	<u>Number of leases with termination option</u>
December 31, 2023					
Land	3	29 to 39 years	-	-	-
December 31, 2022					
Land	2	30 to 42 years	-	-	-

11.1 Right-of-use Assets

The carrying amounts of the Company's right-of-use assets as at December 31, 2023 and 2022 and the movements during the year are shown below.

	<u>2023</u>	<u>2022</u>
Cost		
Balance at beginning of year	P 980,062,635	P 927,188,591
Additions	-	52,874,044
Amendment of lease contract	<u>275,905</u>	<u>-</u>
Balance at end of year	<u>980,338,540</u>	<u>980,062,635</u>
Accumulated amortization		
Balance at beginning of year	69,312,681	46,931,213
Amortization	<u>23,422,604</u>	<u>22,381,468</u>
Balance at end of year	<u>92,735,285</u>	<u>69,312,681</u>
Carrying amount	<u>P 887,603,255</u>	<u>P 910,749,954</u>

11.2 Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Current	P 37,685,586	P 36,716,315
Non-current	<u>939,780,431</u>	<u>911,374,869</u>
	<u>P 977,466,017</u>	<u>P 948,091,184</u>

The contracts of lease do not provide for any future lease termination and extension options. The lease liabilities are secured by the related underlying asset. The undiscounted maturity analysis of lease liabilities are as follows:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Gross payments		
Within one year	P 37,685,586	P 36,716,315
From one to two years	40,551,343	37,527,340
From two to three years	53,991,333	40,463,482
From three to four years	55,067,747	53,991,333
From four to five years	56,693,315	55,067,747
More than five years	<u>3,151,343,613</u>	<u>3,208,036,928</u>
	3,395,332,937	3,431,803,145
Total discount	<u>(2,417,866,920)</u>	<u>(2,483,711,961)</u>
Net present value	<u>P 977,466,017</u>	<u>P 984,091,184</u>

11.3 Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets and is presented as Rent as part of Operating Expenses in the statements of profit or loss (see Note 19).

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflows in respect of leases amounted to P36,783,822, P562,543 and P5,452,222 in 2023, 2022 and 2021, respectively. The Interest expense in relation to lease liabilities are presented as part of Finance Costs in the statements of profit or loss (see Note 22).

12. INVESTMENT PROPERTIES

The Company's investment properties include condominium units and retail building. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2023 and 2022 are shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2023					
Costs	P 818,087,172	P 804,566,616	P 31,371,804	P 8,167,614,923	P 9,821,640,515
Accumulated depreciation	(94,143,690)	(145,870,372)	(10,668,132)	-	(250,682,194)
Carrying amount	<u>P 723,943,482</u>	<u>P 658,696,244</u>	<u>P 20,703,672</u>	<u>P 8,167,614,923</u>	<u>P 9,570,958,321</u>
December 31, 2022					
Costs	P 777,095,974	P 804,566,616	P 31,371,804	P 8,525,649,180	P 10,138,683,574
Accumulated depreciation	(71,367,624)	(120,839,845)	(9,099,542)	-	(201,307,011)
Carrying amount	<u>P 705,728,350</u>	<u>P 683,726,771</u>	<u>P 22,272,262</u>	<u>P 8,525,649,180</u>	<u>P 9,937,376,563</u>
January 1, 2022					
Costs	P 776,845,973	P 792,007,014	P 31,371,804	P 4,831,135,183	P 6,431,359,974
Accumulated depreciation	(49,310,883)	(96,384,966)	(7,530,906)	-	(153,226,755)
Carrying amount	<u>P 727,535,090</u>	<u>P 695,622,048</u>	<u>P 23,840,898</u>	<u>P 4,831,135,183</u>	<u>P 6,278,133,219</u>

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

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation	P 705,728,350	P 683,726,771	P 22,272,262	P 8,525,649,180	P 9,937,376,563
Additions	40,991,198	-	-	1,094,007,916	1,134,999,114
Reclassifications	-	-	-	(1,452,042,173)	(1,452,042,173)
Depreciation during the year	(22,776,066)	(25,030,527)	(1,568,590)	-	(49,375,183)
Balance at December 31, 2023, net of accumulated depreciation	<u>P 723,943,482</u>	<u>P 658,696,244</u>	<u>P 20,703,672</u>	<u>P 8,167,614,923</u>	<u>P 9,570,958,321</u>
Balance at January 1, 2022, net of accumulated depreciation	P 727,535,090	P 695,622,048	P 23,840,898	P 4,831,135,183	P 6,278,133,219
Additions	250,000	-	-	4,995,548,972	4,995,798,972
Reclassifications	-	12,559,602	-	(1,301,034,975)	(1,288,475,373)
Depreciation during the year	(22,056,740)	(24,454,879)	(1,568,636)	-	(48,080,255)
Balance at December 31, 2022, net of accumulated depreciation	<u>P 705,728,350</u>	<u>P 683,726,771</u>	<u>P 22,272,262</u>	<u>P 8,525,649,180</u>	<u>P 9,937,376,563</u>
Balance at January 1, 2021, net of accumulated depreciation	P 561,426,632	P 476,377,691	P 25,409,488	P 2,966,272,566	P 4,029,486,377
Additions	696,786	-	-	2,389,279,378	2,389,976,164
Reclassifications	184,643,291	240,046,211	-	(524,416,761)	(99,727,259)
Depreciation during the year	(19,231,619)	(20,801,854)	(1,568,590)	-	(41,602,063)
Balance at December 31, 2021, net of accumulated depreciation	<u>P 727,535,090</u>	<u>P 695,622,048</u>	<u>P 23,840,898</u>	<u>P 4,831,135,183</u>	<u>P 6,278,133,219</u>

In 2023, the Company reclassified investment property to real estate inventories amounting to P1,452,042,173 (see Note 6). In 2022, the Company reclassified investment properties to property and equipment amounting to P1,301,034,975 (see Note 10) and reclassified real estate inventories to investment properties amounting to P12,559,602 (see Note 6).

Income and expenses from investment properties for the years ended December 31, 2023, 2022 and 2021 are presented below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Rental income:				
Retail building		P 66,607,399	P 58,487,878	P 61,961,988
Hotel		17,808,753	6,553,177	-
Condominium units		12,631,070	9,789,476	3,882,427
Parking units		823,682	922,042	728,102
Others		<u>3,642,292</u>	<u>-</u>	<u>1,416,978</u>
	17.1	<u>P 101,513,196</u>	<u>P 75,752,573</u>	<u>P 67,989,495</u>
Expenses:				
Depreciation	18	P 49,375,183	P 48,080,255	P 41,602,063
Repairs and maintenance	19	-	-	1,550,278
Others	18	<u>793,674</u>	<u>-</u>	<u>63,258</u>
		<u>P 50,168,857</u>	<u>P 48,080,255</u>	<u>P 43,215,599</u>

Investment properties have a total fair value of P10,480,049,923 and P10,917,052,491 as at December 31, 2023 and 2022, respectively, based on the appraisal done by an independent expert [see Note 30.3(c)]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Company's investment properties as at December 31, 2023 and 2022.

Investment property with a total carrying amount of P5,641,374,289 and P5,614,802,742 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

13. OTHER NON-CURRENT ASSETS

This account includes the following:

	Note	<u>2023</u>	2022 (As Restated - see Note 2)
Deferred commission		P 822,527,957	P 461,875,996
Advances to subcontractors		540,406,800	473,134,430
Refundable deposits		135,422,187	113,438,998
Computer software - net		25,314,992	31,362,061
Investment in equity securities		9,375,002	9,375,002
Deferred input VAT		4,624,926	4,624,926
Deposits for purchased properties	25.3	169,252	163,134,122
Others		<u>1,342,728</u>	<u>1,934,145</u>
		<u>P 1,539,183,844</u>	<u>P 1,258,879,680</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments by the Company which are expected to be realized at the end of the term of the agreement. These are measured at amortized cost.

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

	<u>2023</u>	<u>2022</u>
Cost	P 65,252,045	P 63,337,059
Accumulated amortization	(39,937,053)	(31,974,998)
Carrying amount	<u>P 25,314,992</u>	<u>P 31,362,061</u>

Deposit for purchased properties pertains to the condominium units purchased by the Company under pre-completed contracts. Upon completion, the Company intends to use these properties.

Total additions to computer software amounted to P1,914,986, P3,064,324 and P10,242,943 in 2023, 2022 and 2021, respectively. The amortization expense on the computer software amounted to P7,962,055, P8,831,626 and P8,983,546 in 2023, 2022 and 2021, respectively, and is presented as part of Depreciation and amortization under Operating Expenses in the statements of profit or loss (see Note 19).

14. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the statement of financial position as follows:

	Notes	<u>2023</u>	<u>2022</u>
Current:			
Bank loans	14.1	P 8,951,962,280	P 6,403,789,653
Corporate notes	14.2	<u>1,491,666,667</u>	<u>1,117,559,524</u>
		10,443,628,947	7,521,349,177
Non-current:			
Bank loans	14.1	15,764,013,957	10,715,107,978
Corporate notes	14.2	<u>9,750,043,838</u>	<u>11,216,986,253</u>
		25,514,057,795	21,932,094,231
		<u>P35,957,686,742</u>	<u>P 29,453,443,408</u>

14.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 17,118,897,631	P 11,070,432,665
Proceeds and drawdowns - net	11,434,269,173	9,978,618,073
Repayments	(3,932,759,661)	(3,978,932,183)
Amortization of debt issue costs	<u>95,569,094</u>	<u>48,779,076</u>
Balance at end of year	<u>P24,715,976,237</u>	<u>P 17,118,897,631</u>

A reconciliation of the unamortized debt issue cost at the beginning and end of 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 77,970,874	P 43,461,023
Debt issue costs from new loans	135,897,962	83,288,927
Amortization of debt issue cost	(95,569,095)	(48,779,076)
Balance at end of the year	<u>P 118,299,741</u>	<u>P 77,970,874</u>

The loans bear interest rates per annum ranging from 4.75% to 9.25%, 4% to 7.50% and 4.25% to 5.55% in 2023, 2022, and 2021, respectively. Certain loans are collateralized by the certain projects for which the loans were obtained. The cost of such projects aggregating to P16,396,751,857 and P14,280,061,757 as at December 31, 2023 and 2022, respectively, are included in the Real Estate Inventories, Property and Equipment, and Investment Properties accounts in the statements of financial position (see Notes 6, 10 and 12).

The Group's new loans bear interest ranging from 5.25% to 9.25% in 2023 and 4.125% to 7.50% in 2022.

Total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P1,639,338,596, P798,855,982 and P350,165,748 in 2023, 2022 and 2021, respectively, and of which P1,219,699,156, P610,547,649 and P265,810,070, respectively, were capitalized as part of construction costs (see Notes 6, 10 and 12).

Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 4.75% to 9.25% and 4% to 7.50% in 2023 and 2022, respectively.

14.2 Corporate Notes

The Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) totaling P13,000,000,000 and two short-dated notes (SDN) amounting to P2,000,000,000 and P3,000,000,000, respectively.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P12,334,545,777	P 15,839,776,726
Repayments	(1,117,559,524)	(3,545,238,095)
Amortization of debt issue cost	<u>24,724,252</u>	<u>40,007,146</u>
Balance at end of the year	<u>P 11,241,710,505</u>	<u>P 12,334,545,777</u>

The NFA is composed of the following tranches:

<u>NFA</u>	<u>Date Executed</u>	<u>Tranche</u>	<u>Tenor</u>	<u>Principal Amount</u>
LTCN	07/20/2018	Series A	Seven years	P 2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	1,500,000,000
	03/05/2020	Series D	Five years	1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	<u>1,000,000,000</u>
				<u>P 13,000,000,000</u>
SDN	10/25/2019	SDN 1	18 months from drawdown date	P 2,000,000,000
	04/30/2021	SDN 2	18 months from drawdown date	<u>3,000,000,000</u>
				<u>P 5,000,000,000</u>

The Company made the following drawdowns from the NFA.

<u>Year</u>	<u>Tranche</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
2021	SDN 2	3.88%	November 2022	<u>P 3,000,000,000</u>
2020	Series D	3.46%	September 2025	P 1,300,000,000
	Series E	3.54% - 4.66%	April 2027	5,700,000,000
	Series F	4.23% - 5.23%	March 2030	<u>1,000,000,000</u>
				<u>P 8,000,000,000</u>
2019	Series A	7.25%	January 2026	P 2,000,000,000
	SDN 1	4.75%	April 2021	<u>2,000,000,000</u>
				<u>P 4,000,000,000</u>
2018	Series A	7.25%	December 2025	P 500,000,000
	Series B	6.63%	August - September 2028	1,000,000,000
	Series C	6.75%	October - December 2028	<u>1,500,000,000</u>
				<u>P 3,000,000,000</u>

In 2021 the Company recognized debt issuance costs for new NFA amounting to P27,236,842 which has a carrying amount of P77,634,734 and P102,358,985 as at December 31, 2023 and 2022, respectively, in relation to the drawdowns from the NFA. The debt issuance cost amortization in 2023, 2022 and 2021 amounted to P24,724,251, P40,007,146 and P40,721,693, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA, including amortization of debt issuance cost, amounted to P667,255,268, P836,758,484 and P861,785,646 in 2023, 2022 and 2021, respectively, of which P667,255,268, P836,758,484 and P861,785,646 was capitalized as part of construction costs in 2023, 2022 and 2021, respectively (see Notes 6, 10 and 12).

The Company is required to maintain the specifically defined financial ratios with respect to (a) maximum debt to equity ratio ranging from 2.5:1 to 3.0:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the statements of profit or loss (see Note 22).

The total accrued interest on bank loans and corporate notes amounted to P165,362,057 and P124,685,521 as at December 31, 2023 and 2022, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 16).

15. BONDS PAYABLE

On September 23, 2022, CLI registered with the SEC its debt securities program of P15,000,000,000 fixed rate bonds, which will be offered in one or more tranches within three years.

On October 7, 2022, the Company issued the first tranche of its fixed rate bonds amounting to P5,000,000,000 and was listed with the Philippine Dealing & Exchange Corp. (PDEx). The bonds have been rated “PRS Aa plus” with a stable outlook by PhilRatings and are comprised of the following tenors:

- Series A – maturity of 3.5 years and a coupon rate of 6.4222%;
- Series B – maturity of 5.5 years and a coupon rate of 6.9884%; and,
- Series C – maturity of 7 years and a coupon rate of 7.3649%.

In 2022, the Company recognized bond issuance costs amounting to P73,372,369 in relation to the issuance of the first tranche of the bonds, which has a carrying amount of P52,177,479 and P69,417,369 as at December 31, 2023 and 2022, respectively. In 2023, the Company capitalized a portion of the amortization of bond issuance costs amounting to P14,081,503 as part of real estate inventory, property and equipment and investment property. No similar capitalization was made in 2022. The Company expensed the amortization amounting to P3,158,387 and P3,955,000, in 2023 and 2022, respectively.

The total interest incurred related to the bonds, including amortization of bond issuance cost, amounted to P357,691,033 and P82,547,408 in 2023 and 2022, respectively, of which P290,834,552 and P67,102,788 was capitalized as part of real estate inventories and investment properties in 2023 and 2022, respectively. In 2023 and 2022, the Company recognized interest expense amounting to P66,856,481 and P15,444,620, respectively.

Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 6.89% to 7.64% and from 6.89% to 7.64% in 2023 and 2022, respectively.

The Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Company is compliant with the requirements.

