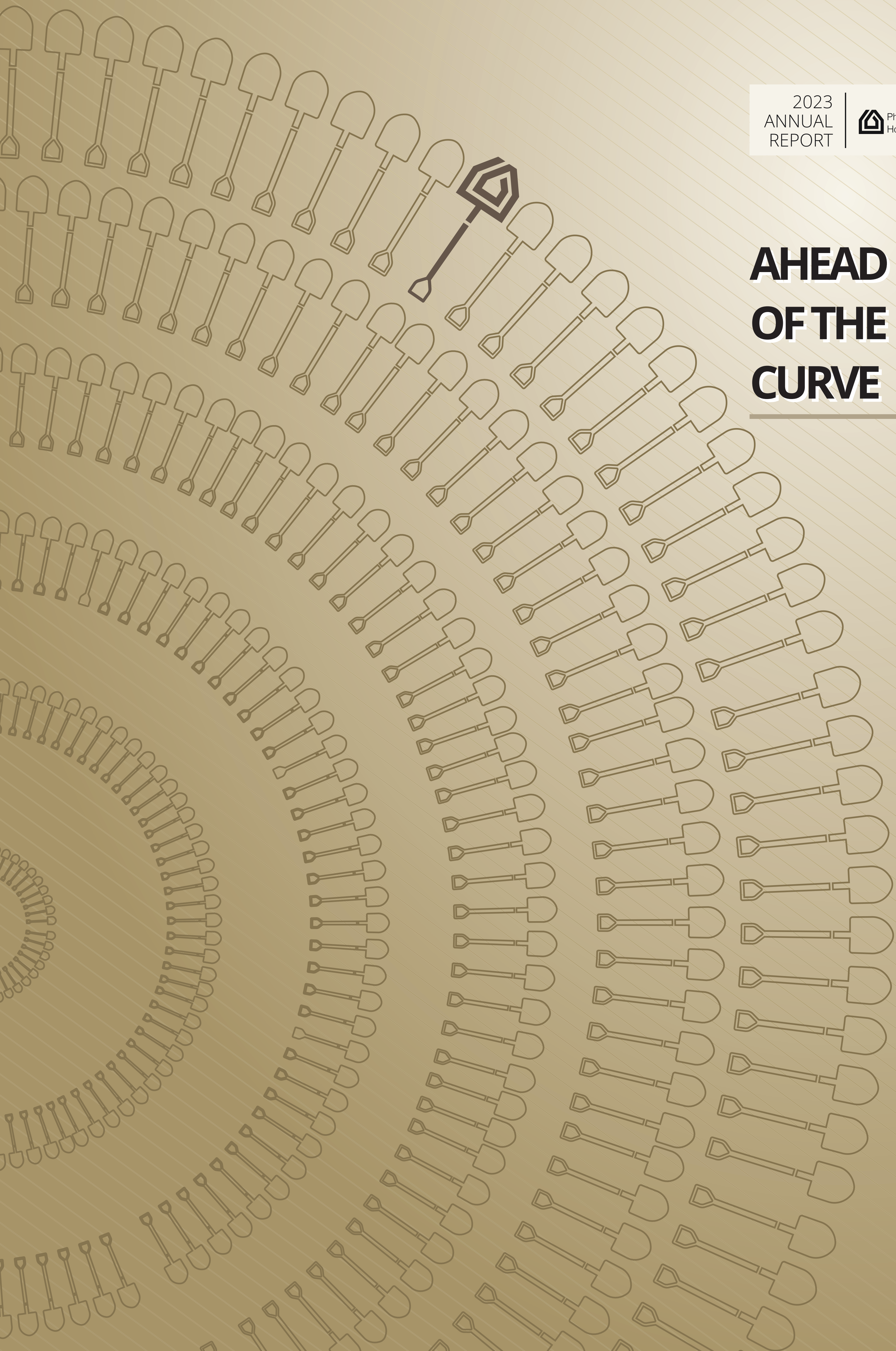
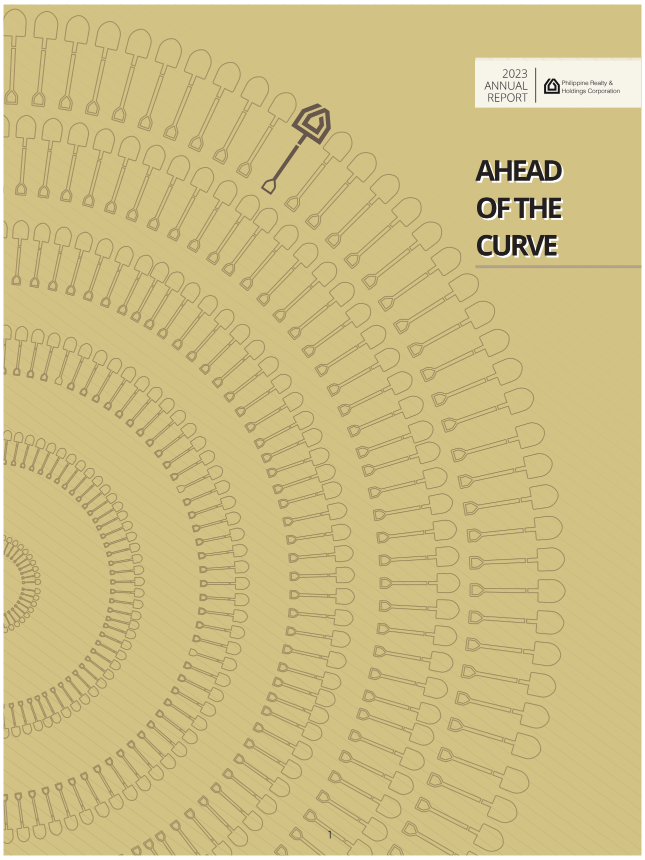
2023 ANNUAL REPORT

Philippine Realty & Holdings Corporation

AHEAD OF THE CURVE



ABOUT THE COVER



AHEAD OF THE CURVE. Current real estate trends show the increasing demand for luxury and ultra-luxury properties. While other developers are starting to get into the niche, PhilRealty has long been in the game. It has proven, and continues to hold, its position as a reliable company that develops properties suited to the needs and wants of its investors and users. The desire for luxurious facilities, high quality services, and upscale planning ensures that the properties in PhilRealty's portfolio remain competitive and highly sought after, in the midst of this real estate trend. The cover design encapsulates this narrative through the powerful imagery of the iconic shovel, symbolizing the ground breaking courage, resilience and the trailblazing spirit of progress.

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ABOUT US

VISION

A premium property development company
in the Philippines delivering superior value
to its customers.

MISSION

We are committed to providing individuals, families and businesses premium and high-end residential condominiums, offices, commercial spaces and leisure developments in the Philippines using best-of-class, grade-A materials, top-of-the-line fixtures, latest and state-of-the-art equipment and facilities.

We aspire to provide our shareholders a fair return for the use of their capital, for our customers an excellent value for their investments, and for our employees, a continuing employment opportunity and equitable compensation. We neither believe in gains made by taking unfair advantage of others nor do we sacrifice long-term objectives for short-term profits. We value enduring relationships with our stakeholders.

We create spacious living in intimate communities, combining aesthetics with functionality while preserving the environment. We affirm our duties as a good corporate citizen. We commit to assist underprivileged sectors of society in improving the quality of their lives.

MESSAGE TO THE STOCKHOLDERS

Dear Stockholders,

As we move forward into another exciting year, we reflect on our journey with immense pride and optimism. Our theme, AHEAD OF THE CURVE, is a testament to the enduring commitment to innovation, excellence, and foresight in the luxury real estate market of Philippine Realty and Holdings Corporation (PhilRealty).

Current trends in the real estate industry reveal a burgeoning demand for luxury and ultra-luxury properties. While many developers are just beginning to explore this niche, PhilRealty has long been a pioneer in this arena. Our deep understanding of the market and unwavering dedication to excellence have positioned us as a trusted leader in developing properties that perfectly align with the sophisticated tastes and high expectations of our discerning investors and customers.

We have consistently anticipated and adapted to the demand for luxurious facilities, superior services, and upscale planning. This proactive approach ensures that the properties in our portfolio not only meet but exceed the evolving requirements of the market, maintaining their competitive edge and desirability.

GERARDO DOMENICO ANTONIO V. LANUZA
CHAIRMAN OF THE BOARD

EDMUNDO C. MEDRANO
PRESIDENT

Faced with challenges in our operations this year, your Company's Total Income was recorded at ₱726.9 million compared to 2022's ₱878.3 million. We are encouraged by the appreciation in our total assets, going from ₱8.59 billion in 2022 to ₱9.01 billion in 2023. This increase is a clear indicator of the fair value of your Company's assets. Our robust asset base provides a strong foundation for future growth and will be the focus of our future strategic direction.

PhilRealty remains steadfast in its mission to deliver unparalleled luxury real estate experiences. We are confident that our strategic initiatives and continued focus on innovation will drive us toward renewed financial strength and success. Your trust and support are invaluable as we navigate this journey, and we are committed to enhancing shareholder value and reinforcing our market position.

Thank you for your unwavering confidence and trust in PhilRealty.

FINANCIAL PERFORMANCE

I. REVIEW OF CONSOLIDATED NET INCOME AFTER TAX FOR THE PERIOD ENDING 31 DECEMBER 2023 VS. 31 DECEMBER 2022

Sales of Real Estate

Sales of real estate for this year amounted to ₱174.5 million, slightly lower than last year's ₱225.0 million.

₱174.5 MILLION

Cost of Real Estate Sold

The cost of real estate sold for this year amounted to ₱90.2 million, down 15% compared with last year's ₱106.3 million.

₱90.2 MILLION

Rent

Rental income was up 16% to ₱65.5 million in 2023.

₱65.5 MILLION

Consolidated Net Income After Tax

Philrealty posted a consolidated net income after tax of ₱112.9 million this year, a downward trend compared with the ₱180.4 million posted last year.

₱112.9 MILLION

Management Fees and Other Income

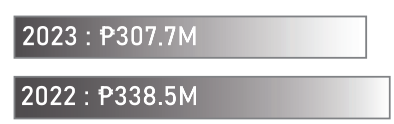
Management fees was up 19% this year at ₱41.2 million compared with the previous year's ₱34.7 million.

₱41.2 MILLION

Other income was at ₱426.5 million, down ₱114.0 million from 2022.

General and Administrative Expenses

General and administrative expenses has been curbed to ₱307.7 million compared to last year's ₱338.5 million–a 9% decrease.



II. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDING 31 DECEMBER 2023 VS. 31 DECEMBER 2022

Total Assets
As of December 31, 2023, the Company's total assets amounted to ₱9.01 billion, reflecting a 5% increase compared to the previous year's ₱8.59 billion.

Current assets increased this year at ₱3.20 billion compared to ₱2.86 billion in 2022. This 12% increase can be attributed to the doubling of the current portion of trade and other receivables to ₱355.3 million from 2022's ₱177.5 million and the increase of ₱49.7 million in prepayments to ₱463.2 million.

In terms of non-current assets, investment properties experienced a 5% growth, reaching ₱5.16 billion in 2023 compared to ₱4.93 billion in 2022. A portion of this growth can be attributed to the increased value of your Company's properties in Tektite Towers, Icon Plaza and Icon Residences, in La Union and in Baguio City among others.

Overall, non-current assets increased by ₱83.1 million, reaching ₱5.81 billion in 2023.

This positive momentum in both current and non-current assets highlights the Company's expertise in the selection of quality real property assets to invest in. The significant increase in current assets and its high-value properties underscore your Company's commitment to optimizing shareholder value. Moving forward, we are confident that our quality asset base will support our long-term objectives and drive sustained financial performance. With a strong foundation in place, we are well-positioned to capitalize on future opportunities and deliver continuing growth in the coming years.

Total Liabilities
Total liabilities increased by 15% to ₱2.38 billion as of 31 December 2023 compared to ₱2.07 billion from the previous year. This increase is primarily attributed to the increase in the current portion of the Company's loan and notes payables to ₱829.7 million in 2023 from ₱666.7 million in 2022.

The current portion of trade and other payables were well-managed, dropping to ₱63.2 million in 2023 from the previous year's ₱110.4 million.

The increase in total liabilities, is reflective of our move to develop upscale projects that underscores our intention to leverage our equity to partially finance such projects.

The well-managed reduction in trade and other payables demonstrates our commitment to maintaining a healthy balance sheet and effective cash flow management. As we continue to invest in high-potential projects and optimize our financial resources, we remain confident in our ability to leverage our equity to attain sustainable growth and increased shareholder value.

Total Equity
As of December 31, 2023, the Company's total equity amounted to ₱6.63 billion, a 2% increase from 2022's ₱6.53 billion.

The capital stock and additional paid-in capital remained unchanged; reserves dropped by ₱9.4 million while the retained earnings saw a 7% increase to ₱1.67 billion.

The steady growth in total equity, driven by a notable increase in retained earnings, reflects your Company's strong financial performance and prudent management.

Our robust capital base highlights our stability and resilience. With a solid foundation in place, we are well-equipped to pursue future growth opportunities and continue delivering value to our shareholders.

III. KEY PERFORMANCE INDICATORS

Current Ratio
The Company's current ratio (or working capital ratio) was almost unchanged at 3.52:1 as of the end of 2023 from 3.61:1 in 2022.

Debt-to-equity ratio
As of the end of 2023, the consolidated debt-to-equity ratio was still at a conservative 0.36:1, even when compared to the previous year's 0.32:1. This ratio underscores our prudent and conservative approach to capitalization, maintaining a low level of debt relative to shareholders' equity. This strategy helps to reduce financial risk and ensures a strong foundation for sustained long-term stability.

Asset-to-equity ratio
The asset-to-equity ratio of the Company as of 31 December 2023 stayed at a conservative level at 1.36:1. This is still closely aligned with the 1.32:1 ratio recorded as of December 31, 2022.

Earnings per share
The Company's earnings per share went down to ₱0.01 from ₱0.02 the previous year. Despite this drop, it highlights the Company's resilience in maintaining profitability and generating consistent earnings for shareholders over the past years.

The table below presents the comparative performance indicators of the Company and its subsidiaries.

Performance Indicators	31 December 2023	31 December 2022
Current Ratio	3.52	3.61
Quick Ratio	0.73	0.46
Solvency Ratio	3.78	4.16
Debt Ratio	0.26	0.24
Debt-to-Equity Ratio	0.36	0.32
Interest Coverage	3.53	5.8
Asset to Equity Ratio	1.36	1.32
Gross Profit Margin	42%	47%
Net Profit Margin	39%	56%
Return on Assets	1%	2%
Return on Equity	2%	3%
Price/Earnings Ratio	11	10

Book value per share
The Company's book value per share reflected a positive growth, increasing to ₱0.76 from ₱0.75 in 2022. This development is significant given the consistent positive performance in the last years. This consistent improvement over the past few years underscores the Company's ability to enhance the value of its assets, reflecting a promising expectation for shareholders and demonstrating sustained positive performance.

IV. LOOKING FORWARD TO THE YEARS AHEAD

As we stand at the forefront of a rapidly evolving environment, PhilRealty continues to forge ahead, propelled by our commitment to staying ahead of the curve. Our steadfast dedication has positioned us as trailblazers in the real estate industry, setting the stage for an exciting future.

Looking beyond the horizon, we envision a landscape where innovation and sustainability converge. Embracing cutting-edge technologies and nature-positive practices, we are poised to create developments that will not only withstand the test of time but also contribute to a greener, more enduring future.

Our vision extends beyond the mere construction of buildings; we aspire to shape pocket communities that thrive in harmony with their surroundings. With an emphasis on holistic urban planning, we are committed to integrating green spaces, promoting connectivity, and fostering a sense of belonging within our developments.

Recognizing the transformative power of technology, we are integrating smart infrastructure and intelligent systems that enhance the quality of life for residents. From advanced security measures to energy-efficient solutions, our future-forward approach will redefine the standards of modern living, placing convenience, safety, and environmental responsibility at the forefront. We will continue to address the changing needs and aspirations of our discerning clientele.

But our journey into the future is not limited to physical spaces alone. PhilRealty is committed to fostering community development, empowering individuals, and making a positive impact on society.

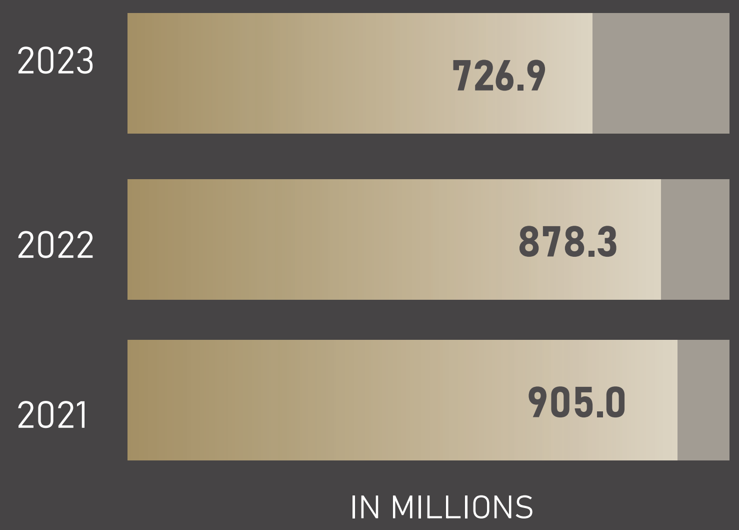
As we navigate the uncharted waters of the future, resilience will continue to be our strength. We will embrace challenges as opportunities for growth, drawing inspiration from the indomitable human spirit. Together with our partners, stakeholders, and valued customers, we will continue to build a future that is not just robust but transformative, sustainable, and inspiring.

As we reflect on the past year, our strategic investments and financial discipline have positioned us to remain ahead of the curve. Despite market challenges, our focus on sustainable growth and innovation ensures we continue to deliver value and excellence in all our projects.

EDMUNDO C. MEDRANO
PRESIDENT

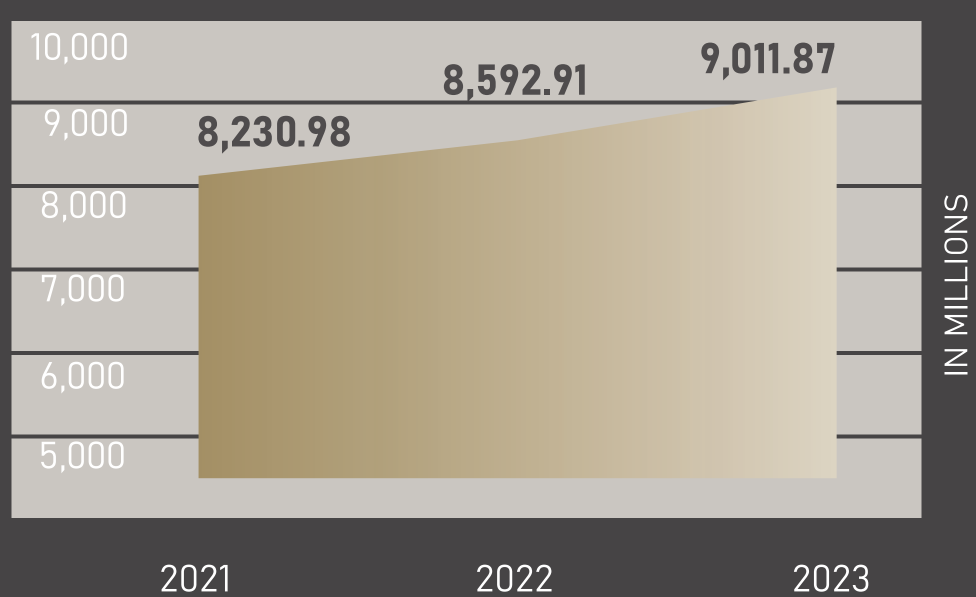
FINANCIAL HIGHLIGHTS

TOTAL REVENUE



The 2023 decline in revenue highlighted the need for adjustments that we've since implemented while maintaining our commitment to delivering long-term value.