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Unbilled construction costs		P 7,413,695,902	P 7,353,664,380
Trade payables		2,935,361,656	2,597,240,481
Sales commissions payable		2,737,881,417	1,114,048,487
Retention payable		741,489,590	633,964,617
Accrued expenses	14	226,069,294	319,834,823
Government-related obligations		65,655,634	75,997,476
Due to related parties	25.2	60,834,175	62,484,708
Output VAT		39,027,257	41,500,631
Other payables		3,910,324	4,099,037
		<u>14,223,925,249</u>	<u>12,202,834,640</u>
Non-current:			
Retention payable		140,513,947	148,726,165
Advance rental		24,267,048	14,269,141
Security deposits from tenants		19,931,968	10,751,887
Accrued land cost		6,304,042	-
Other payables		2,500,063	2,487,778
		<u>193,517,068</u>	<u>176,234,971</u>
		<u>P 14,417,442,317</u>	<u>P 12,379,069,611</u>

Unbilled construction costs pertain to obligations to contractors for services already performed but not yet billed to the Company.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials for the Company's projects.

Sales commissions payable pertain to estimated obligations to agents.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. A portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the statements of financial position.

Accrued expenses pertain to accruals for contracted services, security services, professional fees, and other recurring accruals in the Company's operations.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

17.1 Disaggregation of Contract Revenues

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical areas:

	2023				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 5,851,080,829	P 3,007,663,343	P 1,457,391,813	P 544,680,899	P 10,860,816,884
At a point in time	<u>17,677,346</u>	<u>139,887,766</u>	<u>49,590,140</u>	<u>22,880,000</u>	<u>230,035,252</u>
	5,868,758,175	3,147,551,109	1,506,981,953	567,560,899	11,090,852,136
<i>Lease of properties</i>					
Over time	101,513,196	-	-	-	101,513,196
<i>Render of management services</i>					
Over time	<u>75,098,972</u>	<u>24,874,604</u>	<u>54,403,224</u>	<u>-</u>	<u>154,376,800</u>
	<u>P 6,045,370,343</u>	<u>P 3,172,425,713</u>	<u>P 1,561,385,177</u>	<u>P 567,560,899</u>	<u>P 11,346,742,132</u>
	2022				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 4,896,280,081	P 3,514,891,401	P 2,837,004,591	P 7,441,250	P 11,255,617,323
At a point in time	<u>270,421,612</u>	<u>30,553,637</u>	<u>29,351,185</u>	<u>42,979,100</u>	<u>373,285,534</u>
	5,166,701,693	3,545,445,038	2,866,355,776	50,420,350	11,628,922,857
<i>Lease of properties</i>					
Over time	75,752,573	-	-	-	75,752,573
<i>Render of management services</i>					
Over time	<u>76,944,068</u>	<u>11,948,758</u>	<u>53,039,115</u>	<u>-</u>	<u>141,931,941</u>
	<u>P 5,319,398,334</u>	<u>P 3,557,393,796</u>	<u>P 2,919,394,891</u>	<u>P 50,420,350</u>	<u>P 11,846,607,371</u>
	2021				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 4,981,552,014	P 2,297,929,320	P 1,943,338,200	P -	P 9,222,819,534
At a point in time	<u>99,321,739</u>	<u>32,795,711</u>	<u>29,159,733</u>	<u>15,601,000</u>	<u>176,878,183</u>
	5,080,873,753	2,330,725,031	1,972,497,933	15,601,000	9,399,697,717
<i>Lease of properties</i>					
Over time	67,989,495	-	-	-	67,989,495
<i>Render of management services</i>					
Over time	<u>46,530,721</u>	<u>16,771,110</u>	<u>47,217,858</u>	<u>-</u>	<u>110,519,689</u>
	<u>P 5,195,393,969</u>	<u>P 2,347,496,141</u>	<u>P 2,019,715,791</u>	<u>P 15,601,000</u>	<u>P 9,578,206,901</u>

17.2 Contract Balance

The breakdown of contract balances is as follows:

	2023	2022
Contract assets	P32,717,768,497	P 25,386,768,172
Contract liabilities	(164,891,955)	(289,366,657)
Contract assets - net	<u>P32,552,876,542</u>	<u>P 25,097,401,515</u>

The Company recognizes a contract asset when the performance of property development is ahead of the collection of the consideration.

A reconciliation of the opening and closing balance of Contract Assets in 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P25,386,768,172	P 16,256,159,124
Performance of property development	10,909,809,204	11,522,430,042
Collections	(3,578,808,879)	(1,406,604,041)
Transfers to contract receivables	<u>-</u>	<u>(985,216,953)</u>
Balance at end of year	<u>P32,717,768,497</u>	<u>P 25,386,768,172</u>

Contract assets is presented in the statements of financial position as follows.

	<u>2023</u>	<u>2022</u>
Current	P19,482,468,256	P 14,063,209,951
Non-current	<u>13,235,300,241</u>	<u>11,323,558,221</u>
	<u>P32,717,768,497</u>	<u>P 25,386,768,172</u>

A reconciliation of the carrying amounts of contract liabilities at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 289,366,657	P 353,200,147
Revenue recognized that was included in contract liability at the beginning of year	(181,042,932)	(106,492,815)
Increase due to cash received excluding amount recognized as revenue during the year	<u>56,568,230</u>	<u>42,659,325</u>
Balance at end of year	<u>P 164,891,955</u>	<u>P 289,366,657</u>

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted as Customers' Deposits, which amounted to P135,710,979 and P76,996,569 as at December 31, 2023 and 2022, respectively.

17.3 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as at December 31, 2023 and 2022 is P16,714,681,514 and P10,761,956,088, respectively. As at December 31, 2023 and 2022, the Company expects to recognize revenue from unsatisfied contracts as follows:

	<u>2023</u>	<u>2022</u>
Within a year	P11,250,735,558	P 5,138,616,192
More than one year to three years	<u>5,463,945,956</u>	<u>5,623,339,896</u>
	<u>P 16,714,681,514</u>	<u>P 10,761,956,088</u>

18. COSTS OF SALES AND SERVICES

Components of costs of sales and services are analyzed below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of real estate sales:				
Materials and contracted labor	19	P 4,127,147,153	P 4,909,657,508	P 3,934,382,086
Borrowing costs	19	1,020,382,662	353,230,629	531,194,326
Land cost	19	755,964,353	832,338,731	226,630,439
Other costs		<u>194,741,748</u>	<u>158,985,488</u>	<u>105,746,891</u>
		<u>6,098,235,916</u>	<u>6,254,212,356</u>	<u>4,797,953,742</u>
Cost of rental services:				
Depreciation	12	49,375,183	48,080,255	41,602,063
Real property taxes	12	<u>793,674</u>	<u>-</u>	<u>63,258</u>
		<u>50,168,857</u>	<u>48,080,255</u>	<u>41,665,321</u>
		<u>P6,148,404,773</u>	<u>P6,302,292,611</u>	<u>P4,839,619,063</u>

Cost of real estate sales include contracted services, cost of land, capitalizable borrowing costs and other costs incidental to housing and condominium projects development as shown in Note 19. Contracted services pertain to the constructions contracts which are related to construction labor and materials for the units sold.

19. COSTS AND EXPENSES BY NATURE

The details of costs and expenses by nature are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Materials and contracted labor	18	P 4,127,147,153	P 4,909,657,508	P 3,934,382,086
Borrowing cost	18	1,020,382,662	353,230,629	531,194,326
Land cost	18	755,964,353	832,338,731	226,630,439
Commissions and incentives	8	638,005,683	627,869,052	600,232,618
Salaries and employee benefits	23.1	607,390,097	515,728,192	431,568,938
Taxes and licenses		135,632,710	208,560,487	176,165,566
Depreciation and amortization	10, 11.1, 12, 13	131,323,468	115,405,442	102,154,493
Advertising		62,677,462	45,305,124	32,367,610
Repairs and maintenance	12	54,044,006	61,972,854	14,189,462
Security and janitorial services		39,950,608	22,184,525	11,083,160
Utilities		33,787,485	23,937,928	19,627,604
Insurance		32,814,534	19,446,501	14,083,581
Representation and entertainment		32,410,097	30,874,801	18,601,448
Transportation and travel		26,138,770	22,685,610	4,842,676
Penalties		22,366,855	2,874,976	1,819,433
Rent	11.3, 27.2	20,897,167	13,212,227	15,121,820
Professional and legal fees		20,567,022	24,661,729	25,220,118
Selling expense		17,021,412	4,812,800	1,443,463
Subscriptions and membership dues		16,922,321	12,993,887	12,934,117
Supplies		15,537,631	16,598,691	10,170,328
Fuel and lubricants		7,474,661	9,876,935	6,373,908
Communications		6,434,035	5,556,960	7,384,210
Donations		6,020,619	3,253,849	106,556,752
Trainings and seminars		1,594,705	1,463,617	856,107
Others		<u>284,873,299</u>	<u>287,015,458</u>	<u>165,845,105</u>
		<u>P 8,117,378,815</u>	<u>P 8,171,518,513</u>	<u>P 6,470,849,368</u>

The costs and expenses are classified in the statements of profit or loss as follows:

	Note	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of sales and services	18	P6,148,404,773	P 6,302,292,611	P 4,839,619,063
Operating expenses		<u>1,968,974,042</u>	<u>1,869,225,902</u>	<u>1,631,230,305</u>
		<u>P 8,117,378,815</u>	<u>P 8,171,518,513</u>	<u>P 6,470,849,368</u>

20. OTHER OPERATING INCOME AND OTHER LOSSES

20.1 Other Operating Income

This account is composed of the following:

		<u>2023</u>	<u>2022</u>	<u>2021</u>
Administrative charges	P	125,496,612	P 63,889,484	P 37,634,896
Reversal of payables		115,283,578	-	61,690,791
Commitment fee		39,655,599	13,716,111	-
Documentation fee		23,192,879	10,039,993	8,536,557
Water service fee		16,337,568	14,260,920	11,150,077
Sponsorships		14,056,920	7,957,554	2,125,098
Utilities charged to tenants		10,723,514	3,902,053	5,749,848
Late payment penalties charged to customers		9,139,667	6,057,854	2,111,708
Scrap sales		2,163,848	2,017,777	2,541,366
Foreign exchange gains		1,338,935	4,262,002	1,410,012
Referral incentive		1,141,985	1,720,250	336,386
Reservation fees foregone		125,403	187,047	43,750
Move-in fee income		-	26,488,948	33,651,002
Concession income		-	-	1,733,355
Gain on remeasurement of Investment in associates		-	-	32,438,511
Others		<u>4,996,331</u>	<u>4,398,115</u>	<u>5,570,203</u>
		<u>P 363,652,839</u>	<u>P 158,898,108</u>	<u>P 206,723,560</u>

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

Reversal of payables pertains to outstanding payables related to advances from buyers in excess of the paid transfer charges and move-in fees which are not refunded to the buyers. It also includes outstanding payables from cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay and income from the write-off of long-outstanding unidentified deposits.

Water service fee pertains to fees charged to home or unit-owners of the turned-over units and condominium projects.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

20.2 Other Losses - Net

This account is composed of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Foreign exchange losses	P 3,215,606	P 6,380,520	P 1,391,339
Losses due to typhoon	-	-	89,558,963
Loss (gain) on sale of assets - net	<u>17,411</u>	(<u>128,364</u>)	<u>16,577</u>
	<u>P 3,233,017</u>	<u>P 6,252,156</u>	<u>P 90,966,879</u>

Losses due to typhoon pertain to cost of damages sustained by the Company's projects and properties from a typhoon, which hit Cebu in 2021.

21. FINANCE INCOME

This is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest income on:				
Advances to related parties	25.1	P 32,371,122	P 58,794,923	P 26,524,249
Banks	4	11,618,139	11,881,039	2,819,951
Amortization of day one loss on non-current contract receivables - net	5	<u>-</u>	<u>-</u>	<u>1,160,937</u>
		<u>P 43,989,261</u>	<u>P 70,675,962</u>	<u>P 30,505,137</u>

22. FINANCE COSTS

This is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest expense on				
Interest-bearing loans	14	P 419,639,440	P 188,308,333	P 100,246,234
Bonds	15	66,856,481	15,444,620	-
Lease liabilities	11,32	65,882,750	61,205,859	52,757,989
Post-employment defined benefit obligation	23.3	428,176	241,469	24,537
Day-one loss, net of amortization	5	3,751,674	257,332	-
Bank charges		<u>279,094</u>	<u>307,009</u>	<u>440,856</u>
		<u>P 556,837,615</u>	<u>P 265,764,622</u>	<u>P 153,469,616</u>

Interest expense on loans is the portion not capitalized as part of real estate inventories, property and equipment or investment properties (see Notes 6, 10, and 12).

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits (see Note 19) are presented below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits		P 600,634,984	P 508,138,583	P 426,966,578
Post-employment defined benefit	23.3	4,639,127	4,583,769	4,602,360
Share options	23.2, 26.4	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	19	<u>P 607,390,097</u>	<u>P 515,728,192</u>	<u>P 431,568,938</u>

23.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the Operating Expenses account in the statements of profit or loss, amounted to P2,115,986 in 2023 and P3,005,840 in 2022 (see Note 23.1), while the corresponding cumulative credit to Share Options Outstanding account is presented under the Equity section of the statements of financial position (see Note 26.4). There was no similar transaction in 2021.

23.3 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Company. The trustee bank manages the fund in coordination with the Company's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Company's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation reports obtained from an independent actuary in 2023 and 2022.

The amounts of post-employment defined benefit obligation recognized in the statements of financial position are determined as follows:

	<u>2023</u>	<u>2022</u>
Present value of the obligation	P 53,883,058	P 44,024,728
Fair value of plan assets	(43,487,144)	(34,634,633)
	<u>P 10,395,914</u>	<u>P 9,390,095</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 44,024,728	P 40,124,208
Current service cost	4,639,127	4,583,769
Interest cost	3,178,585	2,038,310
Benefits paid	(2,979,087)	(765,844)
Remeasurements - actuarial losses (gains) arising from:		
Changes in financial assumptions	2,343,402	(4,166,909)
Experience adjustments	<u>2,676,303</u>	<u>2,211,194</u>
Balance at end of year	<u>P 53,883,058</u>	<u>P 44,024,728</u>

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 34,634,633	P 35,370,879
Interest income	2,750,409	1,796,841
Contributions	6,919,362	-
Loss on plan assets (excluding amounts included in net interest expense)	(817,260)	(2,533,087)
Balance at end of year	<u>P 43,487,144</u>	<u>P 34,634,633</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	<u>2023</u>	<u>2022</u>
Unitized investment funds	P 35,963,869	P 29,623,378
Government securities	6,901,410	4,888,091
Cash and cash equivalents	530,543	84,245
Receivables	<u>91,322</u>	<u>38,919</u>
	<u>P 43,487,144</u>	<u>P 34,634,633</u>

The fair values of the above unitized investment funds and government debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized an income of P1,933,149 in 2023 and a loss of P736,246 in 2022 and P507,111 in 2021.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit post-employment plan are presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Recognized in profit or loss</i>			
Current service cost - net	P 4,639,127	P 4,583,769	P 4,602,360
Net interest expense on defined benefit obligation	<u>428,176</u>	<u>241,469</u>	<u>24,537</u>
	<u>P 5,067,303</u>	<u>P 4,825,238</u>	<u>P 4,626,897</u>
<i>Recognized in other comprehensive income</i>			
Actuarial losses (gains) arising from changes in:			
Experience adjustments	P 2,676,303	P 2,211,194	(P 1,316,633)
Financial assumptions	2,343,402	(4,166,909)	(2,420,116)
Demographic assumptions		-	2,431,649
Loss on plan assets (excluding amounts included in net interest expense)	<u>817,260</u>	<u>2,533,087</u>	<u>870,008</u>
	<u>P 5,836,965</u>	<u>P 577,372</u>	<u>(P 435,092)</u>

The net interest expense is included in Finance Costs in profit or loss (see Note 22).

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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rates	6.12%	7.22%	5.08%
Salary increase rates	7%	7%	7%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 24.90. 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 zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment 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 Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a 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. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation 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 Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are as follows:

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	<u>Impact on Post-employment Defined Benefit Obligation</u>		
	<u>Changes in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
December 31, 2023			
Discount rate	+/-1.0%	(P 2,148,365)	P 1,759,621
Salary increase rate	+/-1.0%	2,571,038	(1,514,962)
December 31, 2022			
Discount rate	+/-1.0%	(P 1,499,020)	P 1,759,621
Salary increase rate	+/-1.0%	1,745,813	(1,514,962)

In addition, assuming there are no attrition rates, the increase in post-employment defined benefit obligation would be P102,849,832, P64,956,547 and P84,572,943 in 2023, 2022, and 2021, respectively.

The foregoing 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 defined benefit obligation 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 defined benefit obligation 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 defined benefit obligation recognized in the 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 Company, through its Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments match the expected cash outflows arising from the post-employment obligations.

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

(iii) *Funding Arrangements and Expected Contributions*

The Company does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	<u>2023</u>		<u>2022</u>
Within one year	P 36,662,697	P	31,203,897
More than one year to five years	11,257,978		10,454,910
More than five years to ten years	<u>11,757,739</u>		<u>11,154,743</u>
	<u>P 59,678,414</u>	P	<u>52,813,550</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.7 years.

24. CURRENT AND DEFERRED TAXES

The Company is registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Company enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Company has 8 and 10 registered projects with BOI as at December 31, 2023 and 2022, respectively.

The components of tax expense relating to profit or loss and other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Recognized in profit or loss</i>			
Current tax expense:			
RCIT at 25%	P 138,485,018	P 38,813,545	P 25,004,538
Final tax	2,323,592	2,375,510	547,058
Adjustment in 2020 income taxes due to change in income tax rates	<u>-</u>	<u>-</u>	<u>(6,800,285)</u>
	<u>140,808,610</u>	<u>41,189,055</u>	<u>18,751,311</u>
Deferred tax expense relating to:			
Origination and reversal of temporary differences	591,702,170	816,337,224	671,965,242
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(169,778,116)</u>
	<u>591,702,170</u>	<u>816,337,224</u>	<u>502,187,126</u>
	<u>P 732,510,780</u>	<u>P 857,526,279</u>	<u>P 520,938,437</u>
<i>Recognized in other comprehensive income</i>			
Deferred tax income (expense) arising from:			
Origination and reversal of temporary differences	P 1,459,242	P 144,343	(P 108,773)
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(920,416)</u>
	<u>P 1,459,242</u>	<u>P 144,343</u>	<u>(P 1,029,189)</u>

In 2021, the recognized net deferred tax liabilities as at December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P168,857,700 and such was recognized in the 2021 profit or loss and in other comprehensive income.

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of profit or loss is presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit at 25%	P 1,081,641,969	P 1,015,835,979	P 781,184,332
Adjustments for income subject to lower tax rates	(580,943)	(594,750)	(157,930)
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(176,578,401)</u>
Tax effects of:			
Non-taxable income	(305,762,480)	(107,674,441)	(290,234)
Timing difference from tax exempt real estate sales	(36,364,853)	(56,968,067)	(90,408,481)
Non-deductible expenses	<u>(6,422,913)</u>	<u>6,927,558</u>	<u>7,189,151</u>
Tax expense	<u>P 732,510,780</u>	<u>P 857,526,279</u>	<u>P 520,938,437</u>

Non-taxable income primarily pertains to the tax effect of the Company's share in net profit of its subsidiaries and associates which is a permanent difference for tax purposes.

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

	<u>2023</u>	<u>2022</u>
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	P 3,066,638,124	P 2,438,897,120
Rental income	11,108,472	4,600,071
Post-employment defined benefit asset	875,788	-
Others	<u>-</u>	<u>11,541</u>
	<u>3,078,622,384</u>	<u>2,443,508,732</u>
Deferred tax assets:		
Recognition of commission	(112,382,021)	(81,631,338)
Net lease liabilities	(35,256,594)	(24,957,130)
Post-employment defined benefit obligation	(3,116,095)	(1,052,212)
Unamortized past service cost	(1,486,199)	(1,774,086)
Employee stock option	(644,905)	-
Others	(<u>1,659,926</u>)	(<u>260,250</u>)
	(<u>154,545,740</u>)	(<u>109,675,016</u>)
	<u>P 2,924,076,644</u>	<u>P 2,333,833,716</u>

The components of deferred tax expense (income) are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Deferred tax liabilities:			
Difference between tax reporting base and financial reporting base used in sales recognition	P 627,741,004	P 861,232,438	P 542,147,470
Rental income	6,508,401	11,891,664	1,158,026
Others	(67,882)	(319,048)	(54,733)
Deferred tax assets:			
Recognition of commission	(30,750,683)	(34,648,764)	(36,199,861)
Net lease liabilities	(10,299,464)	(20,896,832)	(5,163,596)
Unamortized past service cost	287,887	272,617	888,898
Post-employment defined benefit obligation-net	(1,188,097)	(1,078,942)	(589,078)
Others	(<u>528,996</u>)	(<u>115,909</u>)	<u>-</u>
Tax expense	<u>P 591,702,170</u>	<u>P 816,337,224</u>	<u>P 502,187,126</u>
<i>Reported in other comprehensive income:</i>			
Post-employment defined benefit obligation	(<u>P 1,459,242</u>)	(<u>P 144,343</u>)	<u>P 1,029,189</u>

In 2023, 2022 and 2021, the Company is subject to the minimum corporate income tax (MCIT) which is computed at 1% of gross income before July 1, 2023 and 2% thereafter, net of allowable deductions, as defined under the tax regulations, or to RCIT, whichever is higher. No MCIT was reported in 2023, 2022 and 2021 as the RCIT was higher than MCIT in these years.

The Company opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction.

The Company opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2023, 2022 and 2021.

25. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent or ABS, entities under common ownership, associates, joint ventures, shareholders, the Company's key management personnel, and others.

A summary of the Company's transactions and outstanding balances with its related parties is presented below.

	Note	Amount of Transaction			Outstanding Balance	
		2023	2022	2021	2023	2022
Ultimate Parent Company						
Sale of real estate	25.4	P 4,638,528	P 5,902,841	P -	P 685,584	P 77,699,074
Entities under Common Ownership						
Net advances (collections)	25.1	2,603,003	2,858,969	12,778,398	40,141,370	37,538,367
Subsidiaries						
Advances to (collections)	25.1	787,326,615	450,691,824	669,293,633	655,969,100	1,443,295,715
Purchase of property	25.3	-	112,631,089	50,802,967	-	163,134,122
Accommodation payment	25.2	-	1,872,522	9,007,084	-	(62,484,708)
Associates						
Advances to (collections)	25.1	1,734,807	632,726	16,907	2,400,130	665,323
Key Management Personnel						
Sale of real estate	25.5	-	4,870,084	-	-	49,911,322
Compensation	25.6	209,130,536	150,137,277	122,750,352	-	-

Based on management's assessment, no impairment loss is required to be provided on the Company's receivables from related parties as at December 31, 2023 and 2022. The cash advances to and from related parties are noninterest-bearing, unsecured, due on demand and are expected to be settled in cash or offsetting of accounts within one year from end of the reporting period. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions follow.

25.1 Due from Related Parties

The Company grants cash advances to shareholders, entities under common ownership, subsidiary, associates, and joint ventures. An analysis of such advances in 2023 and 2022 is presented as follows:

		Entities Under Common Ownership	Subsidiaries	Associates	Total
Balance at January 1, 2023	P	37,538,367	P 1,443,295,715	P 665,323	P 1,481,499,405
Advances		6,696,668	191,978,479	2,328,000	201,003,147
Collections	(	4,093,665)	(979,305,094)	(593,193)	(983,991,952)
Balance at December 31, 2023	P	40,141,370	P 655,969,100	P 2,400,130	P 698,510,600
Balance at January 1, 2022	P	34,679,398	P 974,773,695	P 32,597	P 1,009,485,690
Advances		2,869,851	619,862,008	3,251,144	625,983,003
Collections	(	10,882)	(151,339,988)	(2,618,418)	(153,969,288)
Balance at December 31, 2022	P	37,538,367	P 1,443,295,715	P 665,323	P 1,481,499,405

The outstanding balances from these transactions, which are payable on demand, unsecured and interest bearing, are presented as Due from related parties in the statements of financial position. The interest income from these advances is presented as part of finance income (see Note 21).

25.2 Advances from Related Parties

In 2017, the Company assumed the development of Astra Center Project and acknowledged its obligation to ASF amounting to P59,610,753 for the development cost it incurred. The outstanding balance of the Company's payable to related parties as at December 31, 2023 and 2022, respectively and is presented as Due to related parties under of Trade and other payables in the statements of financial position (see Note 16).

25.3 Purchases of Condominium Units

The Company purchased condominium units that are still under construction from GGTT in 2021 and from BL Ventures in 2017. Contract prices of the purchased units from GGTT and BL Ventures amounted to P78,308,543 and P172,711,550, respectively.

In 2023, payments to GGTT and BL Ventures for such purchases amounted to P270,000 and nil, respectively.

In 2022, payments to GGTT and BL Ventures for such purchases amounted to nil, and P115,601,222, respectively.

The outstanding balance of the deposit for purchased properties from GGTT and BL Ventures amounted to P169,252 and P163,134,122 as at December 31, 2023 and 2022, respectively, which is presented, net of input VAT, as Deposits for purchased properties under Other non-current assets in the statements of financial position (see Note 13).

25.4 Sale of Real Estate to Ultimate Parent Company

In 2023, 2022 and 2021, the Company sold condominium units to the Ultimate Parent Company amounting to P4,638,528, P5,902,641 and nil, respectively. The outstanding balance related to this transaction is presented as part of Contracts receivable under the Receivables account in the statements of financial position (see Note 5).

25.5 Sale of Real Estate to Key Management Personnel

In 2023, 2022 and 2021, the Company sold condominium units totaling nil, P4,870,084 and nil, respectively, to key management personnel. The outstanding balance related to these transactions amounts to nil and P49,911,322 as at December 31, 2023 and 2022, respectively. These are presented as part of Contract receivables under the Receivables account in the statements of financial position (see Note 5).

25.6 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2023, 2022 and 2021 are shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term benefits	P 159,664,014	P 142,201,016	P 121,082,068
Post-employment benefits	47,350,536	4,930,421	1,668,284
Share options	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	<u>P 209,130,536</u>	<u>P 150,137,277</u>	<u>P 122,750,352</u>

25.7 Retirement Fund

The Company's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2023 and 2022 consists of the contributions to the plan and interest earned (see Note 23.3). The plan assets do not comprise investment in any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

26. EQUITY

26.1 Capital Stock

Details of the Company's authorized capital stock as at December 31, 2023 and 2022 are as follows:

	<u>Shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Preferred shares				
Authorized				
Series A – P1.00 par value	1,000,000,000		P 1,000,000,000	
Series B – P0.10 par value	<u>1,000,000,000</u>		<u>100,000,000</u>	
Total	<u>2,000,000,000</u>	<u>1,000,000,000</u>	<u>P 1,100,000,000</u>	<u>P 100,000,000</u>
Common shares – P1.00 par value				
Authorized	<u>9,000,000,000</u>	<u>10,000,000,000</u>	<u>P 9,000,000,000</u>	<u>P 10,000,000,000</u>
Issued:				
Balance at beginning and end of year	3,623,451,997	3,623,451,997	P 3,623,451,997	P 3,623,451,997
Treasury shares	(<u>158,250,530</u>)	(<u>158,250,530</u>)	(<u>732,664,604</u>)	(<u>732,664,604</u>)
Issued and outstanding	<u>3,465,201,467</u>	<u>3,465,201,467</u>	<u>P 2,890,787,393</u>	<u>P 2,890,787,393</u>

The par value of the authorized preferred shares in 2022 is P0.10 per share. There is no issued preferred stock as at December 31, 2023 and 2022.

On April 25, 2023, the BOD approved the amendment of the Articles of Incorporation (AOI) of CLI to reallocate the authorized capital stock of P10,100,000,000 to be divided as follows:

- (a) 9,000,000,000 common shares with a par value of P1 per share;
- (b) 1,000,000,000 Series A preferred shares with a par value of P1 per share; and,
- (c) 1,000,000,000 Series B preferred shares with a par value of P0.10 per share.

The amendment to the AOI was later approved by the stockholders on June 1, 2023. On October 18, 2023, the SEC officially accepted CLI's application for the amendment of its AOI which was later approved on December 29, 2023.

The share price of the Company's common stock closed at P2.47 and P2.80 per share on December 29, 2023 and 2022, respectively, the last trading day in the PSE for 2023 and 2022.

The Company has no other listed equity securities as at December 31, 2023 and 2022.

26.2 Additional Paid-in Capital

On June 2, 2017, the Company made an initial public offering of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000. Accordingly, the Company recognized additional paid-in capital of P1,608,917,974 in the statements of financial position after deducting the related share issuance costs of P111,082,026.

26.3 Treasury Shares

An analysis of treasury shares as at December 31, 2023 and 2022, respectively is shown below.

	<u>Shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	158,250,350	161,600,000	P 732,664,604	P 748,171,901
Re-issuance of shares	-	(3,349,470)	-	(15,507,297)
Balance at end of year	<u>158,250,530</u>	<u>158,250,530</u>	<u>P 732,664,604</u>	<u>P 732,664,604</u>

On February 27, 2018, the BOD of the Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 2022, qualified employees started exercising their stock options (see Note 26.1).

On March 27, 2020, the BOD of the Company approved an additional P500,000,000 stock buy-back program for its valuation plans over the next two years.

In relation to this program, the Parent Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,885 and P485,657,205, respectively, and presented them as Treasury Stock in the consolidated statement of financial position. No additional shares were reacquired in 2022.

In 2022, the Company has reissued 3,349,470 shares of treasury shares, respectively, as a result of exercise of the same number of stock options (see Note 26.4).

As at December 31, 2022 and 2023, total reacquired shares totals to 158,250,530 which amounts to P732,664,604.

The common stock of the Company that is held under nominee accounts totaled 1,285,302,905 shares and 1,307,052,405 shares as at December 31, 2023 and 2022, respectively. This represents 35% and 36% of the Company's outstanding shares as at December 31, 2023 and 2022, respectively.

26.4 Employee Share Option

On October 6, 2021, the BOD of the Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Company at a price of P2.25 or current market price with a 15% discount, whichever is higher. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees.

Pursuant to this ESOP, on January 5, 2022, the Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the Company, with the following vesting period.

- The 1st 25% of the options granted can be exercised immediately upon the year of grant;
- The 2nd 25% of the options granted can be exercised one year after the options were granted;
- The 3rd 25% of the options granted can be exercised two years after the options were granted; and,
- The last 25% of the options granted can be exercised three years after the options were granted.

A total 3,349,470 share options at a price of P2.40 were exercised in 2022, respectively, using the Company treasury shares (see Note 26.3).

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Average option life	2.5 years
Average share price at grant date	P2.86
Average exercise price at grant date	P2.43
Average fair value at grant date	P0.15
Average standard deviation of share price returns	20.17%
Average dividend yield	14.95 %
Average risk-free investment rate	2.59 %

The underlying expected volatility was determined by reference to historical prices of the Company's shares over a period of five years.

Share option benefits expense, which is included as part of Salaries and employee benefits under the Operating Expenses account, amounting to P2,115,986 and P3,005,840 was recognized in 2023 and 2022, respectively (see Note 23.1), while the corresponding credit to Share Options Outstanding account is presented as under the Equity section of the statements of financial position.