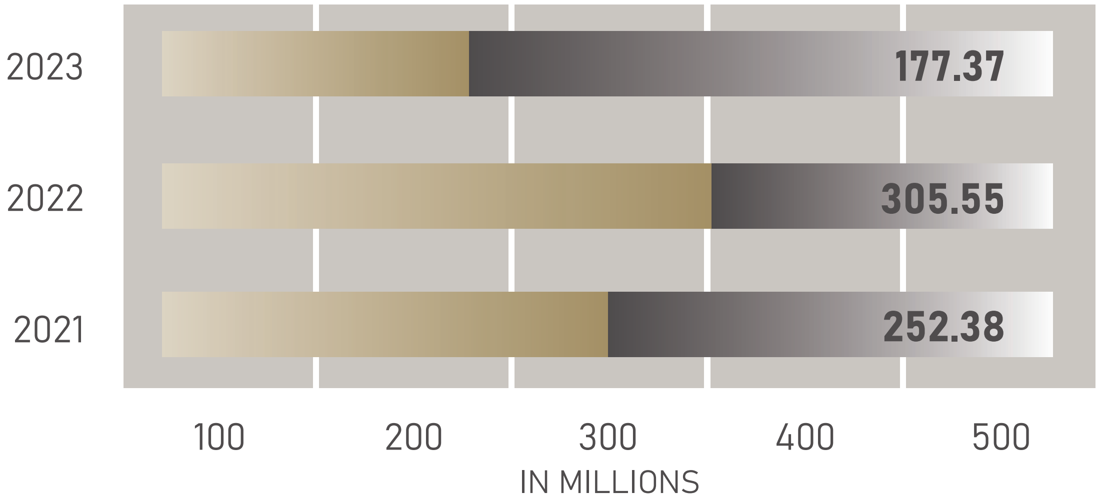
TOTAL ASSETS



Despite the challenging year, our strategic focus and robust asset management have reinforced our foundation for sustained growth. Our commitment to financial health and innovative initiatives continue to drive our success and position us for future opportunities.

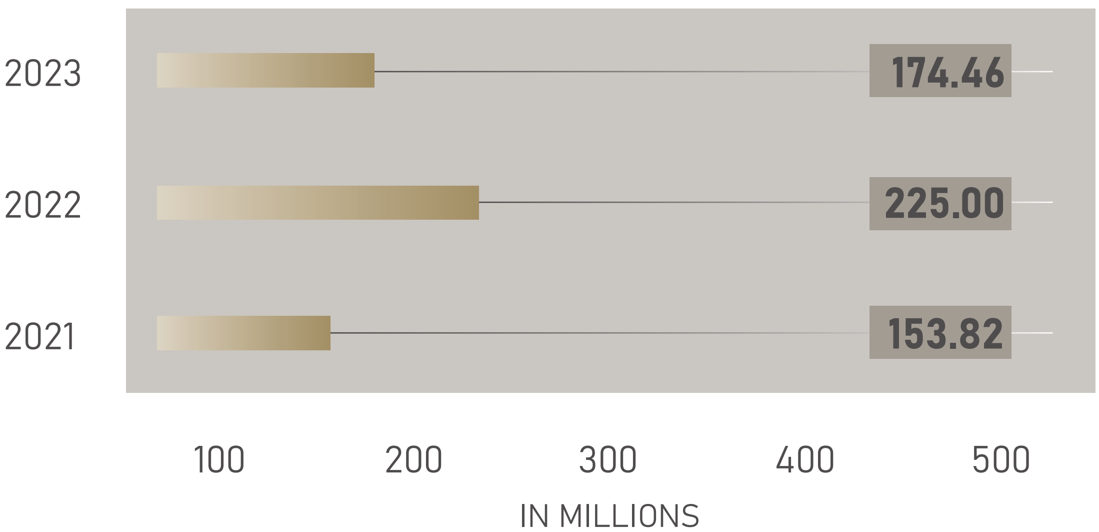
GERARDO DOMENICO ANTONIO V. LANUZA
CHAIRMAN OF THE BOARD

INCOME (LOSS) BEFORE TAX



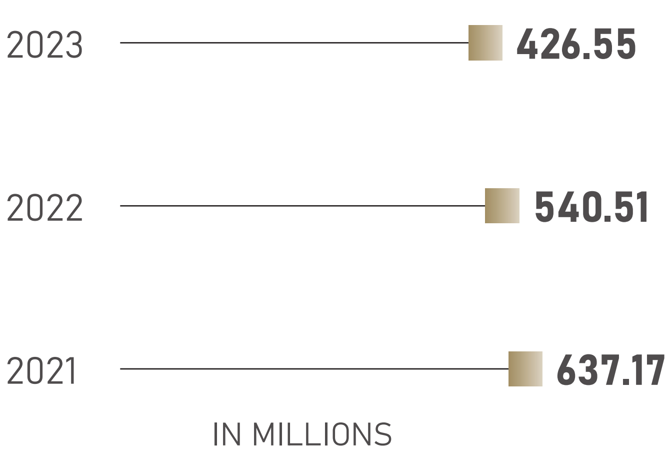
Despite a reduction in income before tax this year, our continued investments in high-value projects and effective cost management highlight our commitment to sustainable growth and long-term profitability.

SALES OF REAL ESTATE

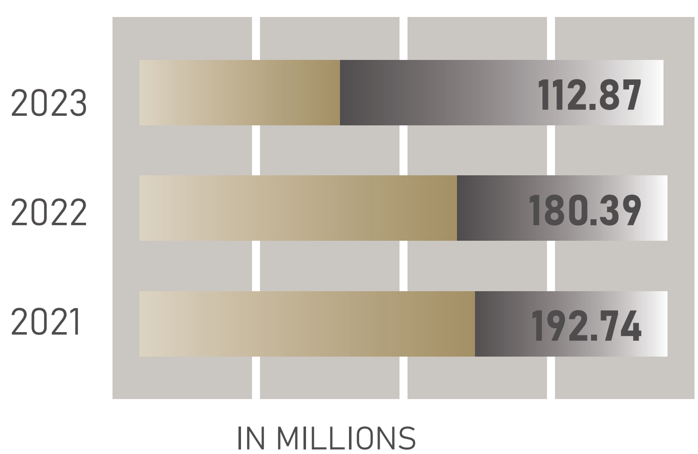


Real estate sales reflect adjustments in a competitive market. Our focus remains on delivering high-quality projects that meet the evolving needs of our customers.

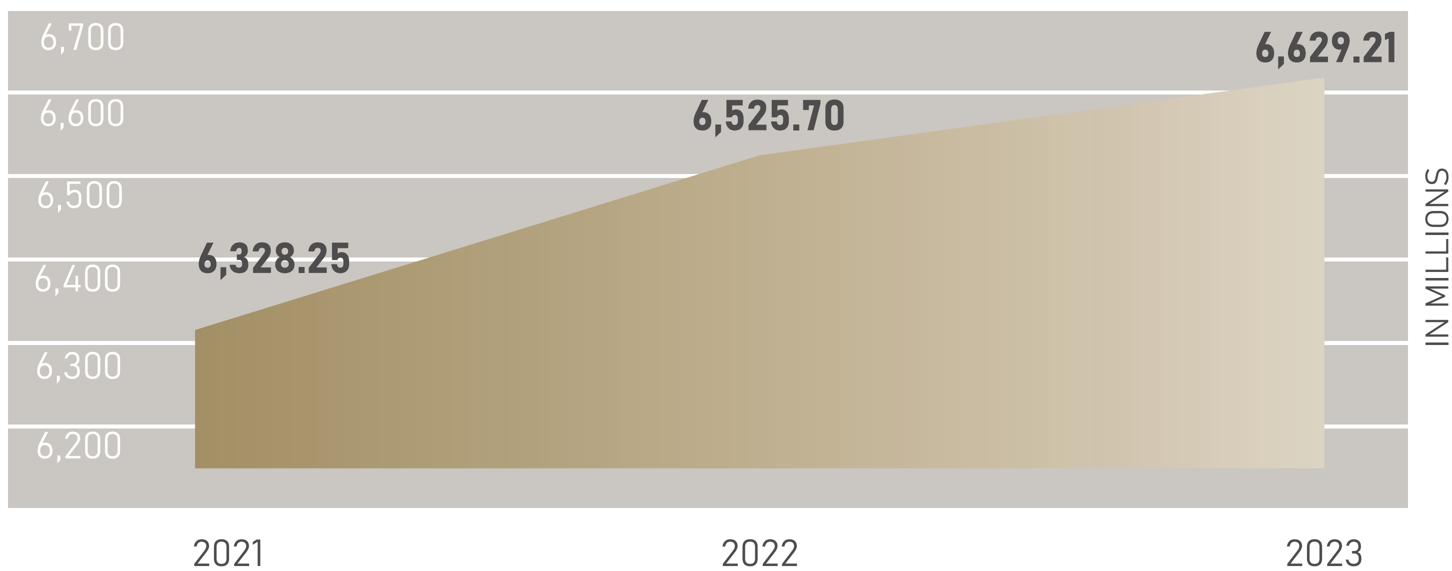
OTHER INCOME



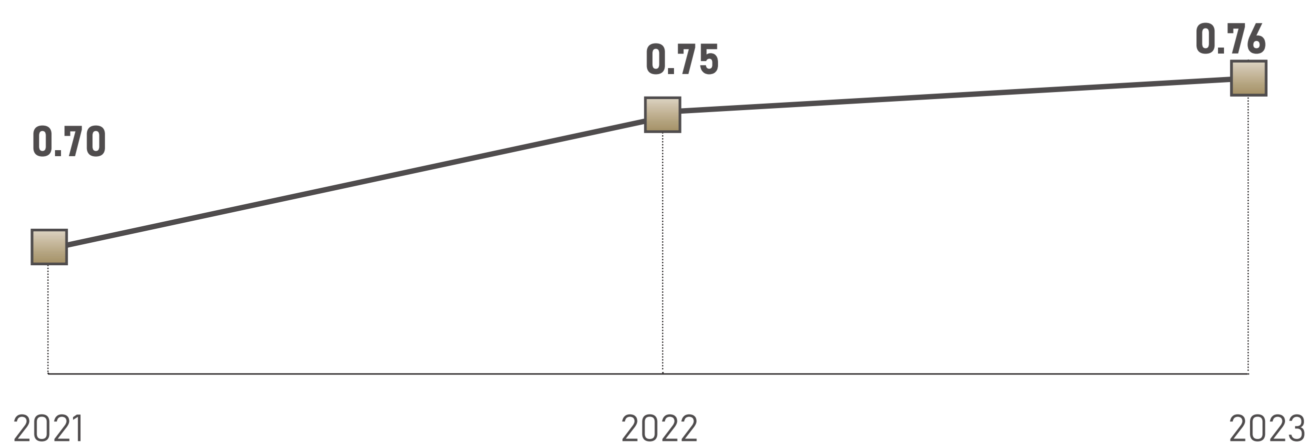
NET INCOME (LOSS) AFTER TAX



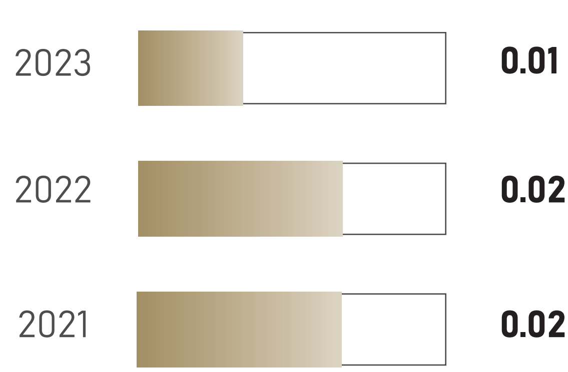
NET WORTH



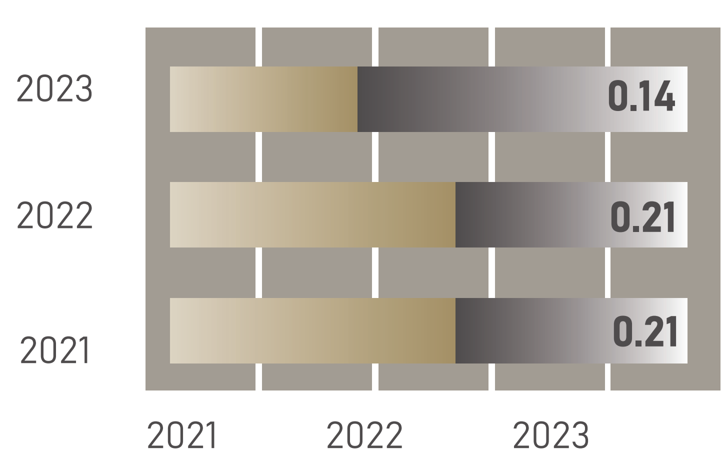
BOOK VALUE PER SHARE



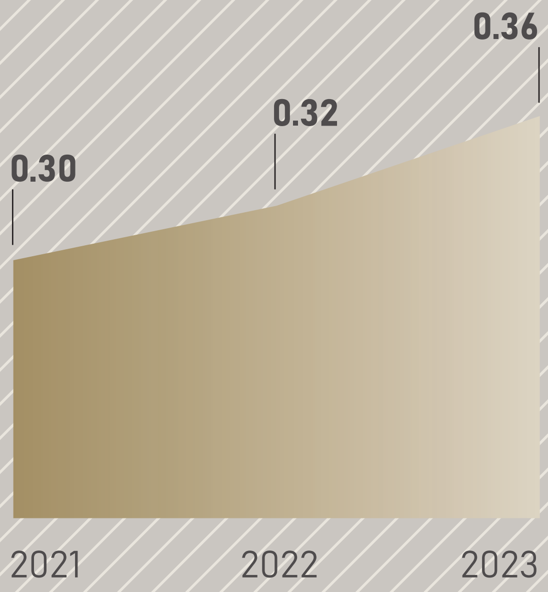
EARNINGS PER SHARE



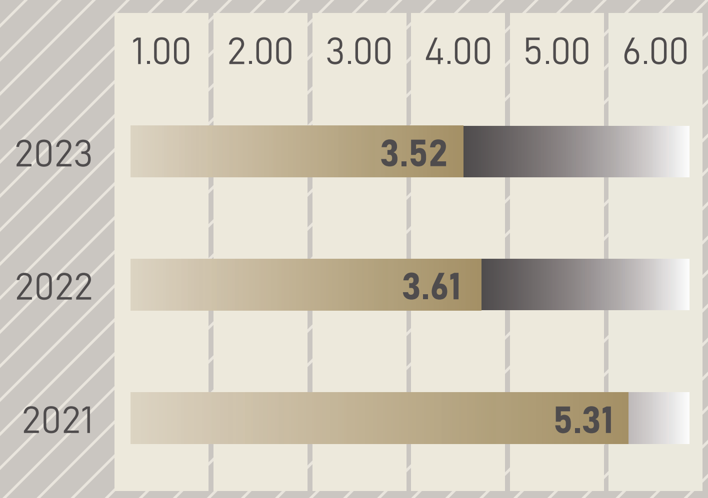
PRICE PER SHARE



DEBT TO EQUITY

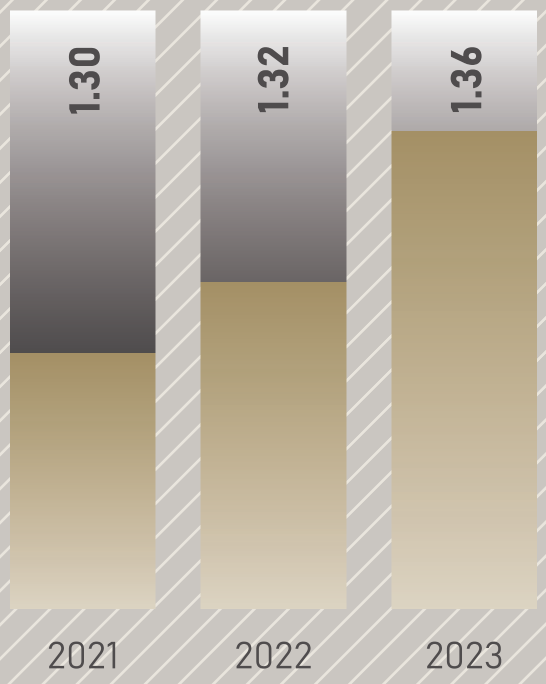


CURRENT RATIO

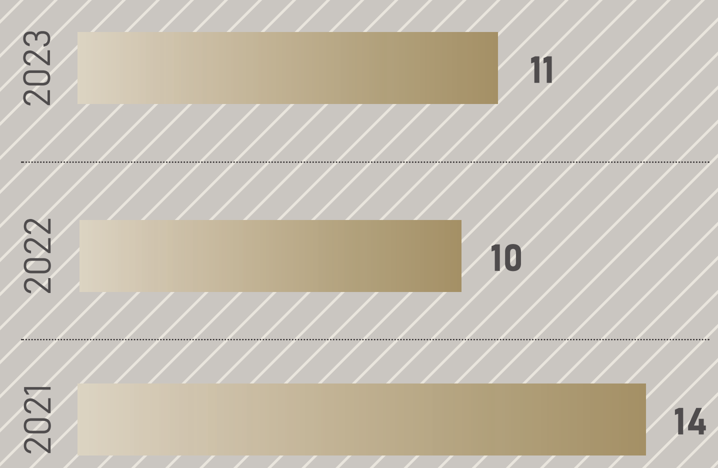


Strategic initiatives and careful financial management reflect our resilience in a fluctuating market.

ASSET TO EQUITY



PRICE PER EARNINGS RATIO



BOARD OF DIRECTORS

Gerardo O. Lanuza, Jr.
Chairman Emeritus

Antonio O. Olbes
Vice Chairman Emeritus

Gerardo Domenico Antonio V. Lanuza
Chairman of the Board

Renato G. Nuñez
Vice Chairman and Lead Independent Director

Edmundo C. Medrano
Director

Gregory G. Yang
Director

Amador C. Bacani
Director

Andrew C. Ng
Director

Chiara Rosario Julia V. Lanuza-Paredes
Director

Jomark O. Arollado
Independent Director

Alfonso Martin E. Eizmendi
Independent Director

MANAGEMENT COMMITTEE

Edilynda G. Enriquez
Head
Human Resources

Mark Anthony M. Ramos
VP and Controller and
Compliance Officer

Erwin V. Ciar
VP and Head
Project Construction
and Management

Adeline Susan C. Carag
VP and Head
Property Management
Services

Richard Nicholas K. Go
VP and Head
Sales and
Chief Sales Officer

Marissa S. Bontogan
VP and Treasurer and
Risk Officer

Carlos Miguel T. Paca
VP and Head
Business Development and
Investor Relations Officer

Edmundo C. Medrano
President

A Transformative Year

The past year was marked with numerous highs and lows across various sectors of the economy, public health, politics, and even culture and sports. Among 2023's highlights include the official end of COVID-19 as a public health emergency, and the impressive economic performance of the country. 2023 recorded a strong growth rate of 5.6 percent, only a few points short of the target—which, according to the Department of Finance, also proved how we have "[outpaced] major economies in Asia."

Leadership Transition: Steering Towards a New Horizon

One of the most notable changes within PhilRealty this year was the transition in its leadership team. Gerardo Domenico Antonio "Nico" V. Lanuza, who had been serving as both Chairman and President, transitioned to a singular focus as Chairman of the Board. This strategic move allows Nico to concentrate on steering the company's long-term vision and governance, ensuring sustained growth and stability. His leadership has been instrumental in guiding PhilRealty through various phases of development and innovation, and his continued role as Chairman promises a steady hand at the helm.

Taking over the presidency is Edmundo "Edmund" C. Medrano, who was previously the Executive Vice President, Chief Operating Officer, and Treasurer. As a seasoned finance professional and business leader, Edmund brings a wealth of knowledge in financial strategy and business operations, which he leverages to build a solid framework for future success. His extensive experience positions him perfectly to lead the company and drive PhilRealty to new heights, setting the stage for sustained growth and industry leadership.

Edmund's appointment as President reflects PhilRealty's strategic vision to harness extensive work experience and leadership capabilities to navigate the complex real estate landscape. With these changes, the company is well-positioned to tackle future challenges and seize emerging opportunities in the industry.

Chairman of the Board Gerardo Domenico Antonio V. Lanuza (left) and President Edmundo C. Medrano (right)

Full Speed Ahead with Casa Unico: Securing a P3.8 Billion Loan

In September 2023, PhilRealty was able to successfully obtain approval for a P3.8 billion term loan from the Philippine Bank of Communications (PBCOM). The approval of this loan demonstrates PBCOM's confidence in PhilRealty's financial health, capabilities and strategic initiatives.

This loan will support the development of Casa UNICO, a 40-storey upscale residential condominium project in Bonifacio South District, Bonifacio Global City (BGC), Taguig City. This high-rise project underscores PhilRealty's dedication to delivering premier living spaces that will meet the high expectations of investors with discriminating tastes. This was proven in the Company's projects in SkyVillas and Skyline Towers at the One Balete Compound, The Alexandra, and in La Isla Condominium Tower.

The project will feature the latest in architectural design and sustainable building practices, reflecting PhilRealty's commitment to innovation and environmental protection.

Casa Unico Ground Blessing: A New Landmark in BGC

On March 7, 2024, PhilRealty marked the commencement of the Casa UNICO project with a ceremonial ground blessing at the project site on 24th Street corner 6th Avenue, BGC, Taguig City. The event was attended by key stakeholders, community leaders, and company executives, celebrating the start of what promises to be an iconic addition to the BGC skyline.

Casa UNICO is set to elevate the standards of luxury living, offering residents a blend of modern design, sophisticated amenities, and a prime urban location. The development is poised to become one of BGC's premier residential addresses, providing unparalleled living experiences that cater to the discerning tastes of today's homeowners.

The ground blessing ceremony was a momentous occasion, symbolizing new beginnings and the promise of future success.

PhilRealty Board of Directors and corporate officers at thje Casa UNICO ground blessing

Recognition as Top Taxpayer: Exemplary Corporate Citizenship

PhilRealty's dedication to good corporate citizenship was recognized on February 27, 2024, when the company was honored as one of 2023's Top 10 Real Property Taxpayers in Pasig City. This accolade underscores PhilRealty's unwavering commitment to fulfilling its tax obligations and supporting local government initiatives.

Receiving this award highlights PhilRealty's consistent efforts in maintaining transparency, accountability, and ethical business practices.

Marissa S. Bontogan, PhilRealty VP and Treasurer and Risk Officer (fourth from left), receives the award from Mayor Vico Sotto and Vice Mayor Dodot Jaworski, Jr. (to her immediate left and right respectively) during the ceremony held at The Grove by Rockwell.

Corporate Social Responsibility: Annual Bloodletting Activity

This initiative supports the nationwide advocacy for providing adequate, safe, and quality blood and blood products through voluntary donations. By supporting the Philippine Red Cross's mission, PhilRealty contributes to life-saving efforts. The event not only helped meet the critical need for blood donations but also fostered a spirit of volunteerism and community support among employees and residents.

Participants in the bloodletting activity included PhilRealty employees, residents of the One Balete Compound, and members of the local community. The event was organized with meticulous attention to safety and health protocols, ensuring a smooth and efficient process for donors. The collected blood will be used to support various medical emergencies and procedures, helping to save lives and improve health outcomes for many individuals.

Enhancing Community Amenities: Installation of PNB ATM

To enhance convenience and accessibility for its One Balete Compound residents, PhilRealty has pushed forward with the installation of Philippine National Bank (PNB) automated teller machines (ATM) at the compound's Clubhouse last March 2023. An ATM at the clubhouse is sure to provide ease for the residents of the compound, provided by one of the country's largest banks.

Looking Ahead: A Future Filled with Promise

As PhilRealty reflects on the achievements and milestones of 2023, the company looks forward to a future filled with promise and continued success. The year was marked by a transformative leadership change, significant financial achievements, the launch of a pioneering project, and impactful community initiatives. These accomplishments are a testament to PhilRealty's resilience, innovation, and commitment to excellence.

PhilRealty remains dedicated to driving growth and innovation in the real estate industry. The company's strategic vision, combined with its focus on operational excellence and community engagement, positions it well to navigate the challenges and opportunities of the future. As PhilRealty continues to expand its portfolio and enhance its services, it remains committed to creating value for its stakeholders and making a positive impact in the communities it serves.

The journey ahead is one of continuous improvement and unwavering dedication to excellence. PhilRealty extends its heartfelt gratitude to its stakeholders, partners, and the community for their continued support and trust. Together, the company looks forward to a prosperous and successful 2024, building on the foundations laid in 2023 and striving towards new heights.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

Philippine Realty & Holdings Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION and SUBSIDIARIES (the Group)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, 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 and 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 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.

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 or members.

Maceda Valencia and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman

EDMUNDO C. MEDRANO
President

MARISSA S. BONTOGON
Vice President and Treasurer

Signed this 19th day of March 2024.

SUBSCRIBED AND SWORN to before me this MAR 2 5 2024 day of ______________, 2024, affiants exhibiting to me their Tax Identification Nos., as follows:

Name	Tax Identification No.
Gerardo Domenico Antonio V. Lanuza	243-616-771
Edmundo C. Medrano	134-515-229
Marissa S. Bontogon	162-411-720

ATTY. RUBEN M. AZANES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31,2024
PTR NO. 5555119, QUEZON CITY
IBP NO. 384112, QUEZON CITY CHAPT
Roll of Attorney's No. 46427
Admin Matter No. 025(2023-2024)
MCLE-VII-0018605-05-24-2022
TIN: 140-394-386-000
Bagong Lipunan dCrame Q.C.

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PAGE NO. 73
BOOK NO. 153
SERIES OF 2024

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Fax: +63 (2) 8403 7306

MVCo@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

MVCo
Certified Public Accountants and Management Consultants
Member of Nexia

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2023, on which we have rendered our report dated March 19, 2024.

In compliance with Revised Securities Regulation Code Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, as at December 31, 2023, we are stating that the said Parent Company has two thousand two hundred fifty-seven (2,257) shareholders owning one hundred (100) or more common shares.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
Tax Identification No. 119-894-676-000
PTR No. 10083026
Issued on January 9, 2024 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-005063-000-2024 (firm); 08-005063-001-2024 (individual)
Issued on March 26, 2024; valid until March 25, 2027

March 19, 2024
Makati City

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REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

Opinion

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory 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 the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 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.

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.

The Risk

Real Estate Revenue Recognition and Determination of Related Cost

The Group's revenue recognition process, policies and procedures on real estate sales are material to our audit because these involve the application of material judgment and estimation. In addition, real estate sales amounted to P175.00 million or 24% of Revenues and Other Income while costs of real estate sales amounted to P90.00 million or 16% of Cost and Expenses for the year ended December 31, 2023. The areas affected by revenue recognition, which requires material judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. These areas were material to our audit as an error in application of judgments and estimates could cause a material misstatement in the financial statements.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 32 to the consolidated financial statements. The material judgments applied, and estimates used by management related to revenue recognition are more fully described in Note 33 to the consolidated financial statements.

Our Response

We obtained an understanding of the revenue and cost recognition policy on real estate sales transactions. We performed risk assessment procedures to obtain audit evidence about the design and implementation of relevant controls. We performed a walkthrough as part of obtaining an understanding of the revenue and cost recognition process to identify and further understand what could go wrong in the process and to identify relevant controls that management has implemented to address what could go wrong. In performing walkthroughs, we obtained sufficient information to be able to evaluate the design and implementation of relevant controls and tested for operating effectiveness over revenue and cost recognition process and financial reporting close process.

On the revenue recognition process, the following controls, among others, were identified and tested for operating effectiveness.

- Control over initiation – sales reservation and payment scheme are based on valid transaction and sales cancellation are issued based on cancellation policy;
- Control over authorization – (a) Reservation and payment scheme, Contract to Sell, and Deed of Absolute Sale and (b) Notice of Cancellation for cancellation are approved by authorized officer;
- Control over recording and processing - Sales are systems generated at point of recognition and are counterchecked by responsible finance officer and cancellations are manually recognized based on approved Notice of Cancellation.

On the cost recognition process, the following key controls, among others, were tested for operating effectiveness.

- Control over initiation - Project costs are initiated based on budget.
- Control over authorization - (a) Budgets are approved by management and the Board; (b) Project spendings are made based on approved letters of award; (c) Recommendation for payment are compared with approved letter of award and approved by authorized officer; and (d) Changes in contract are approved by authorized officer;
- Control over recording and processing - (a) Payments are recorded based on approved recommendation of payment; (b) Sales are systems generated on point of recognition based on approved standard cost; and (c) Other capitalized cost such as interest cost are manually recorded based on policy.

On financial reporting close process, control over preparation of relevant disclosure were tested for operating effectiveness. Financial statements and relevant disclosures are prepared and reviewed by authorized finance officer.

We also performed substantive test procedure on selected sales and cancellations transactions during the year by examining the approved payment scheme, Contract to Sell or Deed of Absolute Sale and Notice of Cancellation and reperformed calculation of sales or cancellations recognized.

Valuation of Real Estate Inventories

The Risk

Real estate inventories constitute a material component in the Group's consolidated statements of financial position. Real estate inventories amounted to P2.07 billion representing 23% of the total assets as at December 31, 2023. Real estate inventories include properties under construction, acquired properties that are held for sale in the ordinary course of business and land held for development. Real estate inventories are valued at the lower of cost or market and net realizable value.

The valuation of real estate inventories is influenced by assumptions and estimates regarding construction costs to be incurred, and future selling prices. Weak demand and the consequential over supply of residential units might exert downward pressure on transaction volumes and selling prices of residential properties.

Our Response

Based on the controls over cost recognition process, we examined supporting documents of selected transactions of sampled projects to ensure that cost spending are complete and accurate and relates to the project and any spending noted outside the budgeted costs including capitalized interest are explained.

We reperformed standard cost calculation for selected projects and compared it with the standard cost used to cost inventories. We compared standard cost against net realizable values of selected projects through inspection of most recent sales contracts and expected sales proceeds from the remaining properties.

Allowance for Impairment Losses on Trade and Other Receivables

The Risk

The allowance for impairment losses on trade and other receivables is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. As of December 31, 2023, trade and other receivables has a total carrying amount of P563 million contributing 6% of the Company's total assets.

Our Response

We tested the calculation methodology which is based on cash flows of future payments considering historical data of collections and defaults including the value of repossessed inventories and possible refunds. We also tested the assumptions including interest rates used in computing for the expected credit loss.

Valuation of Investment Properties

The Risk

Investment properties is considered to be a matter of significance as it requires the application of valuation judgment and use of assumptions by management. As of December 31, 2023, investment property has a total carrying amount of P5.16 billion contributing 57% of the Company's total assets.

Our Response

To validate additions to investment properties, we examined supporting documents such as contracts, Deeds of Absolute Sale, supplier invoices and/or official receipts.

To determine fair value adjustments, we obtained the latest appraisal report and evaluated appropriateness of assumptions and valuation method and completeness of the information used.

We also evaluated the competence and objectivity of the external expert engaged by the management to value the investment properties by ensuring the expert is an accredited appraiser by the Securities and Exchange Commission (SEC).

Other Information

Management is responsible for the other information. The other information comprises the information included in the 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 auditor's 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 auditor's 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above when it become 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, otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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.

Auditor's 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 auditor's 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 PSAs 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 PSAs, 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 material 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 auditor's 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 auditor's 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 material audit findings, including any material 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 audits of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jose T. Valencia.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
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Tax Identification No. 119-894-676-000
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Issued on January 9, 2024 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-005063-000-2024 (firm); 08-005063-001-2024 (individual)
Issued on March 26, 2024; valid until March 25, 2027

March 19, 2024
Makati City

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	Note	2023	December 31, 2022 (As restated – Note 29)	January 1, 2022 (As restated – Note 29)
ASSETS				
Current Assets				
Cash and cash equivalents	3	**P283,145,676**	P163,886,734	P202,643,198
Financial assets at fair value through profit or loss (FVPL)	4	**6,750,000**	6,750,000	6,750,000
Trade and other receivables - current portion	6	**355,309,445**	177,461,738	132,440,960
Real estate inventories	7	**2,073,624,267**	2,086,122,188	2,136,292,560
Prepayments and other current assets – net	8	**463,159,351**	413,430,156	410,821,019
Investment in finance lease – current portion	12	**15,606,638**	14,099,824	13,055,174
Total Current Assets		**3,197,595,377**	2,861,750,640	2,902,002,911
Non-current Assets				
Financial assets at fair value through other comprehensive income (FVOCI)	5	**35,197,203**	36,076,106	37,644,536
Trade and other receivables – net of current portion	6	**207,967,647**	365,017,469	461,101,590
Investments in and advances to associates – net	9	**56,436,750**	58,236,132	59,667,432
Investment properties	10	**5,163,547,388**	4,926,465,273	4,406,355,439
Property and equipment – net	11	**91,481,034**	60,321,966	73,043,468
Right-of-use assets – net	12	**87,619,912**	97,414,601	89,431,827
Investment in finance lease – net of current portion	12	**171,970,892**	187,577,451	201,677,353
Other non-current assets		**53,386**	53,386	53,386
Total Non-current Assets		**5,814,274,212**	5,731,162,384	5,328,975,031
		P9,011,869,589	P8,592,913,024	P8,230,977,942
LIABILITIES AND EQUITY				
LIABILITIES				
Current Liabilities				
Trade and other payables - current portion	13	**P63,237,619**	P110,354,183	P150,248,583
Loans and note payable - current portion	14	**829,668,150**	666,722,994	381,938,245
Lease liability - current portion	12	**15,570,165**	14,841,458	14,116,765
Total Current Liabilities		**908,475,934**	791,918,635	546,303,593
Non-current Liabilities				
Trade and other payables - net of current portion	13	**76,059,054**	84,851,214	71,825,744
Loans and note payable - net of current portion	14	**372,351,579**	227,700,370	430,522,044
Retirement benefit obligation	16	**85,635,684**	66,953,485	70,930,176
Deferred tax liabilities – net	24	**753,432,863**	696,703,231	568,677,622
Lease liability – net of current portion	12	**143,092,814**	158,662,979	173,503,161
Deferred rent income	12	**43,608,343**	40,425,411	40,970,220
Total Non-current Liabilities		**1,474,180,337**	1,275,296,690	1,356,428,967
Total Liabilities		**2,382,656,271**	2,067,215,325	1,902,732,560

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023, 2022 AND 2021

	Note	2023	December 31, 2022 (As restated – Note 29)	January 1, 2022 (As restated – Note 29)
EQUITY				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	*25*	**4,275,721,448**	4,275,721,448	4,275,698,948
Additional paid-in capital	*25*	**780,630,029**	780,630,029	780,630,029
Reserves	*26*	**56,177,322**	65,530,662	52,201,114
Retained earnings		**1,668,286,406**	1,555,405,651	1,368,606,555
Treasury stock	*25*	**(110,049,633)**	(110,049,633)	(110,049,633)
		6,670,765,572	6,567,238,157	6,367,087,013
Equity Attributable to Non-Controlling Interests	*27*	**(41,552,254)**	(41,540,458)	(38,841,631)
		6,629,213,318	6,525,697,699	6,328,245,382
		P9,011,869,589	P8,592,913,024	P8,230,977,942

See Notes to the Consolidated Financial Statements

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Notes	2023	2022	2021
INCOME				
Sales of real estate		**P174,460,724**	P224,998,917	P153,819,523
Rent	*10,12*	**65,466,246**	56,674,800	55,302,865
Management fees	*17*	**41,203,464**	34,655,944	36,779,297
Interest	*19*	**14,050,801**	15,924,493	17,404,620
Commission	*18*	**5,215,928**	5,567,455	4,512,545
Other income	*20*	**426,546,957**	540,509,715	637,167,113
		726,944,120	878,331,324	904,985,963
COSTS AND EXPENSES				
Cost of real estate sold	*7*	**90,154,100**	106,296,787	113,172,007
Cost of services	*21*	**74,909,201**	62,551,098	68,763,460
General and administrative expenses	*22*	**307,660,262**	338,465,029	304,443,005
Finance costs	*12,14*	**70,157,474**	63,809,071	70,888,773
Equity in net loss of an associate	*9*	**1,799,380**	1,431,300	4,488,055
Other expenses	*23*	**4,898,497**	230,051	90,852,818
		549,578,914	572,783,336	652,608,118
INCOME BEFORE INCOME TAX		**177,365,206**	305,547,988	252,377,845
INCOME TAX EXPENSE	*24*	**64,496,247**	125,159,497	59,638,324
NET INCOME		**P112,868,959**	P180,388,491	P192,739,521
Attributable to:				
Equity holders of the parent	*28*	**P112,880,755**	P183,087,318	P194,733,394
Non-controlling interest	*27*	**(11,796)**	(2,698,827)	(1,993,873)
		P112,868,959	P180,388,491	P192,739,521
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on defined benefit obligation, net of tax	*26*	**(P8,521,221)**	P14,897,978	P13,899,945
Unrealized holding loss on financial assets at FVOCI	*5,26*	**(878,903)**	(1,568,430)	(3,365,984)
		(9,400,124)	13,329,548	10,533,961
TOTAL COMPREHENSIVE INCOME		**P103,468,835**	P193,718,039	P203,273,482
BASIC EARNINGS PER SHARE	*28*	**P0.01**	P0.02	P0.02