26.5 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the statements of changes in equity at their aggregate amount under the Revaluation Reserves account are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		(P 13,910,501)	(P 13,477,472)	(P 12,883,375)
Other comprehensive loss:				
Gain (loss) on remeasurement of post-employment defined benefit obligation	23.3	(5,836,965)	(577,372)	435,092
Tax income (expense)	24	<u>1,459,242</u>	<u>144,343</u>	(<u>1,029,189</u>)
		(<u>4,377,723</u>)	(<u>433,029</u>)	(<u>594,097</u>)
Balance at end of year		(<u>P 18,288,244</u>)	(<u>P 13,910,501</u>)	(<u>P 13,477,472</u>)

26.6 Retained Earnings

(a) Cash Dividends

On March 15, 2022, the BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P519,780,221 to stockholders on record as of April 22, 2022 and were paid on May 17, 2022.

On March 20, 2023, the BOD declared regular and special cash dividends of P0.15 and P0.03 per share, respectively, totaling P623,736,263 to stockholders on record as of April 18, 2023. Such dividends were paid on April 28, 2023.

(b) Appropriations

On November 23, 2023 and December 6, 2022, the Parent Company's BOD approved the appropriation of P6,324,658,043 and P3,931,475,893, respectively, from its retained earnings for the construction of various real estate projects. The real estate projects are expected to be completed from dates ranging from the first quarter of 2023 until the second quarter of 2030.

The Parent Company released the appropriated retained earnings in 2022 amounting to P3,341,330,930 in 2023 and appropriated retained earnings in 2021 amounting to P172,049,912 in 2022 to unrestricted retained earnings after partial fulfillment of its intended purpose.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

In 2021, no appropriation has been made by the Parent Company and a release of P3,777,454,711 from previous appropriations are made.

27. COMMITMENTS AND CONTINGENCIES

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

27.1 Operating Lease Commitments – Company as Lessor

The Company is a lessor under several operating leases covering investment properties (see Note 12). The leases have terms ranging from one to five years, with renewal options, and include annual escalation from 3% to 10%. The future minimum lease receivables under these agreements are presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Within one year	P 54,456,693	P 54,686,546	P 54,346,158
Within one to two years	39,968,650	40,327,275	32,369,818
Within two to three years	25,341,618	32,781,403	32,408,582
Within three to four years	19,829,151	22,147,218	21,895,339
Within four to five years	40,696,055	16,452,302	16,265,191
More than five years	<u>78,907,709</u>	<u>92,651,746</u>	<u>116,723,431</u>
	<u>P 259,199,876</u>	<u>P 259,046,490</u>	<u>P 274,008,519</u>

Rental income is shown in Notes 12 and 17.1. None of the rental income in 2023, 2022 and 2021 are relating to variable lease payments. Outstanding rent receivables as at December 31, 2023 and 2022 and are shown as Rent receivable under the Receivables account in the statements of financial position (see Note 5).

27.2 Operating Lease Commitments – Company as Lessee

The Company entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases are shown as Rent under Operating Expenses in the statements of profit or loss (see Note 19).

As at December 31, 2023 and 2022, the expected future rentals is expected to be more or less the same with the annual rent expense recognized because of the terms of the leases, which are less than 12 months.

27.3 Completion of Sold Units

The Company is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Company recognized a contract liability, which amounts to P164,891,955 and P289,366,657 as at December 31, 2023 and 2022, respectively, when it collects more than it is entitled to based on the stage of completion of the project development (see Note 17.2).

27.4 Purchase of Land

In 2022, the Company had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land for about P121,996,729. There were no such commitments as at December 31, 2023.

27.5 Capital Commitments

As at December 31, 2023 and 2022, the Company has capital commitments of about P4,100,931,220 and P3,997,304,687, respectively, for the construction of condominium and subdivision projects.

27.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the financial statements because the possible outflow of economic resource as a result of present obligations is considered improbable or remote or the amount to be provided cannot be measured reliably. As at December 31, 2023 and 2022, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

28. EVENTS AFTER THE REPORTING PERIOD

28.1 Public Offering of Preferred Shares

On January 8, 2024, the BOD approved the proposed registration with the SEC of the Parent Company's perpetual, cumulative, non-voting, non-participating, non-convertible, and redeemable Philippine Peso-denominated Series "A" Preferred Shares with a firm offer of up to 3,000,000 Series "A" Preferred Shares with an oversubscription option up to 2,000,000 Series "A" Preferred Shares by way of a follow-on public offering. The Registration Statement covering the IPO was filed with the SEC and PSE on January 25, 2024 and January 26, 2024, respectively.

28.2 Declaration of Cash Dividends

On March 18, 2024, the Board approved the declaration of regular cash dividends amounting to P0.15 per share and special cash dividends amounting to P0.03 per share with record date on April 17, 2024 which will be paid on May 3, 2024.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 30. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management focuses on actively securing the Company'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 Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Company is exposed to are described as follows.

29.1 Market Risk

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

The Company has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

The Company has no significant interest rate risk exposure as most of its interest-bearing financial assets and liabilities bear fixed interest rates.

29.2 Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Company maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Company transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) *Maximum Exposure to Credit Risk*

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets), as summarized below.

	Notes	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	4	P 441,670,591	P 465,354,066
Receivables*	5	1,585,663,422	2,582,923,943
Contract assets	17.2	32,717,768,497	25,386,768,172
Due from related parties	25.1	698,510,600	1,481,499,405
Short-term investments	8	184,532,637	101,034,408
Refundable deposits	13	135,422,187	113,438,998
		<u>P35,763,567,934</u>	<u>P 30,131,018,992</u>

* *Receivables excludes advances to officers and employees.*

The estimated fair value of collateral and other security enhancements held against contract receivables and contract assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2023			
Contract receivables	P 1,170,190,633	P 3,223,074,939	P -
Contract assets	<u>32,717,768,497</u>	<u>57,481,534,007</u>	<u>-</u>
	<u>P 33,887,959,130</u>	<u>P 60,704,608,946</u>	<u>P -</u>
2022			
Contract receivables	P 2,096,650,909	P 5,077,139,665	P -
Contract assets	<u>25,386,768,172</u>	<u>44,346,182,422</u>	<u>-</u>
	<u>P 27,483,419,081</u>	<u>P 49,423,322,087</u>	<u>P -</u>

(b) *Credit Risk Concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within Six Months	Six to 12 Months	One to Five Years	More than Five Years
December 31, 2023				
Interest-bearing loans and borrowings	P 8,308,626,703	P 4,139,813,400	P24,318,315,445	P 5,499,406,048
Bonds payable	168,742,525	168,742,525	4,872,277,006	1,062,987,665
Trade and other payables*	<u>7,814,941,195</u>	<u>6,304,301,164</u>	<u>169,250,020</u>	<u>-</u>
	<u>P16,292,310,423</u>	<u>P10,612,857,089</u>	<u>P29,359,842,451</u>	<u>P 6,562,393,713</u>
December 31, 2022				
Interest-bearing loans and borrowings	P 6,156,471,789	P 2,043,253,024	P18,696,834,007	P 6,521,406,969
Bonds payable	168,742,525	168,742,525	3,849,718,073	2,423,031,648
Trade and other payables*	<u>6,689,182,884</u>	<u>5,396,153,649</u>	<u>161,965,830</u>	<u>-</u>
	<u>P13,014,397,198</u>	<u>P 7,608,149,198</u>	<u>P22,708,517,910</u>	<u>P 8,944,438,617</u>

* Trade and other payables exclude output VAT, government-related obligations and advance rental.

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

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

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 statements of financial position are presented as follows:

	Notes	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	P 441,670,591	P 441,670,591	P 465,354,066	P 465,354,066
Receivables - net ¹	5	1,585,663,422	1,585,663,422	2,582,923,943	2,582,923,943
Due from related parties	25.1	698,510,600	728,553,541	1,481,499,405	1,545,218,694
Short-term investments	8	184,532,637	184,532,637	101,034,408	101,034,408
Refundable deposits	13	<u>135,422,187</u>	<u>135,422,187</u>	<u>113,438,998</u>	<u>113,438,998</u>
		<u>P 3,045,799,437</u>	<u>P 3,075,842,378</u>	<u>P 4,744,250,820</u>	<u>P 4,807,970,109</u>
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowing	14	P 35,957,686,742	P 36,717,195,523	P 29,453,443,408	P 27,278,278,881
Bonds payable	15	4,947,822,521	5,154,973,779	4,930,582,631	5,074,171,211
Trade and other payables ²	16	<u>14,288,492,378</u>	<u>14,288,492,378</u>	<u>12,247,302,363</u>	<u>12,247,302,363</u>
		<u>P 55,194,001,641</u>	<u>P 56,160,661,680</u>	<u>P 46,631,328,402</u>	<u>P 44,599,752,455</u>

¹ Receivables - net excludes advances to subcontractors and advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

See Note 2.4 for a description of the accounting policies for each category of financial instrument. A description of the Company'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 statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		Net amount
	Financial assets	Financial liability set off		Financial instruments	Cash collateral received	
December 31, 2023						
Cash and cash equivalents	P 441,670,591	P -	P 441,670,591	P 393,361,510	P -	P 48,309,081
Short-term investments	<u>184,532,637</u>	<u>-</u>	<u>184,532,637</u>	<u>184,532,637</u>	<u>-</u>	<u>-</u>
Total	<u>P 626,203,228</u>	<u>P -</u>	<u>P 626,203,328</u>	<u>P 577,894,147</u>	<u>P -</u>	<u>P 48,309,081</u>
December 31, 2022						
Cash and cash equivalents	P 465,354,066	P -	P 465,354,066	P 427,494,831	P -	P 37,859,235
Short-term investments	<u>101,034,408</u>	<u>-</u>	<u>101,034,408</u>	<u>101,034,408</u>	<u>-</u>	<u>-</u>
Total	<u>P 566,388,474</u>	<u>P -</u>	<u>P 566,388,474</u>	<u>P 528,529,239</u>	<u>P -</u>	<u>P 37,859,235</u>

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

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		Net amount
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	
December 31, 2023						
Interest-bearing loans	<u>P35,957,686,744</u>	<u>P -</u>	<u>P35,957,686,742</u>	<u>P 577,894,147</u>	<u>P -</u>	<u>P36,535,580,889</u>
December 31, 2022						
Interest-bearing loans	<u>P 29,453,443,409</u>	<u>P -</u>	<u>P 29,453,443,408</u>	<u>P 528,529,239</u>	<u>P -</u>	<u>P 29,981,972,647</u>

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties and contractors) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and 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.

30.3 Fair Value Measurements and Disclosures

(a) 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 has the following levels:

- 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., as 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 financial 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 Company, 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 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 Company 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.

(b) *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities, which are not measured at fair value in the 2023 and 2022 statements of financial position, but for which fair value is disclosed (see Note 30.1).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2023				
<i>Financial assets</i>				
Cash and cash equivalents	P 441,670,591	P -	P -	P 441,670,591
Receivables - net	-	-	1,585,663,422	1,585,663,422
Due from related parties	-	-	728,553,541	728,553,541
Short-term investments	184,532,637	-	-	184,532,637
Refundable deposits	-	-	135,422,187	135,422,187
	<u>P 626,203,228</u>	<u>P -</u>	<u>P 2,449,639,150</u>	<u>P 3,075,842,378</u>
<i>Financial liabilities</i>				
Interest-bearing loans	P -	P -	P 36,717,195,523	P 36,717,195,523
Bonds payable	-	-	5,154,973,779	5,154,973,779
Trade and other payables	-	-	14,288,492,378	14,288,492,378
	<u>P -</u>	<u>P -</u>	<u>P 56,160,661,680</u>	<u>P 56,160,661,680</u>
2022				
<i>Financial assets</i>				
Cash and cash equivalents	P 465,354,066	P -	P -	P 465,354,066
Receivables - net	-	-	2,582,923,943	2,582,923,943
Due from related parties	-	-	1,545,218,694	1,545,218,694
Short-term investments	101,034,408	-	-	101,034,408
Refundable deposits	-	-	113,438,998	113,438,998
	<u>P 566,388,474</u>	<u>P -</u>	<u>P 4,139,581,635</u>	<u>P 4,807,970,109</u>
<i>Financial liabilities</i>				
Interest-bearing loans	P -	P -	P 27,278,278,881	P 27,278,278,881
Bonds payable	-	-	5,074,171,211	5,074,171,211
Trade and other payables	-	-	12,247,302,363	12,247,302,363
	<u>P -</u>	<u>P -</u>	<u>P 44,599,752,455</u>	<u>P 44,599,752,455</u>

For the Company's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values because, except for interest-bearing loans, of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Company has no non-financial assets measured at fair value as at December 31, 2023 and 2022. However, the fair values of its investment properties are required to be disclosed, as shown in Note 12.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2023 and 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023				
Investment properties	<u>P -</u>	<u>P -</u>	<u>P 10,840,049,923</u>	<u>P 10,480,049,923</u>
December 31, 2022				
Investment properties	<u>P -</u>	<u>P -</u>	<u>P 10,917,052,491</u>	<u>P 10,917,052,491</u>

In 2023 and 2022, the fair value of the Company's Investment Properties [see Note 3.2(d)] are determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(i) *Fair Value Measurement for Land, Condominium Units and Retail Buildings*

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(ii) *Fair Value Measurement for Improvements under Retail Buildings*

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence.

The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Company, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2023 and 2022.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2023</u>	<u>2022</u>
Total interest-bearing loans and borrowings and bonds payable	P40,905,509,263	P 34,384,026,039
Total equity	<u>16,587,717,604</u>	<u>13,619,658,508</u>
Debt-to-equity ratio	<u>2.46:1.00</u>	<u>2.52:1.00</u>

The Company's goal in capital management is to limit a maximum interest-bearing debt to total equity structure ratio of 75:25 on a monthly basis (see Note 14). This is in line with the Company's compliance with requirement of the BOI and banks.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years ended December 31, 2023 and 2022.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank Loans <i>(see Note 14)</i>	Lease Liabilities <i>(see Note 11)</i>	Bonds Payable <i>(see Note 15)</i>	Total
Balance as of January 1, 2023	P29,453,443,408	P 948,091,184	P 4,930,582,631	P35,332,117,223
Cash flows from financing activities:				
Additional borrowings - net	11,434,269,173	-	-	11,434,269,173
Repayments	(5,050,319,185)	(36,783,822)	-	(5,087,103,007)
Non-cash financing activities:				
Amortization of debt issue cost	120,293,346	-	17,239,890	137,533,236
Interest amortization on lease obligation	-	65,882,750	-	65,882,750
Additional lease liabilities	-	275,905	-	275,905
Balance at December 31, 2023	<u>P35,957,686,742</u>	<u>P 977,466,017</u>	<u>P 4,947,822,521</u>	<u>P41,882,975,280</u>
Balance as of January 1, 2022	P26,910,209,391	P 834,573,823	P -	P27,744,783,214
Cash flows from financing activities:				
Additional borrowings - net	9,978,618,073	-	4,926,627,631	14,905,245,704
Repayments	(7,524,170,278)	(562,543)	-	(7,524,732,821)
Non-cash financing activities:				
Amortization of debt issue cost	88,786,222	-	3,955,000	92,741,222
Interest amortization on lease obligation	-	61,205,859	-	61,205,859
Additional lease liabilities	-	52,874,045	-	52,874,045
Balance at December 31, 2022	<u>P29,453,443,408</u>	<u>P 948,091,184</u>	<u>P 4,930,582,631</u>	<u>P35,332,117,223</u>
Balance as of January 1, 2021	P19,135,019,268	P 828,252,812	P -	P19,963,272,080
Cash flows from financing activities:				
Additional borrowings - net	12,999,276,695	-	-	12,999,276,695
Repayments	(5,288,736,576)	(5,452,222)	-	(5,294,188,798)
Non-cash financing activities:				
Amortization of debt issue cost	64,650,004	-	-	64,650,004
Interest amortization on lease obligation	-	52,757,989	-	52,757,989
Amendment of lease contract	-	(40,948,756)	-	(40,948,756)
Balance at December 31, 2021	<u>P26,910,209,391</u>	<u>P 834,573,823</u>	<u>P -</u>	<u>P27,744,783,214</u>

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Following is the supplementary information which is required by the Bureau of Internal Revenue under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic.

(a) *Output VAT*

In 2023, the Company declared output VAT as follows relating to sale of real estate:

	<u>Tax Base</u>	<u>Output VAT</u>
Taxable sales	P2,877,608,588	P 345,313,031
Exempt sales	2,828,636,265	-
Zero-rated services	<u>17,239,061</u>	<u>-</u>
	<u>P5,723,483,914</u>	<u>P 345,313,031</u>

The Company's taxable real estate sales (at 12% and 0%) and VAT exempt real estate sales were determined pursuant to Section 106, VAT on Sale of Goods or Properties and Section 109, *VAT-Exempt Transactions*, of the 1997 NIRC, as amended.

The tax base for the real estate sales is based on the provisions under the VAT regulations (installment plan or deferred payment basis); hence, may not be the same as the amounts reported in the 2023 profit or loss of the Company for financial reporting purposes.

(b) *Input VAT*

The movements in input VAT for the year ended December 31, 2023 are summarized below.

Balance at beginning of year	P 477,976,910
Goods for resale/manufacture or further processing	242,920,393
Services lodged under cost of goods sold and other accounts	394,063,763
Capital goods subject to amortization	3,727,753
Capital goods not subject to amortization	
Services rendered by non-residents	222,115
Input tax on sale to government	
Allocable to exempt sales	(249,847,836)
Applied against output VAT	(<u>345,313,031</u>)
Balance at end of year	<u>P 523,750,067</u>

(c) *Taxes on Importation*

The Company have one importation transaction during 2023. The details are as follows:

Dutiable value	1,841,888
Other charges	<u>9,072</u>
Total landed cost	1,850,960
VAT on importation rate	<u>12%</u>
Balance at end of year	<u>P 222,115</u>

(d) *Excise Tax*

The Company did not have any transactions in 2023, which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The details of the DST that was accrued and paid by the Company in 2023 are as follows:

Loans/Bonds/Mortgage	P 30,231,701
Conveyance of properties	36,459,120
Rentals	<u>181,656</u>
	<u>P 66,872,477</u>

The Company capitalized P26,341,305 of the documentary stamp tax as deduction of the interest-bearing loans.

(f) *Taxes and Licenses*

Details of taxes and licenses in 2023 are as follows:

DST	P	40,531,172
Land Registration Authority		23,855,543
Business Taxes and Permits		21,952,191
Real property tax		15,424,225
Transfer taxes		13,843,829
Bureau of Internal Revenue		9,736,840
Registry of Deeds		4,887,230
City Treasurer's Office		2,608,676
Bureau of Fire Protection		1,891,245
Others		503,075
Pag-IBIG processing fee		390,743
Securities and Exchange Commission		<u>7,941</u>
		<u>P 135,632,710</u>

(g) *Withholding Taxes*

Details of total withholding taxes for the year ended December 31, 2023 are as follows:

Expanded	P	270,686,841
Final		77,013,396
Compensation and employee benefits		<u>49,401,355</u>
		<u>P 397,101,592</u>

(h) *Deficiency Tax Assessments and Tax Cases*

As at December 31, 2023, the Company does not have any final deficiency tax assessments from BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in the open taxable years.



Sustainability Report

2023

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	Cebu Landmasters, Inc.
Location of Headquarters	10th Floor Park Centrale, Jose Ma. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City
Location of Operations	The Company, with projects in varying stages of development, is currently present in 9 provinces, 16 cities, 6 municipalities, and 54 barangays in the Visayas and Mindanao Regions.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>Subsidiaries:</p> <p>A.S. Fortuna Property Ventures, Inc. (“ASF”) BL CBP Ventures, Inc. (“BL Ventures”) CCLI Premier Hotels, Inc. (“CCLI”) CLI Hotels and Resorts Inc. (“CHR”) CLI-LITE Panglao Inc. (“CLI-LITE”) Cebu BL-Ramos Ventures, Inc. (CBLRV) Cebu Homegrown Developers, Inc. (“CHDI”) Cebu Landmasters Property Management, Inc. (“CPM”) CLI Premier Hotels Int’l. Inc. (“CPH”) El Camino Developers Cebu, Inc. (“El Camino”) GGTT Realty Corporation (“GGTT”) Mivesa Garden Residences, Inc. (“MGR”) Ming-mori Development Corporation (“MDC”) Sugbo Prime Estate, Inc. (“SPE”) YHES Premier Hotels Inc. (“YHESPH”) YHEST Realty and Development Corporation (“YHEST”) Yuson Excellence Soberano, Inc. (“YES”) Yuson Huang Excellence Soberano, Inc. (“YHES”)</p> <p>Associates:</p> <p>Icom Air Corporation (“ICOM”) Iloilo Global City Corporation (“IGCC”) Magspeak Nature Park, Inc. (“MagsPeak”)</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>Cebu Landmasters, Inc. (CLI) is the leading developer in Visayas and Mindanao. The Company is mainly engaged in residential development both in vertical and horizontal projects located in key cities and urban areas in VisMin. Key brands include: Premier series (High-end), Garden Series (Mid-Market), Casa Mira (Economic) and Villa Casita (Socialized Housing).</p> <p>CLI is also currently building up its leasing portfolio through more ventures in office, retail, hotels and resort, townships and estate developments.</p> <p>Key activities include: Business Development, Technical Planning, Construction, Marketing and Sales, Commercial Operations and Property Management</p>

Reporting Period	January 1, 2023 to December 31, 2023
Highest Ranking Person responsible for this report	Jose Franco B. Soberano Chief Sustainability Officer / Chief Operations Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

CLI determined its list of material topics through a comprehensive process that integrated data assessments, management reviews, and stakeholder engagements conducted in previous years with its performance management system developed in 2022. To begin its assessment, CLI aligned its sustainability strategy with its vision, mission, core values, strategy, and core competencies, making sure that its sustainability efforts are authentically rooted in its core business and corporate identity. CLI then accounted for all its tangible and intangible capitals that allow it to develop its products and provide services. The Company recognizes both its dependencies and impacts on these capitals, striving to minimize negative impacts to these capitals. The capitals are:

<p>Natural</p> <p>Environmental resources that the Company uses, and which all capitals draw from, including:</p> <ul style="list-style-type: none"> • Landbank 107 hectares • Energy - 82,705.20 GJ consumed • Water - 6,896,852.75 cu.m consumed • Materials (non-renewable): <ul style="list-style-type: none"> ○ Sand - 58,395.71 cu.m ○ Gravel - 23,026.83 cu.m ○ Cement - 117,763,360.00 kg ○ Rebars - 42,258,471.26 ○ Glass - 35,477.03 sq.m ○ Limestone - 200,000.14 cu.m • Materials (renewable): <ul style="list-style-type: none"> ○ Lumber/Wood - 2,359,004.28 bd.ft 	<p>Intellectual</p> <p>The Company’s knowledge base, brand, reputation, track record, including:</p> <ul style="list-style-type: none"> • Local knowledge / market leadership in Vismin • After-sales and property management support • Digital customer experience • Fast turn over of projects • Award-winning design
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¹ See GRI 102-46 (2016) for more guidance.

<p>Social/Relationship</p> <p>The Company's relationships with its stakeholders, such as host communities, and external publics, including:</p> <ul style="list-style-type: none"> • 21 Joint Venture Partners • Network of 11,000 sellers and brokers • LGU/Community Partners in 9 provinces, 22 cities and municipalities, and 54 barangays 	<p>Manufactured</p> <p>Man-made assets including its real estate products in various stages of development, including:</p> <ul style="list-style-type: none"> • 90 residential projects • 6 Offices • 10 Mixed-use • 3 Estates • 10 Hotels • 180 room keys completed • 1,543 room keys under construction • 35,772 sqm total Gross Leasable Area (GLA) completed • 75,000 sqm GLA under construction
<p>Financial</p> <p>Funds used to build and provide services, including:</p> <ul style="list-style-type: none"> • P12.89 billion worth of capital expenditures in 2023 	<p>Human</p> <p>CLI employees and their skills, competencies, and experiences, including:</p> <ul style="list-style-type: none"> • 914 direct hires • 9,382 indirect hires (outsourced personnel and contractors' workforce)

Exercises and assessments were conducted per department and with cross-functional teams, which provided significant inputs for the materiality process. In addition, CLI identified its impacts based on the Company's key business activities in the value chain and in the six capitals. Global megatrends were studied and localized against these impacts to further refine them. The Company also reviewed its risks by aligning the risk management process with the materiality process, providing a clearer picture of the most relevant topics to the Company.

CLI regularly engages its stakeholder groups via multi-channel approaches to identify and address their concerns and interests. Insights from stakeholder engagements served to inform CLI's ranking and prioritization of material topics in its materiality matrix, which maps out the importance of each sustainability topic to the Company against its importance to stakeholders. With this matrix, CLI further honed in on the topics that matter most to the Company and its stakeholders.

To integrate these material topics into its operations, CLI developed its performance management system in the form of corporate, departmental, and individual balanced scorecards. Featured in these scorecards are specific key performance indicators (KPIs) based on the identified material

topics, allowing the Company to track its sustainability performance across organizational levels in line with its sustainability strategy. Hence, the scorecard reflects all aspects that matter most to CLI.

CLI's Material Topics 2023	
<p>Economic</p> <ul style="list-style-type: none"> • Economic Performance (Generation and Distribution) • Products for Low-Income Segment • Compliance to Regulatory Requirements / Permits and Licenses • Supply Chain Management & Procurement Practices • Local Sourcing • Significant Indirect Economic Impacts / Jobs Created or Workforce Supported • Anti-Corruption 	<p>Social</p> <ul style="list-style-type: none"> • Customer Engagement, Experience, and Satisfaction • Employee Safety, Health, and Well-being • Customer Safety and Health • Customer Privacy and Data Security • Local Communities: Partnerships & Development Programs • Compliance to Labor Laws/Standards • Training and Development • Talent Attraction and Retention • Diversity and Equal Opportunity • Marketing and Labeling
<p>Environmental</p> <ul style="list-style-type: none"> • Land, Water, Energy, Materials • Climate-related Risks, Opportunities: Mitigation and Adaptation • Compliance to Environmental Laws • Environmental Impacts: Emissions, Solid Waste, Hazardous Waste, Effluents • Ecosystems and Biodiversity 	<p>Governance</p> <ul style="list-style-type: none"> • Risk Management • Organizational Efficiencies / Alignment: Optimizing Business Processes • Digital/Technological Innovation • Governance and Ethics

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	18,818,413,368	PhP
Direct economic value distributed:	16,135,086,691	PhP
a. Operating costs	1,902,871,510	PhP
b. Employee wages and benefits	608,775,985	PhP
c. Payments to suppliers, other operating costs	8,168,387,481	Php
d. Dividends given to stockholders and interest payments to loan providers	3,625,988,441	PhP
e. Taxes given to government	1,797,273,315	PhP
f. Investments to community (e.g. donations, CSR)	51,214,485.73	PhP

Impacts

As a result of its primary operations, CLI has generated a number of positive impacts for its employees, customers, host communities, and local economies. CLI helps transform the landscape of the localities where its products are built by developing well-planned, accessible, inclusive, and resilient spaces. In the process, the Company helps spur economic activity in the area with ancillary services, driving increases in rental spaces, water refilling stations, micro businesses, and the like. Increases in property values have also been observed in locations with CLI developments. In addition, CLI provides access to affordable housing by developing products for the low-to-medium income markets. The Company has also created thousands of jobs in the project development cycle by sourcing talent, services, and materials locally.

CLI recognizes the actual and potential negative impacts of its operations on the environment and communities surrounding its projects. Construction work consumes large amounts of non-renewable materials including cement and steel, while travel and other processes in construction, property management, and corporate operations are powered by non-renewable fossil fuels that emit greenhouse gases, contributing to climate change. CLI's developments may also have impacts on local biodiversity as the land-use changes and heightened activity levels affect the natural processes of flora and fauna. Greater economic activity may contribute to traffic congestion and noise in the area. CLI commits to exercising social responsibility and due diligence by implementing programs and initiatives that minimize negative impacts, while enhancing benefits for the Company and its stakeholders.

Management Approach and Metrics

CLI exceeded internal targets and posted another strong financial performance in 2023 with a 28% increase in Consolidated Net Income. Net Income Attributable to the Company likewise shows significant growth, rising by 12% from the previous year's figures, from 3.17 billion to 3.5 billion. Ongoing projects launched in 2022 and earlier, which are currently under construction, are at a robust 95% sell-out rate, while completed projects have reached an exceptional 99% sold.

To maintain its strong financial performance and continue supporting local workers and economies, CLI has invested in diversifying its portfolio, building recurring income projects and expanding its hotel operations. The Company's recurring income gained the spotlight in 2023 as it completed several recurring income projects to augment its current portfolio, which relies heavily on real estate sales. For hotels, CLI expanded its portfolio from a single project to now encompass four hotels, including the recently completed Citadines Bacolod, Baseline Lyf Cebu, and The Pad Cebu. With an initial offering of 180 rooms, CLI now boasts nearly 800 room keys, with six more hotel projects underway poised to drive future hotel revenue growth. These impressive figures underscore CLI's diverse and dynamic business, aligning with the commitments made of increasing its recurring income portfolio.

In addition, CLI maintains good relationships with its investors through various channels including real time disclosures via the Philippine Stock Exchange EDGE website, "Maestro" newsletter for monthly updates, investor engagements, non-deal local and international roadshows, and reports of company performance. Transparency, good economic performance, and timely declaration of dividends builds trust between CLI and its shareholders, allowing CLI continuous access to financial capital with which to further develop its business.

[Climate-related risks and opportunities²](#)

Governance

CLI's Corporate Governance Committee and Risk Oversight Committee, chaired by independent directors, are responsible for the oversight of sustainability-related risks or opportunities (SRROs), including climate-related risks or opportunities (CRROs). They provide valuable inputs and assessments regarding industry standards and best practices to guide the Company in setting targets related to SRROs.

Through the Sustainability Council, a group of Sustainability Champions across all departments/functions/units, sustainability-related issues, risks, opportunities, mitigation and adaptation

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to nonfinancial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners. ¹⁶ For this disclosure, impact refers to the impact of climate-related issues on the company.

strategies are discussed. The Enterprise Risk Management Team maintains a corporate risk register which is reviewed regularly. Moving forward, CLI will narrow its focus on the identification of specific SRROs and CRROs from all fronts, especially in the design, pre-development, construction, operations, and property management phase of the company's projects.