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 25)	Additional Paid-in Capital (Note 25)	Reserves (Note 26)	Retained Earnings (Note 26)	Treasury Stock (Note 25)	Total	Non-controlling Interests (Note 27)	Total Equity
Balance at January 1, 2021	P2,344,226,245	P557,014,317	P44,304,162	P1,155,073,841	(P110,049,633)	P3,990,568,932	(P18,048,438)	P3,972,560,494
Comprehensive income								
Net income for the year	-	-	-	194,733,394	-	194,733,394	(1,993,873)	192,739,521
Other comprehensive income for the year	-	-	10,533,961	-	-	10,533,961	-	10,533,961
Adjustments	-	-	(2,637,009)	-	-	(2,637,009)	-	(2,637,009)
Total comprehensive income for the year	-	-	7,896,952	194,733,394	-	202,630,346	(1,993,873)	200,636,473
Transaction with owners								
Issuance of shares during the year	2,088,888,889	66,125,489	-	-	-	2,155,014,378	-	2,155,014,378
Collection of subscription receivable	74,037	-	-	-	-	74,037	-	74,037
Subscription receivable – Capital Stock	-	157,490,223	-	-	-	157,490,223	-	157,490,223
Subscription receivable – APIC	(157,490,223)	-	-	-	-	(157,490,223)	-	(157,490,223)
Restatement	-	-	-	18,799,320	-	18,799,320	(18,799,320)	-
Total transaction with owners	1,931,472,703	223,615,712	-	18,799,320	-	2,173,887,735	(18,799,320)	2,155,088,415
Balance at December 31, 2021 (As restated – Note 29)	4,275,698,948	780,630,029	52,201,114	1,368,606,555	(110,049,633)	6,367,087,013	(38,841,631)	6,328,245,382
Comprehensive income								
Net income for the year	-	-	-	183,087,318	-	183,087,318	(2,698,827)	180,388,490
Other comprehensive income for the year	-	-	13,329,548	-	-	13,329,548	-	13,329,548
Adjustments	-	-	-	3,711,779	-	3,711,779	-	3,711,779
Total comprehensive income for the year	-	-	13,329,548	186,799,097	-	200,128,645	(2,698,827)	197,429,817
Transaction with owners								
Collection of subscription receivable – Capital Stock	11,250	-	-	-	-	11,250	-	11,250
Collection of subscription receivable – APIC	11,250	-	-	-	-	11,250	-	11,250
Total transaction with owners	22,500	-	-	-	-	22,500	-	22,500
Balance at December 31, 2022	4,275,721,448	780,630,029	65,530,662	1,555,405,652	(110,049,633)	6,567,238,158	(41,540,458)	6,525,697,699
Comprehensive income								
Net income for the year	-	-	-	112,880,755	-	112,880,755	(11,796)	112,868,959
Other comprehensive income for the year	-	-	(9,400,124)	-	-	(9,400,124)	-	(9,400,124)
Adjustments	-	-	46,784	-	-	46,784	-	46,784
Total comprehensive income for the year	-	-	(9,353,340)	112,880,755	-	103,527,415	(11,796)	103,515,619
Balance at December 31, 2023	**P4,275,721,448**	**P780,630,029**	**P56,177,322**	**P1,668,286,406**	**(P110,049,633)**	**P6,670,765,572**	**(P41,552,254)**	**P6,629,213,318**

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P177,365,206**	P305,547,988	P252,377,845
Adjustments for:				
Finance costs	*12,14*	**70,157,474**	63,809,071	70,888,773
Depreciation and amortization	*21,22*	**19,410,315**	27,990,961	22,603,519
Provision for retirement benefits	*16*	**14,813,508**	15,631,169	15,373,885
Equity in net loss of an associate	*9*	**1,799,380**	1,431,300	4,488,055
Loss (gain) on repossession of real estate inventories	*20,23*	**3,524,627**	(1,498,643)	(14,287,462)
Foreign exchange loss (gain) – net	*20,23*	**402,230**	(1,952,441)	(1,434,240)
Provision for (reversal of) impairment loss on trade and other receivables	*6,20,22*	**(22,136,446)**	27,589,342	24,559,812
Interest income	*19*	**(14,050,801)**	(15,924,493)	(17,404,620)
Gain on sale of investment properties	*10*	**(128,065,333)**	-	-
Gain on change in fair value of investment properties	*10,20*	**(259,380,144)**	(526,868,292)	(610,925,892)
Dividend income	*5,20*	**-**	(1,953,910)	-
Loss on cancellation of sale of investment property	*10,23*	**-**	-	87,996,422
Loss on sublease	*23*	**-**	-	2,769,442
Loss on sale of property and equipment	*23*	**-**	-	38,793
Operating loss before working capital changes		**(136,159,984)**	(106,197,948)	(162,955,668)
Decrease (increase) in:				
Trade and other receivables		**47,982,799**	18,515,029	512,751,925
Prepayments and other current assets		**(48,950,129)**	2,783,533	(2,413,716)
Real estate inventories		**35,211,279**	69,979,015	78,532,024
Other non-current assets		**-**	-	(3,500,000)
Increase (decrease) in:				
Trade and other payables		**(57,931,774)**	(26,867,654)	(52,203,778)
Unearned income		**-**	-	(1,361,382)
Other non-current liabilities		**3,140,408**	(544,808)	1,502,544
Cash generated from (absorbed by) operations		**(156,707,401)**	(42,332,834)	370,351,949
Interest received	*19*	**14,050,801**	15,924,493	16,427,063
Dividends received	*20*	**-**	1,953,910	-
Retirement benefits paid	*16*	**(539,280)**	-	(1,424,639)
Contributions to retirement fund	*16*	**(7,000,000)**	-	(500,000)
Net cash from (used in) operating activities		**(150,195,880)**	(24,454,431)	384,854,373
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	*11*	**(40,698,040)**	(4,768,327)	(6,427,388)
Additions to investment properties	*10*	**(3,939,956)**	(30,030,586)	(6,571,762)
Proceeds from sale of investment properties		**62,036,427**	-	14,000,000
Proceeds from disposal of property and equipment		**776,528**	24,135	1,071,894
Net cash from (used in) investing activities		**18,174,959**	(34,774,778)	2,072,744

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW

	Note	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	*14*	**P2,018,581,702**	P1,013,706,633	P796,260,165
Collection of lease receivables		**23,672,896**	23,284,800	13,737,584
Lease liability payments		**(22,972,049)**	(22,941,000)	(15,981,379)
Finance cost paid		**(56,615,119)**	(63,809,071)	(68,942,689)
Payments of loans and note payable	*14*	**(1,710,985,337)**	(931,743,558)	(1,017,125,554)
Proceeds from collection of subscriptions receivable		**-**	22,500	74,037
Costs incurred in issuance of shares		**-**	-	(100,985,622)
Net cash from (used in) financing activities		**251,682,093**	18,520,304	(392,963,458)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**(402,230)**	1,952,441	1,434,240
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**119,258,942**	(38,756,464)	(4,602,101)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*3*	**163,886,734**	202,643,198	207,245,299
CASH AND CASH EQUIVALENTS AT END OF YEAR	*3*	**P283,145,676**	P163,886,734	P202,643,198

See Notes to the Consolidated Financial Statements.

1. Corporate Information

Philippine Realty and Holdings Corporation (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13, 1981. The principal activities of the Parent Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Parent Company was listed with the Philippine Stock Exchange (PSE) on September 7, 1987.

On June 22, 2021, the Company issued 4,177,777,778 new common shares at par value of P0.50 per share in favor of Greenhills Properties, Inc. (GPI), in exchange for the two vacant lots in Bonifacio Global City (BGC).

The Parent Company's registered office is at One Balete, 1 Balete Drive corner N. Domingo St. Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

The consolidated financial statements represent the consolidation of the financial statements of the Parent Company and the following domestic subsidiaries:

	Principal Activities		Ownership Interest 2023	2022
PRHC Property Managers, Inc. (PPMI)	Property Management	Direct	100%	100%
Tektite Insurance Brokers, Inc. (TIBI)	Insurance Brokerage	Direct	100%	100%
Sultan's Power, Inc. (SPI)	Holding Company	Direct	100%	100%
Universal Travel Corporation (UTC)	Travel and Tours Agency	Direct	81.53%	81.53%
Recon-X Energy Corporation	Waste Management	Indirect	51%	51%

2. Basis of Preparation

<u>Statement of Compliance</u>
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

<u>Approval of Financial Statements</u>
The accompanying consolidated financial statements as at and for the year ended December 31, 2023 were approved and authorized for issuance by the Board of Directors (BOD) on March 19, 2024.

Basis of Measurement
The consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

Financial assets at FVPL	Fair value
Financial assets at FVOCI	Fair value
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments
The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about material areas of estimation uncertainty and critical judgments in applying accounting policies that have the most material effect on the amounts recognized in the consolidated financial statements are described in Note 32.

3. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**P45,000**	P45,000
Cash in banks	**271,847,207**	135,763,217
Cash equivalents	**11,253,469**	28,078,517
	P283,145,676	P163,886,734

Cash in banks earned an average annual interest of 0.05% and 0.03% in 2023 and 2022. Cash equivalents represent money market placements or short-term investments with maturities up to three months and annual interests ranging from 2.25% to 5.00% and 3.00% to 4.40% in 2023 and 2022, respectively.

Interest income recognized amounted to P1.33 million, P0.49 million and P0.50 million in 2023, 2022 and 2021, respectively (see Note 19).

4. Financial Assets at Fair Value Through Profit or Loss (FVPL)

This account is composed of listed equity securities that are held for trading. The fair values of these securities totaling P6,750,000 are based on quoted market prices.

5. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

As at December 31, financial assets at FVOCI consist of investments in:

	2023	2022
At cost:		
Listed shares of stock	**P58,332,808**	P58,332,808
Golf and country club shares	**3,350,000**	3,350,000
	61,682,808	61,682,808
Accumulated unrealized holding loss	**(26,485,605)**	(25,606,702)
	P35,197,203	P36,076,106

The movements in this account are summarized as follows:

	Note	2023	2022
Balance at beginning of year		**P36,076,106**	P37,644,536
Fair value adjustments	*26*	**(878,903)**	(1,568,430)
Balance at end of year		**P35,197,203**	P36,076,106

The investments in shares of stock of various listed equity securities present the Parent Company with opportunity for return through dividend income. The above investments in equity instruments are not held for trading and the Group irrevocably elected to present subsequent changes in fair values in OCI.

The fair values of these investments are based on quoted market prices. Unrealized holding gains or losses from market value fluctuations are recognized as part of the Group's reserves.

Unrealized holding loss recognized in other comprehensive income from financial assets at FVOCI amounted to P0.88 million in 2023, P1.57 million in 2022 and P3.37 million in 2021 (see Note 26).

Dividend income recognized in profit or loss amounted to P1,953,910 in 2022 (see Note 20).

6. Trade and Other Receivables

This account is composed of:

	2023	2022
Trade:		
Sale of real estate	**P503,026,750**	P533,856,617
Lease	**20,797,969**	24,271,329
Management fees	**5,526,833**	4,970,368
Commission	**4,431,572**	5,165,878
Premiums receivable	**4,012,287**	3,957,483
Advances	**82,745,378**	51,760,569
Other receivables	**69,094,325**	69,174,370
	689,635,114	693,156,614
Less: allowance for impairment loss	**126,358,022**	150,677,407
	563,277,092	542,479,207
Less: non-current portion	**207,967,647**	365,017,469

Trade and other receivables- current portion	**P355,309,445**	P177,461,738

Trade receivables from sale of real estate include amounts due from buyers of the Parent Company's condominium projects, generally over a period of two (2) to three (3) years. The condominium certificates of title remain in the possession of the Parent Company until full payment has been made by the customers. Trade receivables for restructured accounts carry yield-to-maturity interest rates of 1.5% per month in 2023 and 2022. Interest income recognized amounted to P2,815,144, P4,305,819, and P4,127,556 in 2023, 2022 and 2021, respectively (see Note 19). Certain trade receivables with total carrying value of P216 million and P190 million as at December 31, 2023 and 2022, respectively, are pledged to a local bank as collateral to the Company's loans payable (see Note 14).

Receivables amounting to P126.35 million and P150.67 million as of December 31, 2023 and 2022, respectively, were fully provided with allowance. The movements in the allowance for impairment loss on receivables are as follows:

	2023						
	Sale of real estate	**Lease**	**Management fees**	**Premiums receivable**	**Advances**	**Other receivables**	**Total**
Beginning balance	**P83,512,900**	**P5,478,810**	**P 3,189,750**	**P5,082,902**	**P862,891**	**P52,550,154**	**P150,677,407**
Provisions	-	-	-	-	-	**2,863,554**	**2,863,554**
(Reversals)	-	-	-	**(2,182,939)**	-	**(25,000,000)**	**(27,182,939)**
	P83,512,900	**P5,478,810**	**P 3,189,750**	**P2,899,963**	**P862,891**	**P30,413,708**	**P126,358,022**

	2022						
	Sale of real estate	Lease	Management fees	Premiums receivable	Advances	Other receivables	Total
Beginning balance	P88,650,704	P7,507,749	P600,408	P5,082,902	P862,891	P16,820,965	P119,525,619
Provisions (Reversals)	(5,137,804)	(2,028,939)	2,589,342	-	-	35,729,189	31,151,788
	P83,512,900	P5,478,810	P3,189,750	P5,082,902	P862,891	P52,550,154	P150,677,407

7. Real Estate Inventories

This account consists of:

	2023	2022
In progress:		
BGC Project	**P284,007,543**	P252,154,357
Andrea North Estate	**115,191,934**	129,466,042
	399,199,477	381,620,399
Completed units:		
Andrea North SkyVillas Tower	**42,177,734**	96,696,424
Andrea North Skyline Tower	**24,927,304**	26,008,598
The Icon Plaza	**54,790,767**	29,267,782
Casa Miguel	**7,192,072**	7,192,072
	129,087,877	159,164,876
Land held for development:		
New Manila, Quezon City	**135,336,913**	135,336,913
BGC	**1,410,000,000**	1,410,000,000
	1,545,336,913	1,545,336,913
	P2,073,624,267	P2,086,122,188

BGC Project represents the cost of the master plan design, excavation works, survey and permits, and capitalized loan interest related to the construction of the new tower in BGC.

On June 22, 2021, the Parent Company received two BGC lots from GPI in exchange for the Parent Company's shares of stock. One of these lots was recognized as part of real estate inventory – land held for development as the land is being used for the Parent Company's BGC condominium project.

On February 15, 2022, the Parent Company's Board of Directors confirmed its November 16, 2021 approval of the reclassification of the Baguio property previously classified as real estate inventories – land held for development, and of a condominium unit in Icon Residences Tower 1 previously classified as real estate inventories to investment properties due to the change in their use and in management's view of improving the value of the property over time.

On March 21, 2023, the Parent Company's Board of Directors confirmed its December 20, 2022 approval of the reclassification of parking units in Icon Plaza amounting to P26,237,985 and P18,310,000 in 2023 and 2022, respectively (see Note 10) from investment properties to real estate inventories as these properties are committed to be sold to several buyers.

In June 30, 2023, the Parent Company repossessed a condo unit and recognized a loss on repossession amounting to P3,524,627 (see Note 23). It was then sold within the same month for P12,293,134.

Certain real estate inventories are mortgaged as collaterals to loans (see Note 14).

The cost of real estate inventories sold recognized in the consolidated statements of total comprehensive income amounted to P90,154,100, P106,296,787 and, P113,172,007 in 2023, 2022 and 2021, respectively.

8. Prepayments and Other Current Assets

This account consists of:

	2023	2022
Creditable withholding tax	**P320,913,002**	P308,916,089
Prepaid expenses	**67,986,287**	23,739,449
Prepaid taxes	**52,218,439**	38,632,394
Deposits	**4,984,691**	4,984,691
Others	**17,056,932**	37,157,533
	P463,159,351	P413,430,156

Creditable withholding tax pertains to taxes withheld by the Group's customers in accordance with tax regulations which remained unutilized as at the end of the reporting period. This can be utilized by the Group as a deduction from future income tax obligations.

Prepaid taxes include unutilized creditable withholding taxes which the Company opted for refund with the Bureau of Internal Revenue and tax certificates.

Prepaid expenses consist of advance payment to contractors, rent, real property tax, insurance premium and membership dues.

Deposits pertain to refundable deposits paid to utility companies. These also include security deposits paid in relation to an office lease agreement.

9. Investments in and Advances to Associates

Details of the ownership interests in associates as at December 31 are as follows:

	2023	2022
Meridian Assurance Corporation (MAC)	**30%**	30%
Le Cheval Holdings, Inc. (LCHI)	**45%**	45%
Alexandra (USA), Inc. (AUI)	**45%**	45%

Details of investments in and advances to associates are as follows:

	2023	2022
Meridian Assurance Corporation		
Investment - acquisition cost	**P88,875,080**	P88,875,080
Release of investment	**(7,045,222)**	(7,045,222)
Investment - acquisition cost	**81,829,858**	81,829,858
Accumulated equity in net loss:		
Balance at beginning of year	**(23,718,877)**	(22,287,577)
Equity in net loss for the year	**(1,799,380)**	(1,431,300)
Balance at end of year	**(25,518,257)**	(23,718,877)
	P56,311,601	P58,110,981
Le Cheval Holdings, Inc.		
Investment - acquisition cost	**P11,250**	P11,250
Allowance for impairment loss	**(11,250)**	(11,250)
	P -	P -
Accumulated equity in net income:		
Balance at beginning of year	P125,149	P125,149
Equity in net loss for the year	-	-
Balance at end of year	125,149	125,149
	P125,149	P125,149
Alexandra (USA), Inc.		
Investment - acquisition cost	P14,184,150	P14,184,150
Allowance for impairment loss	(14,184,150)	(14,184,150)
	-	-
Advances to AUI	132,417,765	132,417,765
Allowance for unrecoverable advances	(132,417,765)	(132,417,765)
	-	-
	P56,436,750	P58,236,131

Allowance for impairment loss pertains to the company's investments in associates that have ceased operations or in process of liquidation.

Aggregated amounts relating to associates are as follows:

	2023	2022
Meridian Assurance Corporation (MAC)		
Total assets	P351,413,031	P370,799,653
Total liabilities	(26,887,253)	(32,697,486)
Net assets	324,525,778	338,102,167
Income	2,811,091	9,900,997
Cost and expenses	(15,818,365)	(14,577,798)
Net loss	P13,007,274	(P4,676,801)
Le Cheval Holdings, Inc. (LCHI)		
Total assets	P45,362	P45,362
Total liabilities	142,248	142,248
Net liabilities	(96,886)	(96,886)
Income	-	-
Cost and expenses	-	-
Net loss	P -	P -

The following are the principal activities of the Group's Associates:

Meridian Assurance Corporation
MAC was incorporated and registered with the SEC on March 16, 1960, renewed on November 13, 2007, primarily to engage in the business of insurance and guarantee of any kind and in all branches except life insurance, for consideration, to indemnify any person, firm or corporation against loss, damage or liability arising from any unknown or contingent event, and to guarantee liabilities and obligations of any person, firm or corporation and to do all such acts and exercise all such powers as may be reasonably necessary to accomplish the above purposes which may be incidental.

On July 7, 2021, MAC received a letter from the insurance commission confirming MAC's withdrawal from the insurance business. It is also stated in the letter that MAC is no longer required to submit annual financial statements and other documentary requirements to the commission starting financial year-end 2021. As at December 31, 2022, MAC is in the process of preparing the necessary documents for the amendment of its Articles of Incorporation and By-laws for filing with the SEC and IC. Thereafter, the Company plans to engage in the business of asset management. In 2023, the Company's application for amendment of its Articles of Incorporation and By-laws is still in process with SEC.

The registered office of MAC is Unit E-2003B East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

Le Cheval Holdings, Inc.
LCHI, which was incorporated and registered with the SEC on August 30, 1994 as a holding company is inactive.

Alexandra (USA), Inc.
AUI was incorporated in the United States of America (USA). AUI is involved in property development in Florida, USA. AUI is jointly owned with GPI (45%) and Warrenton Enterprises Corporation (10%) of William Cu-Unjieng. AUI is in the process of liquidation.

10. Investment Properties

Investment properties consist of:

	Note	2023	2022
Cost			
Balance, beginning		**P2,089,668,160**	P2,096,426,618
Additions		**3,939,956**	30,030,586
Reclassified to real estate inventories	*7*	**(26,237,985)**	(18,310,000)
Reclassified to investment in finance lease		**-**	(18,479,044)
Balance, ending		**2,067,370,131**	2,089,668,160
Accumulated unrealized holding gain		**3,096,177,257**	2,836,797,113
		P5,163,547,388	P4,926,465,273

Details of the cost of investment properties are as follows:

	2023	2022
BGC	**P846,000,000**	P846,000,000
Tektite East Tower	**537,280,346**	536,346,957
Baguio	**402,443,016**	399,436,449
Tektite West Tower	**183,603,423**	183,603,423
The Icon Plaza	**53,665,168**	79,903,153
San Fernando City, La Union	**33,859,578**	33,859,578
Icon Residences Tower 1	**10,518,600**	10,518,600
	P2,067,370,131	P2,089,668,160

BGC
On June 22, 2021, the Parent Company received two BGC lots from GPI in exchange for the Parent Company's shares of stock. One of these lots was recognized as part of investment properties as the land has undetermined use as of the reporting date and will be held for capital appreciation.