Strategy

CLI has identified the following climate-related risks and opportunities it faces over the short, medium and long term:

Risks	Impact on business, strategy, and financial planning
Damages and disruptions from typhoons and heavy floods (Physical)	<ul style="list-style-type: none"> • Property damage and high repair and maintenance costs • Cost of insurance, retrofitting, and/or installation of mitigating structures in damaged or vulnerable properties and construction sites
Sea level rise / coastal flooding and increase in peak river flow (Physical)	<ul style="list-style-type: none"> • Unavailability of materials and transport challenges which delay project delivery • Lost revenue from diminished attractiveness of damaged or vulnerable properties
Limited supply of coal due to regulations (Transition)	<ul style="list-style-type: none"> • Increased operational costs due to higher water rates and disruptions and delays; may also pose financial risks due to delayed project completion
Water stress / limited supply of water due to changing climate and natural systems (Physical/Transition)	<ul style="list-style-type: none"> • Effort and cost of finding alternative sources and suppliers • Lost revenue from diminished attractiveness of properties with unreliable supply of utilities
Extreme heat / heatwave (Physical)	<ul style="list-style-type: none"> • Increased operational costs due to disruptions and delays • Increased energy costs in managed properties for cooling
Regulation of carbon-intensive products and activities (Transition)	<ul style="list-style-type: none"> • Penalties and other disincentives against carbon emissions • Cost of shifting suppliers and other adjustments to comply with carbon regulations
Technological / Construction Risks (Transition)	<ul style="list-style-type: none"> • Increasing investments in R&D and technological innovations to comply with stringent building codes and additional reporting standards which mandate building and energy efficiency
Changing market preferences (Transition)	<ul style="list-style-type: none"> • As potential buyers become more aware of the impacts of climate change, they expect real estate products to be more eco-efficient (with renewable energy sources) and more resilient
Change in investor sentiment	<ul style="list-style-type: none"> • Investors may favor low-carbon real estate assets to align their

(Transition)	portfolio to climate goals
Opportunities	Impact on business, strategy, and financial planning
Use of renewable energy sources	<ul style="list-style-type: none"> • Lower energy costs due to incentives associated with renewable energy and onsite solar facilities • Competitive advantage due to customer preference for more sustainable properties • Access to increased financial capital due to incentivization of green bonds
Development of energy efficient building designs	
Use of sustainable building materials to future-proof real estate assets	<ul style="list-style-type: none"> • Ensure higher efficiency standards in construction to reduce future energy dependence during operations

Risk Management

CLI’s Board Risk Oversight Committee (ROC) advises the Board of Directors on high level risk-related matters, including climate-related risks. Climate-related risks that have been identified by the Company to date are a result of existing risk identification processes as outlined in CLI’s Enterprise Risk Management (ERM) framework. The effectiveness of mitigation strategies of current risks are evaluated regularly while emerging risks are assessed at the department and corporate levels through cross functional team meetings at all levels, including Strategic Business Units (SBUs), which maintain their own risk registers based on their field of operations. Input from Sustainability Champions is also integrated into the identification of CRROs. The Risk Steering Committee regularly meets to ensure a multi-disciplinary assessment and holistic approach to corporate risks. This exercise allows the organization to break the silos and integrate information from different departments, units, and external stakeholders. This process leads to scenario planning for top risks. Additionally, emerging risks are discussed and deliberated to agree on which risks offer opportunities to grow the business or threats that should be mitigated. The output of the Steercom discussions is reported to the executive committee by the CRO to prioritize the risks, their treatment, and approval of potential investments or expenses to mitigate the relevant risks. The result will then be presented to the Board Risk Oversight Committee for further comments and inputs. Moving forward, CLI will further refine its process for identifying and assessing CRROs, and further define the integration of climate-related risk management in its existing ERM framework.

In addition, CLI has a dedicated Corporate Finance Department overseeing projections and monitoring activities at both corporate and project levels. This department plays a vital role in analyzing financial forecasts, evaluating investments, and ensuring alignment with strategic objectives. Through close collaboration with project teams, CLI ensures effective resource allocation and risk management to drive sustainable growth and value creation.

Metrics and Targets

Aligned with its sustainability strategy, CLI is in the process of determining a list of metrics and targets to assess climate-related risks and opportunities and its performance in relation to these. Currently, the following metrics can be used for initial assessment and guidance:

- Energy consumption and costs
- Water consumption
- Costs of mitigating or addressing property damage from physical climate risks, such as insurance (e.g. Contractors' All Risk Insurance) and repair costs
- Costs of mitigation and adaptation measures applied to projects with or adjacent to natural water features or those with inherent natural hazards
- Cost of addressing construction disruptions and delays, such as labor and raw materials supply costs
- Revenues across properties of varying climate vulnerability and sustainability features

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers:		
Visayas & Mindanao	75	%
Luzon	24	%
Foreign	1	%

Impacts

CLI spends the majority of its procurement budget on Filipino suppliers, contributing to the growth and development of local businesses and economies.

Risks

The risk associated in construction or project execution is when the contractor is not able to deliver within the expected timeframe and within budget which causes higher construction costs. In addition, contractors may not meet the Company's quality standards revealing defects and high rectification costs.

Management Approach

The procurement of goods and services is centralized at the Company's headquarters and is performed and designated as follows: Supply Chain Management Department for goods and Engineering department for contracted services. CLI has established a contractor and supplier pre-qualification process to conduct due diligence and ensure contractor and supplier legitimacy and performance capabilities as well as to confirm that these vendors meet the Company's acceptable standards including code of conduct, workplace and facility standards, human rights and the environment.

Through a pre-qualification and bidding procedure, the Company obtains construction materials and services from third-party local and national suppliers who fulfill the Company's stringent quality requirements. The Company selects suppliers who can deliver the best value at the highest quality and at the lowest cost and can provide safe and on-time delivery, and has the ability to adapt and innovate in order to suit the Company's needs. Simultaneously, the Company has the appropriate internal controls, organizational structure, and financial sustainability to ensure the supplier's continued delivery as contracted.

Anti-corruption

Training on Anti-corruption Policies and Procedures

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	100%	%
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 employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Impacts

Anti-corruption practices allow CLI's business to develop in a fair environment, and generate economic value which can be justly distributed among designated parties. Maintaining a strict stance on anti-corruption regarding suppliers and business partners, and regularly promoting anti-corruption in the workplace, can also contribute to building a culture of integrity in the industry and community.

Management Approach

CLI has a Code of Business Conduct and Ethical Standards which is publicly available on the Company website. Included in the Code is a written policy on anti-graft and corruption, the Pledge of Integrity. All employees learn about the Code and its various details and provisions during the onboarding process, and also regularly receive reminders and updates regarding the Code. In particular, updates and revisions made to the Code in 2023 were cascaded to all employees from July to August 2023. The Human Resources department, departmental heads, supervisors, and Corporate Governance Committee

are jointly tasked to oversee observance of the Code in the organization. Meanwhile, board members and management receive anti-corruption training.

The Company adheres to the various SEC recommendations for corporate governance, such as protecting the independence of directors, barring directors with material interests in a transaction from participating in it, and implementing a whistleblowing policy with provisions for anonymous reporting and a clause to protect the whistleblower from retaliation. These serve to uphold business ethics, reduce risks, and provide mitigation measures for issues related to corruption.

CLI commits to transparency and the disclosure of any incidents involving corruption. In 2023, there were no incidents of corruption in the Company. Likewise, CLI has not participated in any cases or legal proceedings involving anti-competitive behavior or anti-trust or monopoly legislation violations.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (gasoline)	4,475.41	GJ
Energy consumption (diesel)	47,849.78	GJ
Energy consumption (electricity) - excluding leased areas	8,438,891.18	kWh

Reduction of energy consumption

Disclosure	Quantity	Units	% Reduction from 2022
Energy reduction (gasoline)	2,757.63	GJ	▼38.13%
Energy reduction (diesel)	43,563.74	GJ	▼47.66%
Energy reduction (electricity)*	-	kWh	-

* Purchased electricity (excluding leased areas) for 2023 increased by 1,687,002.60 kWh, or 24.99%.

Impacts

CLI purchases fuels and electricity for its operations, providing business to local suppliers such as the Visayan Electric Company (VECO) and Davao Light and Power Company (DLPC). However, the use of non-renewable fossil fuels to supply CLI's energy needs results in the emission of greenhouse gases, which contributes to air pollution and climate change.

Risks

The Company has previously identified risks related to electricity supply in the Visayas and Mindanao regions. Because coal remains a major source of electricity in the country, potential disruptions in the supply of coal would affect the ability of major power distribution facilities to provide electricity to the Company, and hence would also disrupt CLI's operations. Increasing urban populations and the lack of installation of new power sources may also contribute to electricity shortages. Meanwhile, the available renewable energy sources that supply the Cebu, Negros, Panay (CNP) grid are prone to natural hazards which can also result in major power supply disruptions.

Management Approach

To keep operations running, CLI ensures the availability of diesel and gasoline to fuel generator sets when power is unavailable due to supply disruptions or the lack of power lines in construction sites. The Company also monitors its energy consumption and implements energy efficiency measures to reduce emissions intensities and save on power costs. The HR-Admin Department monitors energy consumption in corporate and branch offices and showrooms, while the Company’s Engineering team, through the various project contractors, monitor energy in their respective construction sites. In residential and commercial properties, CLI’s Property Management (PM) group is responsible for monitoring energy consumption and implementing energy-saving measures such as the careful selection of efficient electrical equipment, installation of mechanical heat recovery ventilators, and compliance with policies and standards to maintain CLI’s energy ratings and adhere to its advocacy of green building design. Furthermore, to reduce greenhouse gas emissions and mitigate potential risks associated with the use of conventional fossil fuels, CLI has integrated the use of renewable energy sources such as solar panels in four projects, two of which are medium-rise buildings in the socialized housing category benefiting informal settler families. These are 1) Sugbo Walk up One, which was donated and turned over to the City of Cebu, and 2) Tipolo Residences - Building 2, which was completed in 2023. These solar panel systems power the common areas of the buildings to reduce the cost that will be shouldered by the beneficiaries. The other two are Velmiro Heights, a residential subdivision and Magspeak. CLI continues to explore the use of renewable energy sources for commercial properties in the future.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	1,366.08	Megaliters
Rainwater collected	6.19	Megaliters
Water consumption	1,111.35	Megaliters
Rainwater used	4.76	Megaliters
Water recycled and reused	76.9	%

Impacts and Risks

For operations in Cebu City, the Company sources water from the Metropolitan Cebu Water District (MCWD), supplemented by other providers in some areas, as well as groundwater extraction for some construction sites and managed properties. For projects outside Cebu City, CLI sources water from other water supply companies. Excessive consumption or extraction of water may contribute to water scarcity if withdrawal rates exceed the natural water replenishment rate, especially given aggravating factors such as deforestation and increasing population which will drive up water demand. Over-extraction of water may also lead to pollution of the groundwater. Potential water shortages and pollution pose risks to the Company and its operations.

Management Approach

Water is a vital resource for CLI's commercial operations, particularly in construction sites, office and retail spaces, hotel facilities, and managed residential properties. To manage water consumption and promote conservation, CLI's PM team and various contractors have implemented measures such as installing water-saving fixtures in the facilities and establishing rainwater collection systems in managed properties. As of 2023, there are 15 properties with rainwater collection systems, which have captured a total of 6,189 cubic meters of water for reuse onsite. The importance of water conservation is also communicated to employees and customers alike.

CLI recognizes further opportunities to increase water usage efficiency and rainwater collection and storage capacity. Systems like water percolation ponds and other catchment areas can be explored in the future to capture significant quantities of water to augment the Company's water supply. This will not only contribute to protecting aquifers by easing water withdrawal rates but can also mitigate the impact of disruptions in purchased water supply by providing the Company with alternative water sources.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
Non-renewable		
Sand	58,395.71	cu.m
Gravel	23,026.83	cu.m
Cement	117,763,360.00	kg
Rebars	42,258,471.26	kg
Glass	35,477.03	sq.m
Limestone	200,000.14	cu.m
Renewable		
Lumber	2,359,004.28	bd.ft
Percentage of recycled input materials used to manufacture the organization's primary products and services	Not Recorded	

Impacts

Materials are sourced both in-house (owner-supplied) and through local contractors (contractor-supplied), allowing CLI to support local businesses mainly in the Visayas and Mindanao regions. CLI also includes small companies as part of its vendors list, providing them with opportunities to grow. At the same time, CLI recognizes the negative impacts associated with its use of significant volumes of non-renewable construction materials, such as sand, cement, steel, and glass, which are required to develop quality projects. These materials must be procured and used responsibly not only to conserve their supply, but also to manage the environmental impacts associated with their extraction and processing.

Risks

The scarcity of these materials poses a major risk to the Company, as this would affect the price of materials and CLI’s industry competitiveness. Disasters may also cause sudden increases in demand for these materials, coupled with decreases in supply if suppliers are affected by the event. Global issues can also affect local prices, especially for heavily imported materials like fuels.

Management Approach

CLI has processes and systems in place to monitor its use of materials. The Company coordinates with contractors to continually improve project execution and introduce best construction practices to improve materials efficiency while delivering product quality and durability. This can help CLI reduce costs on materials, particularly those that make up the largest portion of its project spending, such as steel and cement. Aside from materials efficiency measures, the Company plans to manage and mitigate its impacts and risks by exploring alternative or renewable materials for its projects. This can help to further diversify and boost the resilience of the Company’s supply chain, as well as reduce environmental impacts that occur across the supply chain.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Disclosure	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> MagsPeak Mountain Resort & Villas (under construction/pre-operational stage) 	
Habitats protected or restored - planted native tree seedlings and mangroves in various areas in Cebu province	181.89	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	Endangered: <ul style="list-style-type: none"> Molave/Tugas (<i>Vitex parviflora</i>) Benguet pine (<i>Pinus kesiya</i>) 	

³ International Union for Conservation of Nature

	<ul style="list-style-type: none"> ● Tree fern/Salaguisog (<i>Cyathea</i>) <p>Vulnerable:</p> <ul style="list-style-type: none"> ● Narra (<i>Pterocarpus indicus</i>) ● Red Nato (<i>Palaquium luzoniense</i>)
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Impacts

Land development has impacts on the local environment and biodiversity, such as damage to vegetation and potential alteration of soil chemistry and fertility, thus affecting populations that depend on these natural conditions. MagsPeak Mountain Resort & Villas, one of CLI’s projects currently in development, has a natural forest system in the upland area located in Brgy Sunog, Balamban Cebu. This is a designated multi-use zone of the Central Cebu Protected Landscape and is home to several native species that may be exposed to the impacts of land development. CLI has taken measures to ensure the protection of biodiversity in its project sites, which create positive impacts not only for the environment but also for local communities who are provided with training and inputs for alternative livelihoods.

Risks

There are some risks that pose a threat to the surrounding landscape and biodiversity in CLI’s projects which may affect the Company’s business and customers. These include overharvesting of wood by settlers in the local communities, or in most cases, the dumping of solid waste in nearby areas surrounding the property. These activities may cause disturbances for the Company’s property occupants and reduce the attractiveness of the property, as well as weaken the environmental services provided by the ecosystem like cooling and erosion control. Through effective management, local ecosystems can and must be protected from such activities.

Management Approach

MagsPeak

To manage impacts on biodiversity in the protected area, built structures in the MagsPeak project will cover only a small portion of the property. In addition, a biodiversity assessment was conducted to identify and set a baseline for monitoring plant and animal life in the protected area. Through this assessment, a list of tree, fern, and bird species present in the locality was created, including the conservation status of identified flora which served to inform the planting activities conducted by Cebu Landmasters Foundation Inc. (CLFI), the Company’s vehicle for environmental stewardship and social responsibility. Endangered and critically endangered local species, such as the Molave, Benguet Pine, Red Lauan, and Kamagong, were included in the list of plants existing onsite and those planted by CLFI through an external partner organization. In 2023, CLFI with its partner People’s Organization, the Barangay Unity Key to Integrated Development (BUKID) Multi-Purpose Cooperative, identified a new planting site covering 15 hectares to accommodate 12,995 seedlings that were sourced and acclimatized. Once planted, these will make a cumulative total of nearly 35,000 seedlings planted in the area since 2021.

MagsPeak is envisioned as a sustainable mountain resort where guests can experience eco-living and learn about the local environment through various exploration activities. The project aims to generate positive impacts in its area through forest ecosystem protection, biodiversity management and enhancement, environmental education, and community engagement.

GROW Program

CLI, through its corporate foundation, CLFI, implements the Green Resources & Opportunities for Work (GROW) program across its project sites and partner communities. Members of the local community, including people’s organizations, farmers, and fisherfolk, are directly engaged in the preparation, planting, and maintenance of native tree species, which provides them with alternative livelihood opportunities as well as environmental education and skills training, including tree nursery establishment, seedling production, plantation design, and best practices in planting and maintenance. In 2023, a total of 173,449 trees and mangroves were planted across 181.89 hectares, comprising 33 native tree species, three naturalized fruit tree species, and nine mangrove species. To ensure meaningful impact on the local areas, CLI follows a designated process for the program including approvals, stakeholder engagements and orientations, training, and monitoring.

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	3,199.57	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	6.16	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

Impacts

CLI recognizes that the direct and indirect use of fossil fuels for its regular operations, including project planning, development, operations, and management, contribute greatly to the generation of greenhouse gas emissions. Direct (Scope 1) and indirect (Scope 2) emissions result from energy use in corporate offices, managed properties, and construction sites, while other indirect (Scope 3) emissions come from the electricity consumption of leased spaces or occupied units. As the Company develops more real estate products, carbon emissions will also increase, which contributes to air pollution and climate change.

Risks

As governments around the world take measures to regulate carbon emissions, the Company recognizes the risk of regulatory changes that may disincentivize the use of fossil fuels and impose fines on carbon-intensive activities. Also, worsening climate scenarios pose risks to CLI as this will affect the availability of materials, cause damages to properties, and increase the energy costs of cooling.

Management Approach

CLI has established a system to record and track carbon emissions from its direct and indirect energy consumption, which will serve as a basis to target reductions and introduce energy-saving measures.

To reduce energy consumption and emissions, CLI incorporates energy-efficient designs in its developments. The Company has set a target to achieve 100% LED lighting across its properties, which will reduce energy costs as well and extend the life cycle of buildings compared to traditional buildings. New projects already implement 100% LED in their designs, while older projects are subject to LED replacement through CLI's ongoing LED retrofitting program.

Green building design and development

As an advocate of green building design, CLI has received a green building certification for one of its developments from Building for Ecologically Responsive Design Excellence (BERDE). In 2023, CLI registered and started to comply with the BERDE requirements of a medium-rise building in the socialized housing category. Other projects are undergoing certification review based on the metrics and standards of Excellence in Design for Greater Efficiencies (EDGE) and Leadership in Energy and Environmental Design (LEED). CLI is a member of the Green Building Council (PHILGBC) and has in-house Certified Green Building practitioners who ensure that CLI's projects are designed and maintained to world-class standards. The following are some of these green building initiatives, which can promote the reduction of carbon emissions:

1. Heating, ventilation and air conditioning (HVAC) energy-efficient units for indoor installations
2. Maintaining a controlled temperature for HVAC efficiency and longevity of equipment lifespan
3. Installation of solar panels in some projects to power street lights, pumps, parking facility structures, and housing components in common areas. This has generated 21,749 kWh Designated parking for bikes and fuel efficient vehicles in CLI's establishments, to support and promote the use of these
4. Waste prevention systems, and strategic landfilling methods and locations, to reduce the carbon footprint of transporting earth fill materials between projects.

CLI's tree planting initiatives also contribute to the sequestration of carbon from the atmosphere, offsetting a portion of the Company's carbon emissions.

Air pollutants

Disclosure	Quantity	Units
NO _x	Not recorded	-
SO _x		
Persistent organic pollutants (POPs)		

Volatile organic compounds (VOCs)		
Hazardous air pollutants (HAPs)		
Particulate matter (PM)		

Impacts

Some activities in the Company’s operations result in the emission of air pollutants like NOx, SOx, and particulate matter, which may affect natural processes and impact the health of people and biodiversity. These include construction activities and the operation of generator sets.

Management Approach

CLI does not currently track its emission of air pollutants and recognizes the opportunity to do so in the future. However, the aforementioned energy conservation initiatives also contribute in reducing the Company’s emission of air pollutants, as less fuel is required to meet its energy needs.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	2,919,772.49	kg
Reused	508,328.09	kg
Recycled		
Composted	212,016.7	kg
Incinerated	NA	kg
Residuals/Landfilled	1,199,663.5	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	10,965.60	kg
Total weight of hazardous waste transported	10,965.60	kg

Impacts and Risks

Inadequate and improper disposal of waste by the hauler to final waste destinations such as the landfill may impact on land and water contamination and emissions. Wastes that are not diverted from the landfill may cause significant amounts of methane which is 25 times more potent than carbon dioxide at trapping heat in the atmosphere.

Management Approach

Waste from CLI's managed properties are collected by private waste haulers. The Company assesses the capability of its waste collectors to ensure proper handling and disposal, especially of hazardous wastes, which are collected by DENR-accredited haulers from designated areas. For construction projects, CLI's contractors handle waste management.

In 2023, following the results of the 2022 waste audit, CLI's Property Management team developed a detailed waste management plan as part of its comprehensive Sustainability Program. This was implemented across all CLI properties through a launch event and campaign. The waste management program provides measures to ensure that wastes are reduced, reused and recycled wherever possible, including provisions for the reduction, segregation, and disposal of waste, assessing the financial impacts of waste disposal, and monitoring waste data. It features a recycling program to repurpose plastic bottles into useful items, providing an opportunity to partner with organizations that can guide this upcycling effort. Meanwhile, in CLI's vertical properties, the Company has partnered with Evo Enviro Solutions, Inc. for its recycling and upcycling programs.

Further opportunities for CLI to manage its solid waste include more detailed segregation of wastes to divert more materials from landfills, and the establishment of materials recovery facilities (MRFs) in its properties, which can be expanded in horizontal projects to include composting facilities. CLI also recognizes the opportunity to require regular data reports from third-party haulers on waste collected and diverted from landfills.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	213,252.75	Cubic meters
Total volume of wastewater reused / recycled	23,644.80	Cubic meters
Percent of wastewater recycled	11.09	%

Impacts

CLI recognizes that the immediate effect of wastewater on the environment is when it contributes toward the contamination of bodies of water and of natural habitats that may be exposed to harmful chemicals if wastewater discharged is not treated.

Management Approach

The Company minimizes effluents by designing and incorporating in its facilities wastewater treatment system in its residential, commercial, office, hotels and project sites. On the average, 80% of water used in managed properties is treated before discharge, while the rest are used for irrigation and similar activities.

For residential subdivisions, domestic wastewater or sewage goes into a septic tank for basic sewage treatment through the process of biological decomposition and drainage. Wastewater treated through this system is then discharged to receiving bodies of water with classification appropriate for the quality of the wastewater discharged.

The Company is exploring the setup of a dual piping system for potable and non-potable water in vertical projects. Wastewater would pass through a separate system for treatment, and then be routed for reuse in flushing or irrigation. This will help reduce water consumption in managed properties.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

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

Impacts

CLI recognizes that compliance to environmental laws is paramount to its operations. The Company's major activity is land development which has direct impacts on the environment, particularly the increasing dependence on non-renewable resources, soil erosion, groundwater or soil contamination, impacts on biodiversity and habitats, among others.

Risks

Environmental regulatory risk has a direct impact on the business. This risk can come from land use regulations and environmental protection concerns. Any regulatory changes that take place at the local or national level impacts the movement of the Company's projects.

Management Approach

CLI has a designated team to manage and monitor compliance to environmental law. The External Affairs/Permits and Licenses Department, the Company's Strategic Business Units, CLI Property Management, and Engineering ensure compliance to pertinent environmental laws. Pollution Control Officers submit quarterly Self-Monitoring Reports and Compliance Monitoring Reports to the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR).

CLI invests in upholding strict environmental compliance, spending over PHP46 million on compliance, development of green features, and other initiatives to mitigate environmental impacts. These include costs of sewage treatment plants, green building certifications, construction of material recovery facilities, solid waste recycling, geohazard assessments, soil investigation, biodiversity assessment, and other expenses related to compliance requirements, permits, and licenses.

Through these efforts, CLI continues to be an exemplary corporate citizen. The Company plans to invest in internal training and third-party advisories to monitor full compliance to the environmental laws and regulations, and correct any non-compliance issues in the past.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴ (direct hires)	776	#
a. Number of female employees	455	#
b. Number of male employees	321	#
Attrition rate*	12	%
Ratio of lowest paid employee against minimum wage	24.36	%

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
Government-mandated Benefits			
PhilHealth Contribution		100%	100%
Pag-ibig Contribution		100%	100%
Pag-ibig Loan Availment		17%	14%
SSS Contribution		100%	100%
SSS Loan Availment		2%	1%
Leaves			
Sick leaves		59%	41%
Vacation leaves		59%	41%
Emergency leaves		3%	5%
Birthday leaves		88%	85%
Parental leaves		100%	100%

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

Health Benefits			
Annual Physical Exam		44%	34%
Booster Shots		0%	0%
Flu shots		16%	12%
HMO (company-provided) Medical Assistance (not PhilHealth)		100%	100%
Work Set-up			
Semi flexible-working Hours*		100%	100%
Allowances			
Meal Allowance (Regular employees)		20%	33%
Per Diem Allowances		100%	100%
Rice Subsidy (Regular employees)		100%	100%
Other Fringe Benefits			
Car/Motorcycle Loan		84%	81%
Special Emergency Loan		4%	5%
Company stock options		41%	59%
Company Uniforms		100%	100%
Gift Certificates		100%	100%
Housing assistance (aside from Pag-ibig)		1%	2%
Retirement Fund Program		100%	100%
Savings Benefit Program *5% from Employee's Monthly Basic will be set aside to savings claim		100%	100%

*Semi flexible time arrangement shifts - where employees are provided shift schedule options

Impacts

Through fair compensation, meaningful engagements, and valuable growth opportunities, CLI provides its workers with decent and gainful employment to support themselves and their families.

Management Approach

Cebu Landmasters considers its human capital as its most valuable asset in the value creation process. The achievement of the Company’s vision greatly depends on its human capital. To ensure the well-being of its employees, CLI institutes a number of programs and channels that engage employees and protect their rights and interests.

Employees are kept constantly engaged and updated through bi-annual townhall meetings, WorkPlace, quarterly departmental and individual performance management sessions, trainings, summer outings, clubs, and employee volunteer activities. These efforts can boost employee morale and motivation while enhancing their skills and facilitating career development. This can help reduce turnover and also strengthen CLI’s talent pool.

The Compensation and Benefits Committee directly assists the Board of Directors regarding the compensation and benefits made available to employees at all levels of the Company. This committee also oversees the administration and implementation of CLI’s programs concerning remuneration, compensation, and benefits plans, ensuring they are fair and able to provide decent incomes for CLI’s employees. Salaries are benchmarked using the Willis Towers Watson Salary Survey to maintain fair and competitive remuneration. CLI also created a “Comp&Ben Helpdesk” for employees to easily receive guidance and feedback on related concerns. The Company improved its Human Resources Information System (HRIS), allowing better management of employee profiles and records, including payroll. As of 2023, CLI is also planning to conduct a benefits review.

To boost recruitment in 2023, CLI invested in enhancing its employer branding, establishing CLI Career Pages, sharing employee testimonial videos, and opening a referral program. Internship programs were also offered at various universities including the University of Cebu, Cebu Institute of Technology University, University of San Carlos, and the University of the Philippines- Cebu.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	12,665	hours
a. Female employees	6,965.75	hours
b. Male employees	5,699.75	hours
Average training hours per employee	16	hours
a. Female employees	15.3	hours/employee
b. Male employees	17.8	hours/employee

Impacts

Investing in employee skills enhancement results in positive impacts to employee morale, loyalty, and productivity. Employees will be better equipped to fulfill their responsibilities in the workplace and pursue career growth.

Management Approach

To strengthen its human capital, CLI provides employees with numerous and varied opportunities to develop their skills and grow professionally. In-house training opportunities led by the Human Resources department, particularly its Training and Organizational Development Unit, include competency-based course offerings as well as leadership training. CLI launched its “SBU Academy: Real Estate the CLI Way” in 2022, providing core strategic business units (SBUs) and key support members with extensive training on CLI’s end-to-end real estate development process. In 2023, CLI facilitated training for batch 3 of the SBU Academy (batches 1 & 2 conducted in 2022), and planned for a training series on Real Estate 101, to be implemented in 2024. To further facilitate professional growth, the Company implements a Career CLIboard program for employees to create their own career roadmap with the guidance of their line managers, achieving 100% compliance for all employees in 2023.

CLI directors, executives, and key officers attend in-house training sessions supplemented by SEC-accredited corporate governance training, as well as other outsourced seminars and training courses from various training providers. Regular anti-money laundering training is also provided to CLI personnel, conducted by the national Anti-Money Laundering Council.

The CLI PM subsidiary also conducted a number of training sessions in 2023, ranging from highly engaging team building outings to quarterly learning sessions covering topics like accounting, process reorientation, professional branding, customer service, and financial wellness.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	not recorded	#

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	55.4	%

% of male workers in the workforce	44.6	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

*Vulnerable sectors include the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Construction Sites		
Safe Man-Hours	20,232,031	Man-hours
No. of work-related injuries (First Aid)	409	#
No. of work-related injuries (Medical Treatment Injury)	54	#
No. of work-related fatalities	0	#
Total Disabling Injury Rate (TDIR)		#
Lost Time Injury	0	#
No. of safety drills	49	#
Offices/ Branches		
No. of Work-Related Ill-Health	246	#

Impacts

Protecting and promoting worker health provides direct positive impacts to employees and workers in the Company. In addition, implementing safety measures across all of the Company's facilities, managed properties, and construction sites also protects the safety of members of the general public who are exposed to these sites.

Risks

Risks associated with occupational health are physical and mental health concerns, work-related hazards, injuries, labor and employee relations, catastrophic personal events, succession, and key talent flight risk. All these risks have a significant impact in the Company's business operations if not managed appropriately.

Management Approach

CLI considers its workforce as its most important asset. As such, it invests significant resources to ensure the protection and well-being of employees and workers by implementing a structured occupational health and safety (OHS) system, providing health benefits like a Health Maintenance Organization (HMO) plan, and conducting employee wellness programs to create a safe and healthy working space.

Occupational health and safety in CLI is spearheaded by the Company’s Health, Environment, and Safety (HES) department. In construction sites, several preventive measures are taken to ensure the safety of workers and keep them prepared to respond to incidents, such as fire drills, safety orientations, physical safety structures such as perimeter nets, weatherproofing of electricals, regular inspections of equipment, and development of emergency evacuation plans. Blood pressure monitoring and random drug testing are conducted to confirm the physical fitness of workers. Audits are also regularly conducted for construction sites as well as the OHS management system.

In 2023, the quarterly HES audit was conducted across 33 construction projects. Contractors were engaged in establishing the Health and Safety Management System Standards, including 33 HES guidelines, nine HES procedures, and 19 HES forms. HES-related training sessions were conducted, four covering risk assessment and one for flagman safety. Channels such as the Daily Toolbox and regular project team meetings were used to discuss safety concerns and updates. As a result, CLI achieved a Total Disabling Injury Rate (TDIR) of zero (0) against its target threshold of three (3), as well as zero lost time incidents, a total of 20,232,031 safe man-hours.

CLI also provides activities to boost employee wellness, motivation, and engagement. Through programs and celebrations like Town Halls, International Women’s Month, the 2023 Summer Outing, Employee Appreciation Day, and the Halloween Event, employees can build rapport and express themselves through creative means. CLI also added three additional Hilig Clubs, namely the Outdoor Club, Volleyball & Badminton Club, and Martial Arts Club as avenues to pursue and explore hobbies with colleagues. In managed properties, CLI’s PM team promoted health and wellness among its employees through the Friday Wellness initiative.