Tektite Towers East Tower and West Tower
In 2020, the Company acquired condominium units and parking spaces at the East Tower and West Tower of Tektite Towers.

Baguio
This property is being leased to PPMI under a lease agreement which is renewed annually.

The Icon Plaza
On March 21, 2023, the Parent Company's Board of Directors confirmed its December 20, 2022 approval of the reclassification of several parking units in Icon Plaza from investment properties to real estate inventories as these properties have been sold/are committed to be sold to several buyers.

San Fernando, La Union
On November 29, 2021, the Parent Company cancelled its Contract to Sell agreement dated December 18, 2014 with Humboltbay Holdings, Inc for the San Fernando, La Union lot originally classified as investment property prior to sale. The Parent Company incurred a loss on sale cancellation of investment property amounting to P87,996,422 million (see Note 23).

San Juan, La Union
In December 2023, the Parent Company cancelled its Contract to Sell agreement dated December 18, 2014 with Humboltbay Holdings, Inc for the San Juan, La Union lot originally classified as

investment property prior to sale. After the sales cancellation, the parcel of land was sold to a third party. The sale was completed in December 2023 and the Company recognized a gain on sale amounting to P128 million (see Note 20).

Details of the accumulated unrealized fair value gain are as follows:

	2023	2022
Accumulated unrealized holding gain		
Tektite East Tower	**P1,167,654,757**	P1,047,126,177
BGC	**738,000,000**	738,000,000
Tektite West Tower	**622,030,122**	566,540,552
San Fernando, La Union	**311,947,822**	295,480,822
Baguio	**151,492,984**	106,542,795
The Icon Plaza	**94,290,172**	72,345,367
Icon Residences Tower 1	**10,761,400**	10,761,400
	P3,096,177,257	P2,836,797,113

The movements in accumulated unrealized fair value gain in 2023 and 2022 are as follows:

	Note	2023	2022
Beginning balance		**P2,836,797,113**	P2,309,928,821
Increase	*20*	**259,380,144**	526,868,292
Total		**P3,096,177,257**	P2,836,797,113

Details of the carrying amount of investment properties are as follows:

	2023	2022
Carrying amount of investment properties		
BGC	**P1,971,808,058**	P1,852,368,018
Tektite East Tower	**1,317,126,505**	1,315,105,116
Baguio	**1,024,473,138**	965,977,001
Tektite West Tower	**495,551,245**	479,084,245
The Icon Plaza	**205,158,152**	186,445,948
San Fernando, La Union	**128,150,290**	106,204,945
Icon Residences Tower 1	**21,280,000**	21,280,000
	P5,163,547,388	P4,926,465,273

An independent valuation of the Company's investment properties was performed by qualified appraisers as of December 27, 2023 and February 18, 2024 to determine their fair values. The external independent appraiser used sales comparison approach in arriving at the value of the properties. In this approach, the values of the properties were determined based on sales and listings of comparable properties. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor level of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

Rental income recognized from the investment properties in 2023, 2022 and in 2021 amounted to P65,466,246, P56,674,800 and P55,302,865, respectively. Real property taxes attributable to the investment properties in 2023, 2022 and 2021 amounted to P6,970,788, P7,870,171 and P8,327,454, respectively and are included as part of taxes and licenses in cost of services. Condominium dues attributable to the investment properties in 2023, 2022 and 2021 amounted to P10,254,996, P8,395,079 and P9,823,728, respectively and are included also in cost of services.

Certain investment properties are mortgaged as collateral to loans (see Note 14).

11. Property and Equipment

The details of the carrying amounts of property and equipment, the gross carrying amounts, and accumulated depreciation and amortization of property and equipment are shown below:

	For the Years Ended December 31, 2023 and 2022				
	Condominium Units, Building and Building Improvements	Office Furniture, Fixtures and Equipment	Transportation, Machinery and Other Equipment	Leasehold and Office Improvements	Total
Cost					
January 1, 2022	P101,927,199	P28,783,860	P63,686,024	P1,221,181	P195,618,264
Additions	-	2,093,451	-	-	2,093,451
Adjustments	2,650,014	-	-	-	2,650,014
Disposals	-	(244,955)	-	-	(244,955)
December 31, 2022	104,577,213	30,632,356	63,686,024	1,221,181	200,116,774
Additions	-	2,551,328	38,146,712	-	40,698,040
Disposals	-	(58,482)	(11,404,302)	-	(11,462,784)
December 31, 2023	**104,577,213**	**33,125,202**	**90,428,434**	**1,221,181**	**229,352,030**
Accumulated depreciation					
January 1, 2022	38,304,759	28,687,741	54,453,890	1,128,406	122,574,796
Provision	11,269,593	1,429,613	4,702,709	92,775	17,494,690
Disposals	-	(249,817)	-	-	(249,817)
Adjustments	-	(24,861)	-	-	(24,861)
December 31, 2022	49,574,352	29,842,676	59,156,599	1,221,181	139,794,808
Provision	3,138,362	1,468,008	4,156,074	-	8,762,444
Disposals	-	(38,988)	(10,647,268)	-	(10,686,256)
December 31, 2023	**52,712,714**	**31,271,696**	**52,665,405**	**1,221,181**	**137,870,996**
Carrying Amount					
At December 31, 2022	P55,002,861	P789,680	P4,529,425	P -	P60,321,966
At December 31, 2023	**P51,864,499**	**P1,853,506**	**P37,763,029**	**P -**	**P91,481,034**

Certain transportation equipment of the Group with total carrying value of P35.93 million and P2.27 million as at December 31, 2023 and 2022, respectively are pledged as security under chattel mortgage (see Note 14).

12. Leases

A. Rights-of-use assets

The Parent Company leases two parcels of land located at 5th Avenue corner 24th Street and 5th avenue corner 25th Street, Bonifacio Global City, Taguig City. These contracts have a term of fifteen (15) years, renewable for another ten (10) years upon submission of a written notice to renew at least ninety days prior to the expiration of the original term, with terms and conditions mutually agreed by both parties.

The Parent Company also leases Unit 10A in Icon Plaza located 26th Street, Bonifacio Global City, Taguig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.

The carrying amount of right-of-use assets as at December 31, 2023 and 2022 is shown below.

	2023	2022
Right-of-use assets	**P133,840,828**	P132,987,647
Accumulated depreciation	**(46,220,916)**	(35,573,046)
	P87,619,912	P97,414,601

Amounts recognized in profit or loss:

	Notes	2023	2022
Depreciation expense	*21,22*	**P10,647,871**	P10,496,270
Interest expense		**8,131,867**	8,824,235

B. Investment in finance lease

The Parent Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed above. This agreement was assessed by the management to be of a finance lease and is renewable at the end of the lease term of initially fifteen (15) years upon mutual consent of the parties.

Amounts receivable under finance lease	2023	2022
Year 1	**P24,449,088**	P23,672,896
Year 2	**24,856,576**	24,449,088
Year 3	**25,671,552**	24,856,576
Year 4	**26,099,392**	25,671,552
Year 5	**26,955,072**	26,099,392
Onwards	**104,293,824**	131,248,896
Undiscounted lease payments	**232,325,504**	255,998,400
Present value of minimum lease payments receivable	**P187,577,530**	P201,677,275
Less: current portion	**15,606,638**	14,099,824
Investment in finance lease – net of current portion	**P171,970,892**	P187,577,451

Interest income recognized in profit or loss amounted to P9,573,151, P10,229,536, and P11,816,719 in 2023, 2022 and 2021, respectively (see Note 19).

C. Lease liabilities

A maturity analysis of lease liabilities under both lessee and lessor based on the total cash flows is reported in the table below:

	2023		2022	
	Undiscounted	Discounted	Undiscounted	Discounted
Right-of-use assets				
Less than 1 year	P11,812,050	P8,098,430	P11,812,050	P7,726,363
More than 1 year	86,244,653	71,884,151	98,056,703	79,982,581
	98,056,703	79,982,581	109,868,753	87,708,944
Finance lease				
Less than 1 year	11,160,000	7,471,735	11,160,000	7,115,095
More than 1 year	85,560,000	71,208,663	96,720,000	78,680,398
	96,720,000	78,680,398	107,880,000	85,795,493
	P194,776,703	P158,662,979	P217,748,753	P173,504,437

D. Short-term operating leases as lessor

The Group entered into short-term lease agreements including condominium units, office spaces, food plaza spaces and parking spaces. The lease contracts between the Group and its lessees have a term of one (1) to which are renewable annually.

Total rental income earned in 2023, 2022 and 2021 amounted to P65,466,246, P56,674,800 and P55,302,865, respectively.

Deferred rental income amounting to P43,608,343 and P40,425,411 as of December 31, 2023 and 2022, respectively, pertains to advance rent received from lessees to be applied on the last three (3) months of the lease contract.

Refundable deposits on these lease agreements amounted to P19,306,580 and P17,242,595 in 2023 and 2022, respectively, and are included as part of trade and other payables (see Note 13).

13. Trade and Other Payables

This account consists of:

	Note	2023	2022
Non-trade payables		P54,628,754	P56,865,807
Accrued expenses		26,033,544	60,875,331
Refundable deposits	*12*	19,306,580	17,242,595
Customers' deposits		16,593,017	22,485,042
Retention fee payable		14,629,535	21,682,353
Due to government agencies		5,782,849	8,360,308
Trade payables		2,050,231	7,640,712
Others		272,163	53,249
		139,296,673	195,205,397
Less: non-current portion		76,059,054	84,851,214
		P63,237,619	P110,354,183

Non-trade payables consist of transfer fees and retention commission payable.

Accrued expenses consist of accrual for costs of outside services, insurance, supplies, tax and other legal expenses.

Customers' deposits consist of down payments representing less than 25% of the contract price of the condominium units sold which are deductible from the total contract price.

Retention fee payable pertains to retention fees withheld from the contractors of ongoing projects.

Due to government agencies consist mainly of payable to the Bureau of Internal Revenue, SSS, HDMF and PhilHealth.

14. Loans and Note Payable

The movements in the loans and notes payable are summarized as follows:

	2023	2022
Balance at beginning of year	P894,423,364	P812,460,289
Availments of loan	2,018,581,702	1,013,706,633
Payments of principal	(1,710,985,337)	(931,743,558)
Balance at end of year	P1,202,019,729	P894,423,364

The loans and notes payable are composed of the following:

	2023	2022
Payable within one year:		
Parent Company		
Philippine National Bank	P350,000,000	P250,000,000
Philippine Bank of Communications	472,985,126	413,706,633
Union Bank of the Philippines	5,927,594	1,583,107
RCBC Savings Bank	596,175	536,450
Subsidiary		
RCBC Savings Bank	159,255	896,804
	P829,668,150	P666,722,994

	2023	2022
Payable after one year:		
Parent Company		
Philippine Bank of Communications	P344,794,867	P226,260,165
Union Bank of the Philippines	26,152,493	706,599
RCBC Savings Bank	1,404,219	574,351
Subsidiary		
RCBC Savings Bank	-	159,255
	372,351,579	227,700,370
	P1,202,019,729	P894,423,364

Philippine National Bank (PNB)
The Parent Company availed new interest-bearing loans with total principal amount of P1.4 billion and P650 million in 2023 and 2022, respectively, payable within three (3) months subject to extension upon lapse of the maturity date. These loans are secured by certain real estate inventories with the carrying amount of P135.4 million (see Note 7).

Philippine Bank of Communications (PBCom)
In 2017, the Parent Company entered into a long-term credit facility agreement with PBCom, consisting of a P500 million interest-bearing Term Loan. Drawdowns under this credit facility are payable within five (5) years from the date of drawdown payable quarterly in arrears. As at December 31, 2022 the said Term Loan was fully paid. Accordingly, the collaterals securing the Term Loan had been released.

In 2019, the Parent Company entered into a long-term credit facility agreement with PBCom. PBCom approved an interest-bearing Term Loan under which the Parent Company drew down P500 million in 2019. These loans are payable within six (6) years from the date of drawdown payable quarterly in arrears and secured by certain investment properties mortgaged in favor of PBCom with the total carrying amount of P398.2 million and P390.4 million as of December 31, 2023 and 2022, respectively.

In 2020, PBCom approved an interest-bearing Loan Line amounting to P300 million available for drawings in the form of 180-day promissory notes (PNs) payable at maturity of the PNs. The principal payment is on the maturity date of the PNs.

In 2021, PBCOM approved an interest-bearing Contract to Sell Financing line amounting to P300 million available for drawings. The Parent Company drew down P141.83 million and P114 million in 2023 and 2022, respectively, payable at maturity of the deed of undertaking and are secured by certain receivables assigned in favor of PBCom amounting to P216 million and P190 million as at December 31, 2023 and 2022, respectively (see Note 6).

In 2023, PBCom approved an interest-bearing Term Loan amounting to P3.8 billion with initial draw of P150 million payable within five (5) years payable annually. This loan was availed specifically to fund the Casa Unico Project.

In 2023, PBCom approved an interest-bearing Loan Line amounting to P300 million available for drawings in the form of 180-day promissory notes (PNs) payable at maturity of the PNs. This was secured by a lot with carrying amount of P345.8 million as of December 31, 2023 (see Note 10).

Union Bank of the Philippines (UBP)
In 2023, the Parent Company availed interest-bearing car loans from Union Bank payable in installment within sixty (60) months. These loans are secured by the vehicle acquired under this facility (see Note 11).

RCBC Savings Bank (RCBC)
In July 2017, the Parent Company availed an interest-bearing car loan from RCBC Savings Bank payable in installment within sixty (60) months. These loans are secured by the vehicle acquired under this facility (see Note 11). This was fully paid as of December 31, 2022.

In 2023, the Parent Company availed interest-bearing car loans from RCBC Savings Bank payable in installment within sixty (60) months. These loans are secured the vehicles acquired under this facility (see Note 11).

Total interest on the above loan agreements charged to profit or loss amounted to P61,951,600, P54,819,311 and P60,124,456 in 2023, 2022 and 2021, respectively. Interest on loans payable capitalized as part of the cost of real estate development amounted to P15,383,994 in 2023. The capitalization rate used was 7.43%.

RCBC Savings Bank (RCBC)
In 2019, PPMI availed of a five-year interest-bearing note payable amounting to P3,744,000 from a local bank to finance the purchase of transportation equipment. The loan was obtained in February 2019 and will mature in February 2024. The loan was fully paid on February 15, 2024.

Interest expense charged to profit or loss amounted to P74,007 and P165,525 in 2023 and 2022, respectively.

15. Related Party Transactions

The details of related party transactions and balances are as follows:

As at and for the year ended December 31, 2023:	Transactions	Outstanding balance	Terms and conditions
Trade receivables			The receivables are secured with related units until full payment.
Stockholder			
Greenhills Properties, Inc.			
Sale of parking space	P -		
Collections during the year	-	P51,892,140	
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash.
Alexandra (USA), Inc., Associate	-	132,417,765	
Le Cheval Holdings, Inc., Associate	-	122,248	
Less: Allowance for impairment loss	-	132,540,013	
Balance, net	-	-	
Key management personnel			Key management Includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and post-employment benefits are payable upon retirement
Short-term benefits	-	-	
Salaries and other short-term employee benefits	38,481,536	-	
Post-employment benefits	-	-	
Provision for retirement benefits/PVO	7,466,814	-	

As at and for the year ended December 31, 2022:	Transactions	Outstanding balance	Terms and conditions
Trade receivables			The receivables are secured with related units until full payment.
Ultimate Parent Company			
Greenhills Properties, Inc.			
Sale of parking space	P -		
Collections during the year	-	P51,892,140	

Forward

As at and for the year ended December 31, 2022:	Transactions	Outstanding balance	Terms and conditions
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash.
Alexandra (USA), Inc., Associate	-	132,417,765	
Le Cheval Holdings, Inc., Associate	-	122,248	
Less: Allowance for impairment loss	-	132,540,013	
Balance, net	-	-	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and post-employment benefits are payable upon retirement
Short-term benefits	-	-	
Salaries and other short-term employee benefits	43,439,819	-	
Post-employment benefits	-	-	
Provision for retirement benefits/PVO	7,869,438	-	

Management Services
PPMI provides general management services and financial management and supervision over the janitorial and security services for the efficient administration of the properties of GPI, a stockholder, and third parties, collectively referred herein as property owners. In consideration for said services, PPMI charges the property owners a fixed monthly amount, with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both PPMI and the property owners.

Receivable
PPMI leases its office premises from its Parent Company a period of one (1) year, renewable upon mutual consent of both parties. Rent expense charged to profit or loss amounted to P304,632 in 2023 and 2022 (see Note 21).

Advances to related parties
The Parent Company's substantial receivables from AUI, an associate, which is intended to fund the latter's working capital requirement, represents non-interest-bearing advances with no fixed term with the option to convert to equity in case of increase in capital. Advances contributed by AUI's stockholders were in accordance with the percentage of ownership of the stockholders in AUI. As previously mentioned, AUI is in the process of liquidation (See Note 9).

16. Retirement Benefit Plans

The Parent Company and Tektite Insurance Brokers, Inc. (TIBI) operate funded, non-contributory defined benefit retirement plans covering substantially all of their regular employees. The plans are administered by local banks as trustee and provide for a lump-sum benefit payment upon retirement. The benefits are based on the employees' monthly salary at retirement date multiplied by years of credited service. No other post-retirement benefits are provided.

PPMI has an unfunded, noncontributory defined benefit retirement plan.

Through their defined benefit retirement plans, the Group is exposed to a number of risks, the most material of which are detailed below:

- *Asset volatility* - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

- *Inflation risk* - Some of the Group retirement obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary on February 23, 2024, February 28, 2024 and March 1, 2024 for the year ended December 31, 2023 and February 28, 2023 for the year ended December 31, 2022. The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method.

Key assumptions used for the Parent Company:

	Valuation at	
	2023	2022
Discount rate	**6.10%**	7.22%
Future salary increase	**4.00%**	4.00%

Key assumptions used for PPMI:

	Valuation at	
	2023	2022
Discount rate	**6.10%**	7.22%
Future salary increase	**6.00%**	6.00%

Key assumptions used for TIBI:

	Valuation at	
	2023	2022
Discount rate	**5.87%**	5.21%
Future salary increase	**5.00%**	5.00%

Assumptions regarding future mortality and disability are set based on actuarial advice in accordance with published statistics and experience.

The reconciliation of the present value of the defined benefit obligation (DBO) and the fair value of the plan assets to the recognized liability presented as accrued retirement liability in the consolidated statements of financial position is as follows:

	2023	2022
Present value of defined benefit obligation	**P121,003,805**	P94,301,784
Fair value of plan assets	**(35,368,121)**	(27,348,299)
Recognized liability	**P85,635,684**	P66,953,485

The movements in the present value of defined benefit obligation are shown below:

	2023	2022
Liability at beginning of year	P94,301,784	P99,028,667
Current service cost	10,309,836	12,174,121
Interest cost	6,602,564	4,642,214
Remeasurement gains		
Changes in financial assumptions	11,266,396	(20,097,390)
Changes based on experience	(937,495)	(1,357,585)
Benefits paid from company reserves	(539,280)	(88,243)
Liability at end of year	P121,003,805	P94,301,784

The movements in the plan assets are shown below:

	2023	2022
Fair value of plan assets at beginning of year	P27,348,299	P28,098,491
Interest income	2,098,892	1,185,166
Actual contribution	7,000,000	-
Remeasurement loss	(1,079,070)	(1,935,358)
Fair value of plan assets at end of year	P35,368,121	P27,348,299

The main categories of plan assets as at December 31, 2023 and 2022 are as follows:

	2023	2022
Cash and cash equivalents	P28,873,687	P21,860,161
Equity instruments	6,480,332	5,453,747
Accrued interest	63,821	58,134
Liabilities	(49,719)	(23,743)
	P35,368,121	P27,348,299

The retirement expense recognized in profit or loss consists of:

	2023	2022	2021
Current service cost	P10,309,836	P12,174,121	P12,438,972
Net interest on defined benefit liability	4,503,672	3,457,048	2,934,913
	P14,813,508	P15,631,169	P15,373,885

The provision for retirement benefits is recognized under general and administrative expenses in the consolidated statements of total comprehensive income (see Note 22).

The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	1.00%	(P10,554,291)
	(1.00%)	12,520,867
Future salary increase	1.00%	12,621,614
	(1.00%)	(10,815,275)

The above sensitivity analyses are based on changes in principal assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to material actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized in the consolidated statements of financial position.

The BOD reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

As of December 31, 2023, the weighted average duration of defined benefit obligation are 9.90, 12.50 and 2.50 years for Parent Company, PPMI and TIBI, respectively (2022: 8.10, 11.50 and 2.80 years, respectively).

17. Management Fees and Other Services Fees

The Group provides general management services and financial management and supervision over the janitorial and security services through PPMI. In consideration for the said services, PPMI charges the property owners a fixed monthly amount with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both PPMI and the property owners. PPMI is entitled to fixed reimbursement of actual cost of the on-site staff. The total income from management fees and other services fees amounted to P41.20 million, P34.66 million and P36.78 million in 2023, 2022 and 2021, respectively.

18. Commission

The Group derives commission income from insurance brokerage through TIBI which amounted to P5.22 million, P5.57 million and P4.51 million in 2023, 2022 and 2021, respectively.

19. Interest Income

The Group's interest income was derived from the following:

	Note	2023	2022	2021
Sublease	*12*	**P9,573,151**	P10,229,536	P11,816,719
Penalty for late payments	*6*	**2,815,144**	4,305,819	4,127,556
Cash and cash equivalents	*3*	**1,327,085**	494,516	495,270
Trade receivables		**319,564**	431,600	619,736
Others		**15,857**	463,022	345,339
		P14,050,801	P15,924,493	P17,404,620

20. Other Income

The account consists of:

	Notes	2023	2022	2021
Gain on change in fair value of investment properties	*10*	**P259,380,144**	P526,868,292	P610,925,892
Gain on sale of investment properties	*10*	**128,065,333**	-	-
Reversal of allowance for impairment losses on receivables	*6*	**25,000,000**	-	-
Gain on money market investments		**61,811**	-	-
Dividend income	*5*	-	1,953,910	-
Foreign exchange gain		-	1,952,441	1,434,240
Gain on repossession of real estate inventories		-	1,498,643	14,287,462
Gain on money market investments		-	-	34,652
Others		**14,039,669**	8,236,429	10,484,867
		P426,546,957	P540,509,715	P637,167,113

21. Cost of Services

The account consists of:

	Note	2023	2022	2021
Salaries, wages, and other benefits		**P22,332,559**	P18,387,056	P20,657,116
Condominium dues	*10*	**10,254,996**	8,395,079	9,823,728
Depreciation and amortization on ROU assets	*12*	**9,937,930**	8,763,860	8,466,620
Outside services		**8,238,708**	6,774,278	4,063,409
Taxes and licenses		**7,082,369**	7,949,813	8,595,591
Utilities		**6,405,401**	4,804,628	4,167,232
Commission		**3,054,398**	1,630,729	627,766
Insurance and bond premiums		**2,155,302**	2,052,286	2,131,294
SSS, Pag-IBIG and other contributions		**2,031,418**	1,459,167	1,558,212
Repairs and maintenance		**1,423,249**	649,308	1,492,363
Communication		**492,331**	532,221	618,175
Rental	*12*	**304,632**	304,632	561,943
Employees' welfare		**53,753**	64,823	101,192
Others		**1,142,155**	783,218	5,898,819
		P74,909,201	P62,551,098	P68,763,460

Others include various expenses that are individually immaterial.

22. General and Administrative Expenses

The account consists of:

	Note	2023	2022	2021
Salaries, wages, and other benefits		P65,670,871	P71,586,651	P69,048,790
Taxes and licenses		92,729,926	64,020,284	44,916,582
Professional fees		28,917,983	21,799,851	21,423,175
Marketing expense		26,435,882	33,285,461	40,531,274
Transportation and travel		16,694,189	34,324,100	15,408,094
Provision for retirement benefits	*16*	14,813,508	15,631,169	15,373,885
Depreciation and amortization				
Property and equipment	*11*	8,762,444	17,494,691	12,981,031
ROU assets	*12*	709,941	1,732,410	1,155,868
SSS, Pag-IBIG, Medicare and other benefits		8,127,483	5,528,706	5,761,900
Insurance and bond premiums		8,012,471	7,295,002	12,445,616
Outside services		8,004,499	6,726,186	5,809,893
Condominium dues		4,408,640	5,351,072	8,069,082
Repairs and maintenance		4,320,622	5,461,617	5,919,526
Provision for impairment loss on trade and other receivables	*6*	2,863,554	27,589,342	24,559,812
Utilities		2,569,246	1,838,399	1,879,823
Postage and communication		2,459,827	2,455,107	2,377,689
Representation and entertainment		870,586	916,823	770,962
Supplies and materials		323,620	168,221	3,120,464
Rental		40,909	516,225	86,844
Membership dues		-	697,754	-
Miscellaneous		10,924,061	14,045,958	13,269,083
		P307,660,262	P338,465,029	P304,443,005

23. Other Expenses

The account consists of:

	Note	2023	2022	2021
Loss on repossession of real estate properties	*7*	P3,524,627	P -	P -
Bank charges		971,640	144,637	48,161
Foreign exchange loss		402,230	-	-
Loss on money market investment		-	85,414	-
Loss on sale of property and equipment		-	-	38,793
Loss on cancellation of sale of investment property	*10*	-	-	87,996,422
Loss on sublease	*12*	-	-	2,769,442
		P4,898,497	P230,051	P90,852,818

24. Income Taxes

The components of income tax expense are as follows:

	2023	2022	2021
Current	P4,874,336	P1,755,527	P120,471
Deferred	59,621,911	123,403,970	59,517,853
	P64,496,247	P125,159,497	P59,638,324

The reconciliation of the provision for income tax expense computed at the statutory rate to the provision shown in the consolidated statements of total comprehensive income is as follows:

	2023	2022	2021
Income before income tax	P177,365,206	P305,547,988	P252,377,845
Income tax expense using statutory tax rate	P44,341,301	P76,336,592	P63,646,131
Additions to (reductions in) income tax resulting from the tax effects of:			
Non-deductible expenses	17,534,397	18,144,504	14,305,124
Movement on unrecognized deferred tax assets	1,959,011	31,723,767	64,500,197
Unrecognized net operating loss carry-over (NOLCO)	1,120,162	1,120,162	848,363
Limit on interest expense	78,884	30,250	29,423
Expired MCIT	-	135,344	-
Retirement obligation	-	46,860	51,560
Dividend income	-	(488,478)	-
Book and tax difference in income tax expense due to CREATE	-	-	(816,990)
Changes in deferred tax assets and liabilities due to reduction in income tax rates under CREATE	-	-	(82,652,386)
Gain on changes in fair value of investment property of a subsidiary	(217,600)	(1,766,400)	(150,400)
Interest income subjected to final tax	(319,908)	(123,104)	(122,698)
	P64,496,247	P125,159,497	P59,638,324

The components of the deferred income tax assets (liabilities) recognized by the Group are as follows:

	2023		2022	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Deferred Tax Assets:				
Retirement benefit obligation	P81,503,968	P19,689,834	P78,526,024	P18,229,507
Deferred rent income	43,608,343	10,897,159	40,437,410	10,108,753
Book and tax basis difference under PFRS 16	10,550,723	2,628,999	8,134,602	2,033,650
Impairment loss on receivables	3,189,750	637,950	3,189,750	637,950
Unrealized foreign exchange loss	52,732	13,183	-	-
MCIT	-	-	75,183	75,183
	138,905,516	33,867,125	130,362,969	31,085,043

	2023		2022	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Deferred Tax Liabilities:				
Gain on change in fair value of investment properties	**(3,054,331,098)**	**(763,582,774)**	(2,796,038,953)	(699,009,737)
Gain on sublease	**(83,858,576)**	**(20,964,644)**	(91,405,050)	(22,851,262)
Retirement obligation charged to OCI	**-**	**-**	(15,436,655)	(3,087,331)
Unrealized gain on repossession of real estate inventories	**(9,244,982)**	**(2,311,246)**	(9,244,982)	(2,311,246)
Accrued rent receivable	**(1,765,295)**	**(441,324)**	(1,765,295)	(441,324)
Unrealized foreign exchange gain	**-**	**-**	(349,498)	(87,374)
	(3,149,199,951)	**(787,299,988)**	(2,914,240,433)	(727,788,274)
	(P3,010,294,435)	**(P753,432,863)**	(P2,783,877,463)	(P696,703,231)

The recognized deferred tax assets were from the Parent Company and PPMI.

The Group's unrecognized deferred tax assets pertain to the following:

	2023		2022	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
NOLCO	**P496,152,562**	**P89,138,108**	P463,814,777	P116,046,159
Allowance for impairment loss on receivables	**361,308,516**	**124,796,819**	385,622,756	95,974,451
Allowance for impairment loss on investments in subsidiaries and associates	**55,618,196**	**12,119,549**	55,618,196	12,119,549
MCIT	**6,711,389**	**6,711,389**	5,287,421	5,287,421
Accrued retirement benefit expense	**4,131,716**	**826,343**	3,864,116	772,823
	P923,922,379	**P233,592,208**	P914,207,266	P230,200,403

Detail of the Group's NOLCO which can be claimed as deduction from future taxable income is as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2023	2026	P31,915,467	P -	P -	P31,915,467
2022	2025	95,688,923	-	-	95,688,923
2021	2026	255,733,127	-	-	255,733,127
2020	2025	112,815,045	-	-	112,815,045
		P496,152,562	P -	P -	P496,152,562

In accordance to Section 4 of Revenue Regulations No. 25-2020 issued on September 30, 2020, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Group's MCIT which can be claimed as deduction from future taxable income is as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2023	2026	P4,217,650	P -	P -	P4,217,650
2022	2025	1,701,073	(75,183)	-	1,625,890
2021	2024	867,849	-	-	867,849
2020	2023	2,108,581	-	(2,108,581)	-
		P 8,895,153	(P75,183)	(2,108,581)	P6,711,389

Impact of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)
On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.

The following are certain provisions of the law that had an impact on the Group's financial statements.

- Reduced RCIT rate effective July 1, 2020 of 20% or 25%
- Reduced MCIT rate of 1% effective July 1, 2020 until June 30, 2023.

As mentioned above, the reduction in income tax under CREATE took effect on July 1, 2020. However, Philippine Interpretations Committee issued Questions and Answers No. 2020-07, in which it stated that the CREATE Law is considered to be not substantively enacted as of December 31, 2020; accordingly, the current and deferred taxes for financial reporting purposes as of December 31, 2020 are measured using the regular income tax rate in effect as of December 31, 2020, which is 30%. The difference was reflected as adjustment to the current income tax for the year ended December 31, 2021 in accordance with PAS 12, Income Taxes.

25. Capital and Treasury Stock

Movements in the Group's capital stock are as follows:

	2023	December 2022 (As restated – Note 29)	January 2022 (As restated – Note 29)
Authorized			
16,000,000,000 common shares at P0.50 par value	**P8,000,000,000**	P8,000,000,000	P8,000,000,000
Issued and outstanding			
7,866,647,523 shares in 2023 and 2022 3,688,869,745 shares in 2020	**3,933,323,762**	3,933,323,762	3,933,323,762
Subscribed			
1,314,711,262 shares	**657,355,632**	657,355,632	657,355,632
Subscriptions receivable – Capital Stock	**(157,478,973)**	(157,478,973)	(157,490,223)
Subscription receivable - APIC	**(157,478,973)**	(157,478,973)	(157,490,223)
	342,397,686	342,397,686	342,375,186
Capital Stock	**4,275,721,448**	4,275,721,448	4,275,698,948
Additional paid-in capital	**780,630,029**	780,630,029	780,630,029
Total Capital Stock	**P5,056,351,477**	P5,056,351,477	P5,056,328,977

Details of the Group's treasury stock are as follows:

	2023	2022	2021
Treasury Stock			
82,049,497 common shares with average cost of P1.34 per share	P110,049,633	P110,049,633	P110,049,633

26. Reserves

This account consists of:

	Note	2023	December 2022 (As restated – Note 29)	January 2022 (As restated – Note 29)
Appropriated retained earnings for:				
Treasury stock acquisitions		P109,712,439	P109,712,438	P109,712,439
Revaluation on FVOCI				
Balance at beginning of year		(25,606,702)	(24,038,272)	(20,672,288)
Movements during the year		(878,903)	(1,568,430)	(3,365,984)
Balance at end of year	*5*	(26,485,605)	(25,606,702)	(24,038,272)
Remeasurement gain (loss) on retirement benefit obligation				
Balance at beginning of year		(18,575,075)	(33,473,053)	(44,735,989)
Adjustment		46,784	-	(2,637,009)
Actuarial gain (loss) during the year - gross		(11,395,861)	19,519,617	18,852,265
Tax effect		2,874,640	(4,621,639)	(4,952,320)
Balance at end of year		(27,049,512)	(18,575,075)	(33,473,053)
		P56,177,322	P65,530,662	P52,201,114

The Parent Company's retained earnings amounting to P109,712,439 is appropriated to cover the cost of the treasury shares.

27. Non-controlling Interest

This pertains to equity in subsidiaries not attributable, directly or indirectly, to the parent. Details are as follows:

	2023	December 2022 (As restated – Note 29)	January 2022 (As restated – Note 29)
Universal Travel Corporation			
January 1	(P7,240,458)	(P7,230,871)	(P7,223,932)
Share in net loss	(11,796)	(9,587)	(6,939)
December 31	(7,252,254)	(7,240,458)	(7,230,871)
Recon-X Energy Corporation			
January 1	(34,300,000)	(31,610,760)	(20,072,695)
Adjustment	-	-	(9,551,131)
Share in net loss	-	(2,689,240)	(1,986,934)
December 31	(34,300,000)	(34,300,000)	(31,610,760)
	(P41,552,254)	(P41,540,458)	(P38,841,631)

28. Basic Earnings Per Share

	2023	2022	2021
Net income attributable to equity holders of Parent Company	**P112,880,755**	P183,087,319	P194,733,394
Weighted average no. of common shares issued and outstanding	**9,099,309,288**	9,099,309,288	9,099,309,288
Basic earnings per share	**P0.01**	P0.02	P0.02

The weighted average number of common shares issued and outstanding was computed as follows:

	2023	2022	2021
Issued and outstanding shares	**7,866,647,523**	7,866,647,523	7,866,647,523
Subscribed shares	**1,314,711,262**	1,314,711,262	1,314,711,262
Treasury shares	**(82,049,497)**	(82,049,497)	(82,049,497)
Average number of shares	**9,099,309,288**	9,099,309,288	9,099,309,288

The Group has no potential dilutive shares as at December 31, 2023, 2022 and 2021.

29. Restatement

The following reconciliation shows the effects of the Company's reclassification of certain equity amounts as at January 1, 2022:

	As previously reported (January 1, 2022)	Adjustments	As restated (January 1, 2022)
Statements of Financial Position			
Capital stock	P4,433,189,171	(157,490,223)	P4,275,698,948
Additional paid-in capital	623,139,806	157,490,223	780,630,029
Retained earnings	1,349,807,235	18,799,320	1,368,606,555
Non-controlling interest	20,042,311	18,799,320	38,841,631

In 2016, the Parent Company undertook a quasi-reorganization which involved the reduction of the par value of the company's shares from P1.00 to P0.50 per share, and the use of the resulting additional paid-capital to wipe out the company's deficit. The adjustment above pertains to the effect of the quasi-reorganization on unpaid subscriptions as of December 31, 2023.

30. Provisions and Contingencies

The Group is a party to legal claims that arise in the ordinary course of business, the outcome of which is not presently determinable. The Group and its legal counsel, however, believe that final settlement, if any, will not be material to the Group's financial results.

31. New and Amended Standards

Adoption of Amendments to Standards

The accounting policies adopted in the preparation of the financial statements are consistent with those of the Group's financial statements for the year ended December 31, 2022 except for the adoption of the following new standards and amended PFRS which became effective beginning January 1, 2023. Unless otherwise indicated, none of these had a material effect on the financial statements.

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

    - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

    - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Amendments to PAS 8, *Definition of Accounting Estimates* focus entirely on accounting estimates and clarify the following:

    - The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

    - Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

    - A change in accounting estimate that results from new information or new developments is not the 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.

    - A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* amends the following:

    - An entity is now required to disclose its material accounting policy information instead of its material accounting policies;

    - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;

- the amendments clarify 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;

- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information; and

- adds guidance and examples to explain and demonstrate the application of the "four-step materiality process" to accounting policy information in order to support the amendments to PAS 1.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities from a Single Transaction* include an exemption from the initial recognition exemption provided in PAS 12.15(b) and PAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules* are:

    - An exception to the requirements in PAS 12 that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception.

    - A disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes.

    - A disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation.

    - The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with PAS 8.

<u>New and Amended Standards Not Yet Adopted</u>.
A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2023 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these is expected to have a material effect on the financial statements. The Company will adopt the following new and amended standards and interpretations on the respective effective dates:

- PFRS 17, *Insurance Contracts* and Amendments to PFRS 17, *Initial Application of PFRS 17 and PFRS 9 – Comparative Information* add a new transition option to PFRS 17 (the "classification overlay") to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of PFRS 17.

On December 15, 2022, the FRSC amended the mandatory date of PFRS 17 from January 1, 2023 to January 1, 2025 to be consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB. This also, in effect, extends the mandatory date of the amendments by two years. This is still subject to approval of the Board of Accountancy.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements* describes the characteristics of an arrangement for which an entity is required to provide the information. Entities will have to disclose in the notes additional about:

  - The terms and conditions of the supplier finance arrangements;
  - For the arrangements, as at the beginning and end of the reporting period:
    a) The carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
    b) The carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the financial providers;
    c) The range of payment due dates of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance agreement; and
  - The type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

  This amendment is effective for annual periods beginning on or after January 1, 2024 with transition reliefs provided.

- Amendments to PAS 1, *Non-current Liabilities with Covenants* modifies the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

  The amendments are effective for reporting periods beginning on or after January 1, 2024.

  The amendments are applied retrospectively in accordance with PAS 8.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback* requires the seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

  The amendments are effective for annual periods beginning on or after January 1, 2024.

32. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

<u>Basis of Consolidation</u>
The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company, the subsidiaries, up to December 31 each year. Details of the subsidiaries are shown in Note 37.

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses, are eliminated.

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired i.e. discount on acquisition is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent Company.

Acquisition-related costs are expensed as incurred.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates
An associate is an entity over which the Parent Company is in a position to exercise material influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. The investment is initially recognized at cost. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Parent Company's share in the net assets of the investee companies, less any impairment losses. The consolidated statements of total comprehensive income reflect the share of the results of the operations of the investee companies. The Parent Company's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Parent Company and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Upon loss of material influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of material influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

<u>Business Combination</u>
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

<u>Segment Information</u>
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 36 to the financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

For management purposes, the Group is currently organized into five business segments. These divisions are the basis on which the Group reports its primary segment formation.