Labor Laws and Human Rights

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

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Code of Business Conduct and Ethical Standards Section 1 - Compliance with Laws and Regulations
Child labor	y	Code of Business Conduct and Ethical Standards Section 1 - Compliance with Laws and Regulations
Human Rights	y	CLI Handbook - section on Employee Discipline Due Process

Impacts

It is paramount to the Company to be compliant to the labor code and other laws and regulations protecting the rights of all its employees while promoting a healthy and safe environment in the workplace. CLI recognizes that threats to the rights, health, and safety of its employees impacts productivity, as well as employee retention and engagement.

Management Approach

As mentioned in the Environmental Compliance section, CLI has a designated Compliance Officer that regularly checks the Company’s compliance with various laws and regulations, continuously monitoring updates from regulatory bodies. These include labor laws such as those governing fair compensation and treatment, safe working environments, and the prohibition of forced labor and child labor. In addition, the Company’s Handbook on Employee Discipline and the Code of Business Conduct and Ethical Standards sets out policies regarding fair and consistent treatment of all employees. To uphold human rights in all its operations, CLI adheres to this code and regularly monitors workplace conditions to ensure that its employees’ interests are well-protected.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

1. Compliance to Regulatory Requirements.
All suppliers and contractors intending to do business with CLI must apply for accreditation through submission of the following but not limited to: a) Company Profile, b) Business Permit/Mayor's Permit c) BIR Form 2303; d) PCAB License; e) SEC/DTI Registration (or COR) f) Articles of Incorporation/GIS; g) DOLE Certificate
2. Appraisal.
CLI shall appraise all suppliers applying for accreditation. They will be assessed on their Capability (project portfolios), Financial stability (Audited Financial statements) and Liquidity (Bank statement).
3. Review and Evaluation.
All accredited suppliers shall be included and maintained in the supplier information database and will be reassessed regularly to ensure compliance and delivery.

Impacts

Ensuring that suppliers meet the Company's standards is paramount to maintaining product quality, stable supply of resources, project delivery timelines, and workplace safety. Visibility on suppliers' environmental and social performance and compliance also allows CLI to control, mitigate, and avoid negative impacts across its supply chain.

Management Approach

CLI's vendor accreditation and performance evaluation is based on the type of transaction being conducted. This process is handled by the specific department concerned, or the department facilitating or engaging the supplier. As a safety measure, contractors who have not delivered on their end of the agreement are removed and replaced to reduce the risk of unreliable supply streams.

Further information on CLI's procurement policies have been mentioned in the Procurement Practices section.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Construction and Management of High-Quality Properties	Locations across Visayas-Mindanao	Indeterminate	N	Right to adequate housing	Quality construction and effective property management enhances the socio-economic conditions of the local communities where CLI's properties are located

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

Impacts and Risks

Real estate development generates impacts on the host and neighboring communities where the projects will be built. There is a risk of displacement of informal settler families occupying the private property that is planned to be developed. Other negative impacts include public disturbance and access issues at construction stage.

Management Approach

CLI is committed to creating long-term positive impacts and shared value across its host and neighboring communities, and partner organizations. To this end, the Company considers community engagements and infrastructure improvements as integral parts of its development plans. In 2023, the Company's

social responsibility arm, the Cebu Landmasters Foundation Inc. (CLFI), continued to implement the various programs and initiatives aligned with CLI's 4-pillar community development strategy, providing beneficiaries with decent and affordable homes, alternative livelihoods and livelihood support, and education and training. Employees were also engaged in these efforts through CLI's employee volunteer program.

CLI's 4-Pillar Community Development Strategy

1. Housing and Integrated Development

Through its Lending Expertise, Advancing Development in Socialized Housing program (LEAD), CLI provides decent and affordable housing to informal settler families through partnerships with local government units. In 2023, CLI prepared two properties for turnover, Sugbo Walk Up One in Brgy. Lorega San Miguel, Cebu City, and Tipolo Residences in Brgy. Tipolo, Mandaue City. A total of 190 units was made available to families who previously lived along riverways and families who lost their homes in fires that occurred in previous years.

To ensure long-term positive impacts for the beneficiaries, CLI adheres to a socialized housing development process that involves careful partner selection, stakeholder engagement, beneficiary management, creation and implementation of house rules, and finally monitoring and evaluation of outcomes. In addition, CLI provides these families not only physical spaces to live but also community and livelihood support, organizing a Community Management Council with a set of officers from among the beneficiaries, conducting programs on sanitation, disaster resilience, and community well-being, and ensuring proximity to important socioeconomic structures like schools, workplaces, and public markets. By giving these families access to decent homes, learning sessions, and livelihood opportunities, CLI supports their long-term well-being.

2. Environment

Through the Green Resources & Opportunities for Work (GROW) program, CLI directly engages partner communities and organizations for seedling production, planting and maintaining native tree species, providing them with skills training, environmental education sessions, and opportunities for alternative livelihood. Again, to create lasting positive impact in the community, CLI follows a tree planting program process that involves the identification of community partners, planting and design training workshops, seedling production monitoring, site preparation, and progress reports during the plantation maintenance phase. In 2023, CLI engaged communities from 12 of its properties in Cebu province for the GROW program, supporting 2,395 individuals with alternative sources of income and reaching a cumulative total of 308,983 trees planted since 2021. The training provided by CLI also aims to create "eco-champions", instilling in members of the community a culture of resource conservation and greater understanding of environmental concerns. Through this initiative, CLI fulfills its goals of planting trees for carbon sequestration to offset its emissions, while also providing thousands of families with access to skills training and sustainable alternative livelihoods.

3. Education

CLI's Leadership and Educational Assistance Program (LEAP) aims to provide scholarships to dependents of CLI employees, supporting their education and future career. To ensure and monitor the effectiveness of the program, CLI follows a process that involves careful scholarship and applicant selection criteria, preliminary and panel interviews, scholars assessments, regular grades submission, a mentoring program, and a scholars' volunteer program. In 2023, CLI in exclusive partnership with the University of San Carlos awarded scholarships to 23 students, covering seven different bachelor degrees including architecture, computer engineering, business management, and hospitality.

Another program under this pillar is the Skills Training for Employment / Entrepreneurship Program (STEP UP), and the Training Resources for Ecosystems Enrichment (TREE) eco-skills training program, which was conducted with the San Isidro Farmers and Fisherfolks Association in San Fernando, Cebu, and the Tawsan, Guinsay Fisherfolks Association in Danao City. Through these initiatives, CLI capacitates its beneficiaries to access better opportunities for employment and livelihood.

4. Livelihood

CLI aims to promote self-reliance among its beneficiaries through the Livelihood Assistance for Multi-sectoral Beneficiary Organizations (LAMBO) program, *lambo* meaning "to flourish". The Company provides livelihood assistance to people's organizations, farmers, fisherfolks, women and other sectors in the community through a Business Assist Program and a Community Livelihood Program. The Business Assist Program helps communities organize cooperatives and build entrepreneurial skills through training, while the Community Livelihood Program provides support for micro-enterprise start-ups of community and peoples organizations. In 2023, CLI supported the farmer communities and neighboring barangays of MagsPeak Mountain Resort by connecting their products directly with consumers (CLI employees) at more affordable rates and better quality. Named the "Tabo sa CLI" initiative, this resulted in increased income for the farmers. The cooperative is now part of the Company's supply chain, delivering fresh produce for sales and marketing activities and events.

Aside from the aforementioned activities, the CLI PM also builds good relationships with the host communities of its managed properties by participating in community events like processions and religious celebrations, variety shows, sports events, and feasts or *salo-salo*.

CLI manages its relationships with local government units, local communities, and partner organizations through diverse engagement channels such as project orientations, consultations, chat groups, and seminars. Through these engagements, the Company makes sure to understand the genuine concerns, needs, and interest of its partners to strengthen the positive impacts of its social responsibility initiatives.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	4.48 out of 5 across investors, buyers and sellers/brokers	N

Impacts

Maintaining customer satisfaction helps support the financial success of the Company through continued patronage and improved brand reputation. This, in turn, will generate positive impacts on the Company's other business partners and stakeholders, as robust economic performance contributes to fruitful partnerships and the creation of shared value.

Management Approach

CLI manages its relationships with customers through a diverse set of engagement channels, maintaining regular and open communication and addressing their concerns to maintain their satisfaction with the Company. For instance, CLI launched the CLI Masters Circle in March 2023 to gather its top buyers and sellers in the Visayas-Mindanao region, offering them exclusive perks and services for their performance. Sellers' Modules were approved and submitted to the Professional Regulation Commission pending the release of the three-year compliant certificate. CLI held an accreditation event named Masters Assembly in Luzon to recognize qualified sellers.

In 2023, the Company invested in further improving and digitalizing its customer engagement channels, such as revamping its website, establishing the CLI Chatbot 2.0, and releasing the 360 Customer First Evaluation Survey. Transactions such as bank monitoring, unit turnovers, quit claims, and collection reports or payment registry reports were automated and/or made available on digital platforms as well. These make it safer and more convenient for customers to transact and engage with CLI.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	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.

Impacts

As with workplace health and safety, the protection and promotion of customer health and safety can also mean safeguarding the health of the general public who use these facilities. Striving to ensure customer safety may drive customer satisfaction as well, and generate positive financial effects for the Company and its stakeholders.

Management Approach

Although there is always the risk of accidents happening within CLI’s facilities that are out of its control, the Company strives to reduce these risks by implementing policies for customer health and safety across its managed properties. In its day-to-day processes, CLI PM, as well as homeowners associations and Condo Corps, endeavor to maintain safe spaces for tenants and guests. For instance, policies on pet ownership have been implemented in some properties in accordance with RA 9482 or the Anti-Rabies Law. CLI PM coordinated with expert resource persons and local government units to provide seminars on responsible pet ownership and free anti-rabies vaccination programs to homeowners in these locations. These initiatives help make the community a safer place to live.

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	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.*

Impacts

Companies are responsible for informing customers of the correct and necessary product information to uphold fairness in their decision-making and protect their safety. By including all pertinent information and engaging in truthful marketing, CLI contributes to greater public safety and trust.

Risks

Product advertising using digital media channels may raise concerns on brand safety and data breaches. Other risks include third-party claims for intellectual property infringement. Advertising content on social media may unknowingly appear next to inappropriate content that may have an indirect negative impact on brand value. All these, to a certain extent, may present reputational risk, business risk, data security and legal risk. In addition, property marketing risks may arise in materials that highlight features and amenities presented using an architect’s conceptual and schematic designs. CLI ensures that all of the features and amenities promised in the marketing materials are delivered.

Management Approach

With an increasingly competitive real estate environment particularly residential sales and commercial operations, customers tend to look for key differentiators such as powerful online presence, good brand recognition, mobile apps and online events that substitute face-to-face activities that significantly save time and effort. To address this need, Cebu Landmasters, Inc. advertises its products through a multi-channel approach: billboards, LED screen, brochures, radio ads, social / digital media and other means.

The Company ensures that its advertising and branding campaigns comply with existing laws and regulations of government regulatory agencies such as Department of Trade and Industry (DTI) and Ads Standards Committee (ASC) for all ads and promotions that are accessible to the general public outside the Company's facilities.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is used for secondary purposes	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.*

Data Security

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

Impacts and Risks

CLI recognizes the risk posed to customers' and corporate data security by hacking and data breaches. This may result in disruption in the Company's operations, the loss or theft of corporate information which may negatively impact the Company's stakeholders and shareholders, and the theft of personal identifiable information which may bring negative impacts upon the affected users.

Management Approach

To protect corporate and customer data, the Company has implemented strong security policies in secured network protection throughout its aspects of data management. In 2023, CLI updated its Data Privacy Policy by reviewing and re-enforcing physical, technical, and organizational protection measures.

Major highlights from this review include:

- Privacy Statements and Notices
- Consent from CLI Data Subjects
- Employee Awareness Campaigns
- Non-Disclosure and/or Data Sharing Agreements
- Privacy Impact Assessments
- Data Management Policies
- Information Security Policies and Programs
 - Firewalls, Encryption
 - User Access
 - Physical Security
 - Breach Management Policy
 - Disaster Recovery Plan and Procedures

In addition, the Company ensures that all customer information that it collects is accessible only by authorized personnel, and that all personal data collected are processed only for permitted and legitimate purposes. The Company also has a secure email system and a 24/7 IT deck that monitors the CLI network.

In 2023, CLI began the planning and creation of its Digitalization Strategic Roadmap, which upgraded many of its customer services to digital platforms and into automated processes. These services include some banking transactions, which have been protected to make it safer for customers to transact with CLI.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Construction and Management of Quality Properties	<p>GOAL 11: Sustainable Cities and Communities CLI provides access to affordable housing. In 2023, CLI continues to build well-planned, accessible, healthy, eco-efficient, inclusive and sustainable residential (___ units), office (), hotel (), mixed-use () and township developments (2)</p> <p>GOAL 8: Decent Work and Economic Growth CLI offers safe and decent jobs by providing health spaces and good working environments and practices. In 2023, CLI had a total of 914 direct hires and 9370 indirect hires (outsourced personnel /contractors' workforce)</p> <p>GOAL 9: Industry, Innovation and Infrastructure CLI sets the trend in developing socialized housing medium-rise buildings for the urban poor. In 2023, CLI facilitated the move-in of 96 informal settler families and constructed an additional 90 units for fire victims.</p> <p>GOAL 10: Reduced Inequalities CLI's developments provide employment opportunities and support local businesses. It supports a workforce of more</p>	<p>The activities required for the Company's operations and social responsibility programs inevitably consume resources and produce waste material, which may contribute to pollution.</p> <p>Construction activities may disturb and damage biodiversity, affecting the natural balance of local environments.</p> <p>Developments may cause traffic congestion and noise pollution.</p>	<p>CLI has policies in place to manage and monitor its consumption of resources and generation of waste material. Efficiency initiatives are implemented and continuously explored to control resource intensity and waste production.</p> <p>In protected areas such as the locality of MagsPeak Mountain Resort, CLI conducted a biodiversity assessment as a baseline for monitoring its impacts on local wildlife. In general, CLI complies with environmental regulations for all its properties, ensuring that its environmental impacts are manageable.</p>
Social Responsibility Programs	<p>GOAL 10: Reduced Inequalities CLI's developments provide employment opportunities and support local businesses. It supports a workforce of more</p>	<p>Beneficiaries of social responsibility programs may become reliant on the Company for livelihood support.</p>	<p>Based on its 4-pillar strategy which is aligned with the Company's sustainability strategy, CLI's social responsibility programs are designed to empower beneficiaries to become self-reliant.</p>

	<p>than 5,000 occupying its office buildings and retail spaces.</p> <p>GOAL 3: Good Health and Well-Being CLI invests in the health and wellbeing of its employees.</p> <p>GOAL 12: Responsible Consumption and Production CLI tracks and manages resource use and impacts.</p> <p>GOAL 15: Life on Land and GOAL 13: Climate Action CLI strives to manage its environmental impacts and seeks to help protect ecosystems through various initiatives in collaboration with its host communities and external partners</p> <p>GOAL 5: Gender Equality CLI promotes diversity and equal opportunity in the workplace and its areas of operations. In 2023, female to male ratio is at 11:9</p> <p>GOAL 17: Partnerships for the goals CLI builds and strengthens relationships with its partners, communities, government, civil society organizations and the rest of its stakeholders. CLI, through its corporate foundation, engaged 160 institutions to implement support the community development programs from 2021 - 2023</p>		
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* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.