The Group's principal business segments are as follows:

a. Sale of Real Estate and Leasing
b. Property Management
c. Insurance Brokerage
d. Holding Company
e. Travel Services (discontinued as of July 31, 2018)

The Group's resources producing revenues are all located in the Philippines. Therefore, geographical segment information is not presented.

Financial Assets and Liabilities

Financial Assets

Initial recognition and Measurement
The Group recognizes a financial asset in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting. Financial assets are recognized initially at fair value of the consideration given. The initial measurement of financial assets, except for those designated as at FVPL, includes transaction costs.

Classification
The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Group for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Group's cash and cash equivalents, trade and other receivables and refundable deposits are included under this category.

Financial Assets at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI include investments in quoted and unquoted equity instruments and proprietary club shares.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or materialy reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

The Group's investments in equity instruments at FVPL are classified under this category.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The right to receive cash flows from the asset has expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables on sale of real estate, the Group applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a material increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a material increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.
- Stage 3: For credit exposures for which there has been a material increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

The key inputs in the model include the Group's definition of default and historical data of two (2) material projects with an average of five (5) years for the origination, maturity date and default date. The Group considers trade receivables on sale of real estate in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At each reporting date, the Group assesses whether there has been a material increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a material increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed material increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. However, when there has been a material increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from publicly available sources to determine whether the debt instrument has materially increased in credit risk and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

Financial Liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, finance lease liability and loans payable.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of total comprehensive income.

This category generally applies to short term and long term debt.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of total comprehensive income.

Determination of Fair Value
Fair value 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is material to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Real Estate Inventories
Property acquired or being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value.

Cost includes amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs to sell.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The provision account, if any, is reviewed on a monthly basis to reflect the reasonable valuation of the Group's inventories. Inventory items identified to be no longer recoverable is written-off and charged as expense for the period.

Real estate held for development is measured at lower of cost and NRV. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable borrowing costs are capitalized while the development and construction is in progress.

Property and Equipment
Property and equipment are initially measured at cost which consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use and are subsequently measured at cost less any accumulated depreciation, amortization and impairment losses, if any.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Condominium units	20
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	5
Leasehold and office improvements	5

The assets' residual values, estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the amounts, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

Derecognition
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time, the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties
Investment properties comprised completed property and property under development or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Revaluations are made with sufficient regularity by external independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the period. The external independent appraiser uses sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at different floor levels of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Derecognition
Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of total comprehensive income in the year of retirement or disposal.

Impairment of Non-financial Assets
At each reporting date, the Group assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of the Parent Company after deducting all of its liabilities. Distribution to the Parent Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Parent Company's Board of Directors.

Capital stock
Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital
Additional paid-in capital pertains to premium paid over the par value of shares.

Retained earnings
Retained earnings include all the accumulated income (loss) of the Group, dividends declared and share issuance costs. Retained earnings is net of amount offset from additional paid-in capital arising from the quasi-reorganization.

Treasury stock
The Parent Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of total comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Employee Benefits

Short-term benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Post-employment benefits
The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation (DBO) is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Revenue Recognition

Revenue from contracts with customers

Revenue from real estate sales
The Parent Company primarily derives its real estate revenue from the sale of vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.

The disclosures of material accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 33.

The Parent Company derives its real estate revenue from sale of condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Revenue from sales of completed real estate projects is accounted for using the full accrual method.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

Cancellation of real estate sales
The Group reverses the previously recognized revenue and related costs.

The Group also derives its revenue from management fee, commission, rental and interest income for which the Group assessed that there is only one performance obligation. Revenue from contracts with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Management fee
Management fee is recognized when the related services have been performed in accordance with the terms and conditions of the management agreement and applicable policies.

Commission income
Commission income is recognized when the real estate and insurance brokering services have been performed in accordance with the terms and conditions of the agreement, commission scheme and applicable policies. Commission income recognized is the amount earned as an agent and excludes amounts collected on behalf of the principal.

Interest income
Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rent income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Miscellaneous income
Miscellaneous income is recognized when earned.

Cost recognition from real estate sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied and is determined with reference to the specific, including estimated costs, on the property allocated to sold area. Cost of residential and commercial lots and units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Parent Company's in-house technical staff.

Estimated development costs include direct land development, shared development cost, building cost, external development cost, professional fees, post construction, contingency, miscellaneous and socialized housing. Miscellaneous costs include payments such as permits and licenses, business permits, development charges and claims from third parties which are attributable to the project. Contingency includes fund reserved for unforeseen expenses and/ or cost adjustments. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts are considered as special budget appropriations that are approved by management and are made to form part of total project costs on a prospective basis and allocated between costs of sales and real estate inventories.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statements of financial position as an asset.

Cost and expenses in the consolidated statements of total comprehensive income are presented using the function of expense method. General and administrative expenses are costs attributable to general, administrative and other business activities of the Group.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they were incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases

The Group as Lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a material event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statements of financial position.

The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Short-term leases with terms of less than 12 months or lease of low value assets are expensed as incurred.

The Group as Lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies PFRS 15 to allocate the consideration under the contract to each component.

The Group as Sub-lessor
The Group is a sub-lessor (intermediate lessor) to one of its right-of-use assets.

An intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease
- Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from the right-of-use asset resulting from the head lease; otherwise, it is classified as an operating lease.

For subleases classified as a finance lease, the intermediate lessor derecognizes the right-of-use asset relating to the head lease that is transfers to the sublessee and recognizes the net investment in the sublease; any difference between the right-of-use assets and the investment in the finance sublease is recognized in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lessor recognizes finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

For subleases classified as operating lease, the intermediate lessor recognizes the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

Income Tax
Income tax expense for the year comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

Uncertainty over Income Tax Treatments
The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty is followed.

The Group considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

If the Group concludes that it is probable that a particular tax treatment is accepted, the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the Group concludes that it is not probable that a particular tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Related Party Relationships and Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise material influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Earnings per Share

Basic earnings per share
The Group computes its basic earnings per share by dividing net profit attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Events After the Reporting Date
The Group identifies events after the reporting date as events that occurred after the reporting date but before the date the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements when material.

33. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition on real estate projects
The Parent Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate and construction contracts is recognized based on the percentage of completion and are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving material estimates in determining the quantity of inputs such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Similarly, the commission is determined using the percentage of completion.

Provision for expected credit losses of trade receivables
The Group uses historical loss rates as input to assess credit risk characteristics. The Group determines the appropriate receivables groupings based on shared credit risk characteristics such as revenue type, collateral or type of customer. The historical loss rates are adjusted to reflect the expected future changes in the portfolio condition and performance based on economic conditions and indicators such as inflation and interest rates that are available as at the reporting date.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a material estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The

Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 6 and 35.

Evaluation of net realizable value of real estate inventories
The Parent Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the assets. In determining the recoverability of the assets, management considers whether those assets are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Results of management's assessment disclosed that there is no need for provision for impairment of inventories as at December 31, 2023 and 2022.

Estimating useful lives of assets
The useful lives of assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of 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 Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of assets would increase the recognized operating expenses and decrease non-current assets.

Post-employment and other employee benefits
The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

Retirement obligation as at December 31, 2023 and 2022 amounted to P85,635,684 and P66,953,485, respectively.

Estimating fair value of investment property
The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. An independent valuation of the Group's investment properties was performed by appraisers to determine their fair values. The valuation was determined by reference to sales and listing of comparable properties.

Recoverability of deferred tax assets
The Group reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it may be more prudent and conservative not to make a determination when these deferred tax assets can be utilized. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax assets.

Total unrecognized deferred tax assets amounted to P233,592,208 and P230,200,403 as at December 31, 2023 and 2022, respectively (see Note 24).

Impairment losses on non-financial assets
The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of non-financial assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

Critical Accounting Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most material effect on the amounts recognized in the consolidated financial statements:

Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent 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.

Collectability
In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age 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.

Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring material costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Parent Company requires a certain percentage

of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Parent Company. The Parent Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

The Parent Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Company's performance in transferring control of real estate development to the customers.

Distinction between investment properties and owner-occupied properties and real estate inventories and held for development

The Group determines whether a property qualifies as investment property. In making this 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 property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an immaterial portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so material that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

The Group determines that a property will also be classified as real estate inventory when it will be sold in the normal operating cycle or it will be treated as part of the Group's strategic land activities for development in the medium or long-term.

Contingencies
The Group is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Group's strategies relating to these proceedings.

34. Fair Value Measurement

The fair values of the Group's financial instruments are equal to the carrying amounts in the consolidated statements of financial position as at December 31, 2023 and 2022.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values are disclosed in the notes to the consolidated financial statements specific to that asset or liability.

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and trade and other receivables – current portion carrying amounts approximate fair values due to the relatively short-term maturities of these items.

Trade and other receivables-non-current portion carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting has been considered.

Financial assets at FVPL and FVOCI – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates.

Trade and other payables – the carrying value of trade and other payables approximate its fair value either because of the short-term nature of these financial liabilities.

Loans payable – carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not material.

The table below analyzes financial and non-financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2023

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVPL				
Equity investments	**P6,750,000**	P -	P -	**P6,750,000**
Financial assets at FVOCI				
Equity investments	**35,197,203**	-	-	**35,197,203**

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	P6,750,000	P -	P -	P6,750,000
Financial asset at FVOCI				
Equity investments	36,076,106	-	-	36,076,106

35. Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market Risk

Foreign exchange risk
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Material fluctuation in the exchange rates could materially affect the Group's financial position.

Foreign exchange risk exposure of the Group is limited to its cash and cash equivalents. Currently, the Group has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

The amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2023		2022	
	US dollar Deposit	Peso Equivalent	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	**$328,389**	**P18,248,577**	$343,937	P19,301,749

The closing rates applicable as at December 31, 2023 and 2022 are P55.57 and P56.12 to US$1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income in 2023 and 2022. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level.

	+/-	Effect on Equity
2023	**0.19%**	**P34,939**
2022	0.79%	P152,859

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to its cash and cash equivalents, and loans and note payable. The interest rates on cash and cash equivalents and loans and note payable are disclosed in Notes 3 and 14, respectively.

Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Group.

Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

The following table illustrates the sensitivity of the Group's profit or loss to a reasonably possible change in interest rates of its cash and cash equivalents and loan with all other variables held constant.

	2023		2022	
	+/-%	**Effect on Profit or Loss**	+/-%	Effect on Profit or Loss
Cash in bank	**0.16%**	**P434,956**	0.06%	P81,530
Cash equivalents	**0.07%**	**7,877**	1.07%	300,440
Loans and note payable	**1.19%**	**(14,304,035)**	1.64%	(14,635,961)
		(P13,861,202)		(P14,253,991)

Price risk

Price risk is the risk that the fair value of the financial instrument particularly equity instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Parent Company's Board of Directors reviews and approves all equity investment decisions.

At December 31, 2023, the impact of 0.26% increase/decrease in the price of listed equity securities, with all other variables held constant, would have been an increase/decrease of in the Group's total comprehensive income and equity for the year of 2023 – P91,513 and 2022 – P121,269 . The Group's sensitivity analysis takes into account the historical performance of the stock market.

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

		Contractual Obligation			
	Carrying Amount	Less than One Year	One to Five Years	More than Five Years	Total
2023			(In Thousand Pesos)		
Trade and other payables*	P133,514	P53,813	P72,289	P7,412	P133,514
Loans and note payable	1,202,020	861,004	416,765	-	1,277,769
2022			(In Thousand Pesos)		
Trade and other payables*	P186,730	P133,630	P53,100	P-	P186,730
Loans and note payable	894,422	706,637	238,793	-	945,430

**excluding payables to government*

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables as disclosed in Notes 3 and 6, respectively. The Group has adopted stringent procedure in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not material as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at FVPL, financial assets at FVOCI and advances to associates. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 are as follows:

	2023	2022
Cash and cash equivalents excluding cash on hand	**P283,100,676**	P163,841,734
Trade and other receivables	**563,277,092**	542,479,207
	P846,377,768	P706,320,941

The credit quality of financial assets which are neither past due nor impaired is discussed below:

(a) Cash in banks and cash equivalents

The Group deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P283,100,676 and P163,961,734 as at December 31, 2023 and 2022, respectively (see Note 3). Cash deposits are considered to be of high grade.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. However, when there has been a material increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from publicly available sources to determine whether the debt instrument has materialy increased in credit risk and to estimate ECLs.

Receivables amounting to P126.36 million and P150.68 million as of December 31, 2023 and 2022, respectively (see Note 6), were impaired and fully provided for. The allowance for doubtful accounts for receivables has been determined as follows:

	2023	2022
Trade:		
Sale of real estate	**P73,462,630**	P83,512,900
Lease	**4,787,075**	5,478,810
Management fees	**3,189,750**	3,189,750
Premiums receivable	**2,899,962**	5,082,902
Advances	**862,891**	862,891
Other receivables	**41,155,714**	52,550,154
	P126,358,022	P150,677,407

(b.1.) Trade receivables on real estate

2023	Stage 1	Stage 2	Stage 3	Total
Trade receivables				
High grade	P215,548,097	P -	P -	P215,548,097
Sub-standard	-	10,953,547	-	10,953,547
Low grade	-	-	181,261,021	181,261,021
Individually impaired	-	-	95,130,085	95,130,085
	P215,548,097	P10,953,547	P276,391,106	P502,892,750

Forward

2023	Stage 1	Stage 2	Stage 3	Total
Provision				
High grade	P4,087,405	P -	P -	P4,087,405
Sub-standard	-	3,820,559	-	3,820,559
Low grade	-	-	9,532,005	9,532,005
Individually impaired	-	-	66,072,931	66,072,931
	4,087,405	3,820,559	75,604,936	83,512,900
	P211,460,692	P7,132,988	P200,786,170	P419,379,850

2022	Stage 1	Stage 2	Stage 3	Total
Trade receivables				
High grade	P269,348,812	P -	P -	P269,348,812
Sub-standard	-	76,348,441	-	76,348,441
Low grade	-	-	121,787,390	121,787,390
Individually impaired	-	-	66,371,974	66,371,974
	269,348,812	76,348,441	188,159,364	533,856,617
Provision				
High grade	4,087,405	-	-	4,087,405
Sub-standard	-	3,820,559	-	3,820,559
Low grade	-	-	9,532,005	9,532,005
Individually impaired	-	-	66,072,931	66,072,931
	4,087,405	3,820,559	75,604,936	83,512,900
	P265,261,407	P72,527,882	P112,554,428	P450,343,717

High grade exposures are loans that do not have greater-than-normal credit risk. The buyer has the apparent ability and willingness to satisfy his obligation in full and therefore no loss in ultimate collection is anticipated.

Sub-standard grade exposures are receivables that have normal credit risk and have past due above 30 days but below 90 days.

Low grade exposures are receivables that are past due date beyond 90 days and have approached greater-than-normal credit risk.

Individually impaired exposures are receivables that are past due beyond 90 days, have approached greater-than normal credit risk.

For trade receivables on sale of real estate, the Parent Company applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a material increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a material increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.
- Stage 3: For credit exposures for which there has been a material increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

b.2 For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

2023	Lease	Management fees	Premiums receivable	Advances	Other receivables
Gross amount	P20,797,696	P5,226,833	P4,012,287	P82,745,379	P69,094,324
Provisions	5,478,810	3,189,750	2,899,962	862,891	41,155,714
Carrying Amount	P15,318,886	P2,037,083	P1,112,325	P81,882,488	P27,938,610

2022	Lease	Management fees	Premiums receivable	Advances	Other receivables
Gross amount	P24,271,329	P4,970,368	P12,365,197	P51,760,569	P69,174,370
Provisions	5,478,810	3,189,750	5,082,902	862,891	52,550,154
Carrying Amount	P18,792,519	P1,780,618	P7,282,295	P50,897,678	P16,624,216

36. Capital Management

The Parent Company manages its capital to ensure that the Parent Company is able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Parent Company consists of equity, which comprises of issued capital, additional paid-in capital, reserves, retained earnings and treasury stocks.

Management reviews the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with it.

There were no changes in the Parent Company's approach to capital management during the year.

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company has fully complied with this requirement in 2021 and 2020.

Tektite Insurance Brokers, Inc.
TIBI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage. On May 24, 2022, the BOD of TIBI approved the amendment of the Company's Articles of Incorporation and By-laws to conform with the IC's requirements in changing its business activities from that of an insurance broker to an insurance agent. As of reporting period, TIBI is in the process of finalizing all the requirements to change its IC registration from a broker to an agent.

The registered office address of TIBI is at the 20th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

37. Segment Information

The segment assets and liabilities as of December 31, 2023, 2022 and 2021 and the results of operations of the reportable segments for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Revenue							
Revenue from contracts with customers	P174,461	P41,203	P5,216	P -	P -	P -	P220,880
Rental income	65,150	151	165	-	-	-	65,466
Intersegment sales	-	434	-	-	-	(434)	-
Total revenue	239,611	41,788	5,381	-	-	(434)	286,346
Real estate costs and expenses	422,081	45,858	5,051	61	107	(434)	472,724
Equity in net loss of an associate	-	-	-	-	-	1,799	1,799
Gross loss	(182,470)	(4,070)	330	(61)	(107)	(1,799)	(188,177)
Interest income	13,986	2	20	-	43	-	14,051
Finance costs	(70,083)	(74)	-	-	-	-	(70,158)
Other income	424,107	2,440	-	-	-	-	426,547
Other expenses	(4,899)	-	-	-	-	-	(4,899)
Provision for income tax	(63,823)	(592)	(81)	-	-	-	(64,496)
Net income	116,820	(2,294)	269	(61)	(64)	(1,799)	112,868
Net income attributable to:							
Equity holders of PRHC							112,880
Non-controlling interests							(12)
							112,868
Other Information							
Segment assets	8,868,520	95,780	12,796	119	1,297	(23,080)	8,955,432
Investment in associates	100,930	-	-	-	-	(44,493)	56,437
Total assets	8,969,450	95,780	12,796	119	1,297	(67,573)	9,011,869
Segment liabilities	1,576,411	36,796	7,280	-	30,225	(21,489)	1,629,223
Deferred tax liabilities	756,870	(3,437)	-	-	-	-	753,433
Total liabilities	P2,333,281	P33,359	P7,280	P -	P30,225	(P21,489)	P2,382,656

Forward

	2023						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Segment additions to:							
Property and equipment	P40,698	P-	P-	P -	P -	P -	P40,698
Investment properties	3,940	-	-	-	-	-	3,940
Depreciation and amortization	8,593	84	80	-	-	-	8,757
Non-cash expenses other than depreciation and amortization	P12,385	P2,112	P316	P -	P -	P -	P14,813
Impairment losses	P2,864	P -	P -	P -	P -	P -	P2,864

	2022						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Revenue							
Revenue from contracts with customers	P224,999	P34,656	P5,567	P -	P -	P -	P265,222
Rental income	56,344	151	180	-	-	-	56,675
Intersegment sales	-	669	-	-	-	(669)	-
Total revenue	281,343	35,476	5,747	-	-	(669)	321,897
Real estate costs and expenses	462,212	40,738	4,981	-	52	(669)	507,314
Equity in net loss of an associate	-	-	-	-	-	1,431	1,431
Gross loss	(180,869)	(5,262)	766	-	(52)	(1,431)	(186,848)
Interest income	15,914	2	8	-		-	15,924
Finance costs	(63,644)	(166)	-	-	-	-	(63,810)
Other income	530,682	9,828	-	-	-	-	540,510
Other expenses	(230)	-	-	-	-	-	(230)
Provision for income tax	(125,623)	417	47	-	-	-	(125,159)
Net income (loss)	176,230	4,819	821	-	(52)	(1,431)	180,387
Net income attributable to:							
Equity holders of PRHC							183,087
Non-controlling interests							(2,699)
							180,388
Other information							
Segment assets	8,499,110	91,673	9,364	367	1,271	(67,108)	8,534,677
Investment in associates	100,930	-	-	-	-	(42,694)	58,236
Total assets	8,600,040	91,673	9,364	367	1,271	(109,802)	8,592,913
Segment liabilities	1,328,245	30,556	4,119	-	30,144	(22,552)	1,370,512
Deferred tax liabilities	699,939	(3,236)	-	-	-	-	696,703
Total liabilities	P2,028,184	P27,320	P4,119	P -	P30,144	(P22,552)	P2,067,215

Forward

2022

	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Segment additions to:							
Property and equipment	P1,546	P511	P36	P -	P -	P -	P2,093
Investment properties	30,031	-	-	-			30,031
Depreciation and amortization	12,338	1,985	80	3,090	-	-	17,493
Non-cash expenses other than depreciation and amortization	P12,757	P2,640	P234	P -	P -	P -	P15,631
Impairment losses	P25,000	P2,589	P -	P -	P -	P -	P27,589

	2021						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Revenue							
Revenue from contracts with customers	P153,820	P36,779	P4,513	P -	P -	P -	P195,112
Rental income	55,050	151	102	-	-	-	55,303
Intersegment sales	-	555	-	-	-	(555)	-
Total revenue	208,870	37,485	4,615	-	-	(555)	250,415
Real estate costs and expenses	437,696	43,985	5,211	-	42	(555)	486,379
Equity in net loss of an associate	4,488	-	-	-	-	-	4,488
Gross income (loss)	(233,314)	(6,500)	(596)	-	(42)	-	(240,452)
Interest income	17,378	3	19	-	5	-	17,405
Finance costs	(70,631)	(258)	-	-	-	-	(70,889)
Other income	630,573	1,296	-	-	-	5,298	637,167
Other expenses	(90,853)	-	-	-	-	-	(90,853)
Provision for income tax	(58,227)	(1,388)	(24)	-	-	-	(59,639)
Net income (loss)	P194,926	(P6,847)	(P601)	-	(P37)	P5,298	P192,739
Net income attributable to:							
Equity holders of PRHC							P194,733
Non-controlling interests							(1,994)
							P192,739
Other information							
Segment assets	P8,126,410	P84,400	P12,273	P547	P1,201	(P53,521)	P8,171,310
Investment in associates	59,667	-	-	-	-	-	59,667
Total assets	P8,186,077	P84,400	P12,273	P547	P1,201	(P53,521)	P8,230,977
Segment liabilities	P1,283,793	P32,488	P4,316	P -	P30,022	(16,564)	P1,334,055
Deferred tax liabilities	572,354	(3,676)	-	-	-	-	568,678
Total liabilities	P1,856,147	P28,812	P4,316	P -	P30,022	(16,564)	P1,902,733

Forward

	2021						
	Parent Company	Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)						
Segment additions to:							
Property and equipment	P6,195	P176	P56	P -	P -	P -	P6,427
Investment properties	6,572	-	-	-	-	-	6,572
Depreciation and amortization	21,441	870	293	-	-	-	22,604
Non-cash expenses other than depreciation and amortization	P102,422	P3,499	P258	P -	P -	P -	P106,179
Impairment losses	P22,780	P1,780	P -	P -	P -	P -	P24,560

The following are the principal activities of the Parent Company's subsidiaries:

PRHC Property Managers, Inc. (PPMI)
PPMI was incorporated and registered with the SEC on May 24, 1991 to engage in the business of managing, operating, developing, buying, leasing and selling real and personal property either for itself and/or for others.

The registered office address of PPMI is at Unit E2003B, 20th Floor East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

Tektite Insurance Brokers, Inc. (TIBI)
TIBI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage. On May 24, 2022, the BOD of TIBI approved the amendment of the Company's Articles of Incorporation and By-laws to conform with the IC's requirements in changing its business activities from that of an insurance broker to an insurance agent. As of reporting period, TIBI is in the process of finalizing all the requirements to change its IC registration from a broker to an agent.

The registered office address of TIBI is at the 20th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation (UTC)
UTC was incorporated and registered with the SEC on November 9, 1993 to engage in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. On March 15, 2018, the Board of Directors of UTC approved the resolution on the cessation of operations effective July 31, 2018. Thereafter, the Company became inactive.

The registered office address of UTC is Unit E2003B, 20th Floor East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

Sultan's Power, Inc. (SPI)
Sultan Power, Inc. ("SPI") was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company. SPI acquired 51% of the total issued and outstanding shares of RECON-X Energy Corporation ("RECON-X") in 2021.

RECON-X was incorporated under Philippine laws and registered with the SEC on June 27, 2014 to engage in the business of recycling and converting plastics into fuel (gasoline, diesel and kerosene) using patented technology. The process was duly certified on November 2, 2015, by the Intellectual Property Office of the Philippines ("IPOPHL") for "Improved Method of Converting Land-Filled Plastic Wastes into Hydrocarbon Fuel", certified by the Department of Science and Technology ("DOST") and by the Department of Energy ("DOE"). As of December 31, 2021, RECON-X was able to procure the additional catalysts and materials needed for the plastic diesel conversion plant to be used to process waste materials into fuel. In 2023, RECON-X has started introduction of feedstocks, performance testing and testing of fuel compliance with National Standards and securing plastic waste supply from a plastic waste aggregator. RECON-X is set to commence its commercial operations in 2024.

The registered office address of SPI is Unit E2003B, 20th Floor East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

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MVCo
Certified Public Accountants and Management Consultants
Member of Nexia

STATEMENTS REQUIRED BY THE REVISED SECURITIES REGULATION CODE (SRC) RULE 68, ON OCTOBER 3, 2019

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the accompanying consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2023, on which we have rendered our report dated March 19, 2024. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 5B and Annex 68-D), Financial Soundness Indicators (Part 1, 5C and Annex 68-E), and Map of Relationships Between and Among the Related Parties (Part 1, 5G) as additional components required by Part I, Section 5 of the Revised SRC Rule 68 and Schedules A, B, C, D, E, F and G, as required by Part II, Section 7 and Annex 68-J of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and are not a required part of the basic consolidated financial statements.

Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 5 and Part II, Section 7 of the Revised SRC Rule 68.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
Tax Identification No. 119-894-676-000
PTR No. 10083026
Issued on January 9, 2024 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2024
BIR Accreditation No. 08-005063-000-2024 (firm); 08-005063-001-2024 (individual)
Issued on March 26, 2024; valid until March 25, 2027

March 19, 2024
Makati City

"Annex A"

Reconciliation of Retained Earnings Availabole for Dividend Declaration
For the reporting period ended December 31, 2023

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, Dirtrict 4, Quezon City 1111, Philippines

Unappropriated Retained Earnings, beginning of the reporting period		**P1,555,405,651**
Adjustments for:		
Accumulated Deferred Tax		**696,703,231**
Accumulated unrealized gain on fair market value		**(2,836,797,113)**
		(584,688,231)
Less: Items that are directly debited to Unapppropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		**(584,688,231)**
Add: Net Income for the current year		**112,880,755**
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	**(259,380,144)**	
Realized fair value gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS (describe nature)	-	**(259,380,144)**
Add/Less: Adjustments related to relief granted in SEC and BSP		
Net movement of treasury shares (except for reacquisition of redeemable shares	-	
Net movement of deferred tax asset not considered in reconciling items under the previous categories	59,621,911	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction, e.g. set-up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment to deviation from PFRS/GAAP – gain (loss)	-	**59,621,911**
Total Retained Earnings, end of the reporting period available for dividend		**(P671,565,709)**

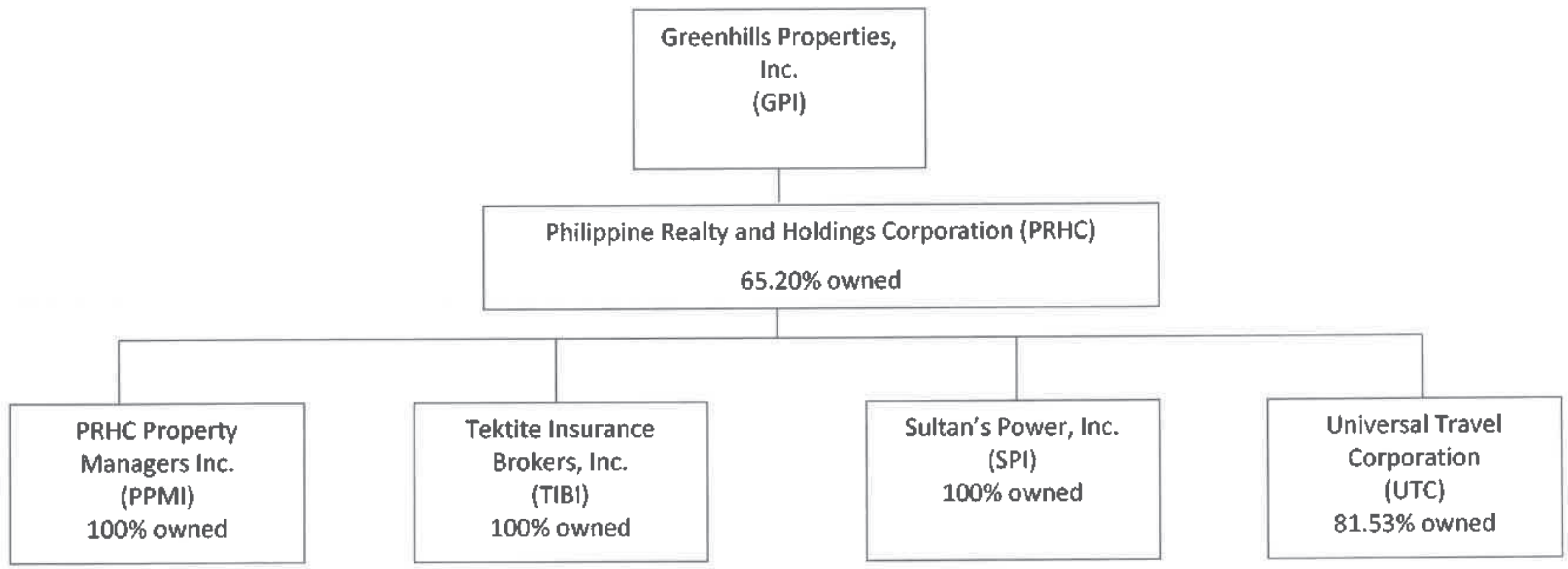
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2023

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

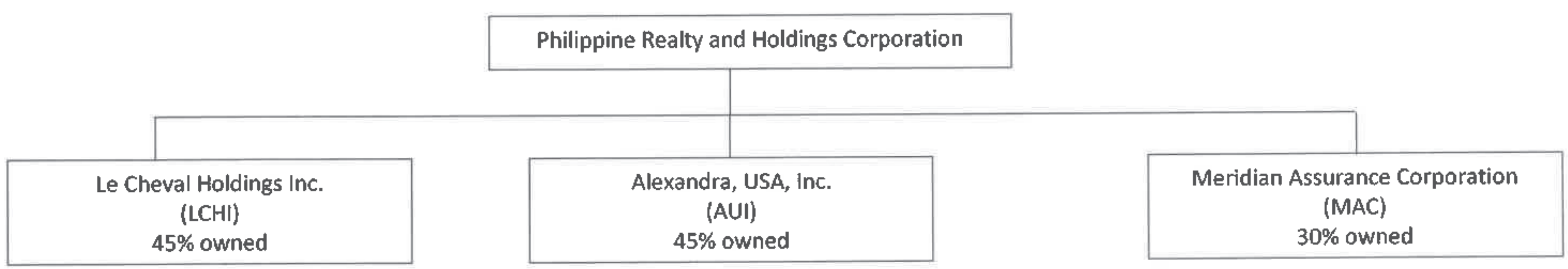
	2023	2022
Current Ratio(1)	**3.52**	3.61
Acid Test Ratio(2)	**1.24**	1.32
Debt to Equity Ratio(3)	**0.36**	0.32
Asset to Equity Ratio(4)	**1.36**	1.32
Interest Coverage Ratio(5)	**3.53**	5.80
Net Profit Margin Ratio(6)	**0.39**	0.56
Return on Assets(7)	**0.01**	0.02
Return on Equity(8)	**0.02**	0.03
Solvency Ratio(9)	**0.06**	0.09

(1) *Current ratio is measured as current assets divided by current liabilities.*
(2) *Acid test ratio is measured as current assets less inventory divided by current liabilities.*
(3) *Debt to equity ratio is measured as total liabilities divided by total equity.*
(4) *Asset to equity ratio is measured as total assets divided by total equity.*
(5) *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing costs.*
(6) *Net profit margin ratio is derived by dividing net profit with total revenue.*
(7) *Return on assets is measured by dividing net income after tax with total assets.*
(8) *Return on equity is measured by dividing net income after tax with total capital accounts.*
(9) *Solvency ratio is measured by dividing net income after tax plus depreciation with total liabilities.*

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SUBSIDIARIES, AFFILIATES GROUP STRUCTURE
As of December 31, 2023



Associates:



ANNEX 68-I

Schedule for Listed Companies with a Recent Offering of Securities to the Public
As of December 31, 2023

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

1. Gross and net proceeds as disclosed in the final prospectus
   Not applicable

2. Actual gross and net proceeds
   Not applicable

3. Each expenditure item where the proceeds were used
   Not applicable

4. Balance of the proceeds as of end reporting period
   Not applicable

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A – Financial Assets
December 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the Statement of Financial Position	Valued based on market quotation at end of reporting period	Income received and accrued
Financial assets at fair value through profit or loss				
Tagaytay Properties	6,750,000 shares	P6,750,000	P6,750,000	P -
Financial Assets at Fair Value through OCI				
Equity securities				
A. Brown Company, Inc.	36,840,000 shares	P29,103,600	P23,946,000	P -
Premium Leisure Corporation	14,264,120 shares	6,133,572	8,843,755	-
Philippine Racing Club (prc)	944 shares	7,364	7,448	-
Orchard Golf & Country Club CLASS "C" Shares	1 share	800,000	500,000	-
Valley Golf Country Club	1 share	1,600,000	1,900,000	-
	51,105,066 shares	P37,644,536	P35,197,203	P -
Trade and other receivables - net		P563,277,092	P563,277,092	P319,564
		P607,671,628	P605,224,295	P319,564

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule B –Amounts Receivable from Director, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
ABUYAN, JOHN MARK	P -	P8,580	P -	P -	P8,580	P -	P8,580
ALKUINO, MA ZELAINE	-	170	-	-	170	-	170
AGUILAR, DENNIS	27,836	56,786	(46,765)	-	37,857	-	37,857
AGUSTIN,OLIVER	-	9,415	-	-	9,415	-	9,415
ALMEROL, CARLA	104,035	62,262	(118,799)	-	47,499	-	47,499
AVILA, JESSICA	8,000	-	-	-	8,000	-	8,000
BONTOGON, MARISSA	486,365	333,721	(746,022)	-	74,063	-	74,063
CALANOG, DANTE	54,062	684,893	(338,459)	-	95,748	304,749	400,496
CALUBAYAN, MARIE JOYCE	81,924	-	(80,020)	-	1,904	-	1,904
CARAG, ADELINE SUSAN	424,172	-	(399,172)	-	25,000	-	25,000
CARTAGENA, AILENE	21,441	47,821	(37,397)	-	31,865	-	31,865
CATACUTAN, MIGUEL	-	885,000	(333,657)	-	88,857	462,486	551,343
CATACUTAN, RICHARD	40,216	-	(40,216)	-	-	-	-
CIAR, ERWIN	585,731	458,794	(933,986)	-	110,539	-	110,539
CRUZ, ROSELLE	10,092	28,393	(16,479)	-	22,006	-	22,006
DAYRIT, AMYLEEN JOY	168,254	-	(168,254)	-	-	-	-
DELA CRUZ, ANGELICA	20,445	-	(20,445)	-	-	-	-
DEOCAMPO, DEXTER JAN	-	114,289	(91,247)	-	23,042	-	23,042
DEOCERA, NORBERT	90,430	-	(90,430)	-	-	-	-
DURAN, AILEEN	1,411,469	5,801,455	(6,557,856)	-	655,067	-	655,067
DURAN, NORMALENE	249,561	-	(154,179)	-	88,450	6,932	95,382
ENRIQUEZ, EDILYNDA	264,707	25,000	(289,248)	-	459	-	459

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
GARGAR, ERWIN	3,500	4,000	(7,500)	-	-	-	-
GATCHALIAN, VILLAMOR	20,007	28,393	(30,341)	-	18,059	-	18,059
GO, RICHARD NICOLAS KO	752,503	130,087	(753,255)	-	129,335	-	129,335
GOZO, CAROL JOY	80,500	339,800	(420,300)	-	-	-	-
HERNANI, MARIA ELIZABETH	26,399	-	(26,399)	-	-	-	-
ISNIT, JOSEFINA	497,379	1,122,739	(1,428,760)	-	191,358	-	191,358
LAMPAS, ROCHELLE JOY	23,760	4,802	-	-	28,562	-	28,562
LANUZA, CAMILLE	67,495	-	-	-	67,495	-	67,495
LANUZA, GERARDO DOMENICO	813,444	333,000	(910,795)	-	235,649	-	235,649
LAROYA, JOHN CEDRICK	10,000	-	(10,000)	-	-	-	-
LAURINO, ROSE ANN	-	130,929	(50,000)	-	80,929	-	80,929
MAGPAYO, GILBERT	3,500	19,852	(18,068)	-	5,284	-	5,284
MAGPAYO, JERRY	-	1,281	-	-	1,281	-	1,281
MEDRANO, EDMUNDO	1,231,026	636,944	(1,695,132)	-	172,838	-	172,838
MIRANDE, MIKE	375,810	258,536	(623,385)	-	10,961	-	10,961
OLBES, ANTONIO	-	233,000	-	-	233,000	-	233,000
PACA, CARLOS MIGUEL	859,477	317,228	(1,160,874)	-	15,831	-	15,831
PANESA, MARIA TERESA	-	485,500	(458,500)	-	27,000	-	27,000
PENGSON, BELLE	1,950	-	(1,950)	-	-	-	-
PERILLO, MARIA CHRISTINA	284,841	1,139,065	(496,589)	-	282,311	645,006	927,317
PUYAT, TXYLA	233,365	-	(233,365)	-	-	-	-
RAMOS, MARK ANTHONY	161,684	391,004	(552,636)	-	52	-	52
SANTOS, ROZANO	408,006	385,519	(495,583)	-	200,844	97,098	297,942
SANTOS, LEONARD ROSS	254,028	4,590	(29,124)	-	229,494	-	229,494
TABAJEN, CHRISTIAN	-	24,285	(22,908)	-	1,377	-	1,377
TABLADA, DEXTER	-	37,000	(37,000)	-	-	-	-
TABORLUPA, MARGIE	150,607	160,660	(247,300)	-	63,967	-	63,967

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
TAMANG, CHARLIE	7,000	14,568	(21,568)	-	-	-	-
TAN, KRISTINE	-	649,000	(85,546)	-	52,327	511,127	563,454
TUROT, KRISTEL JOY	15,630	-	(15,630)	-	-	-	-
UMAYAM,RODRIGO	102,836	-	(36,521)	-	66,315	-	66,315
VALENTIN, RHONALD	-	634,933	(64,392)	-	139,178	431,363	570,541
VEDAÑA, FERDERICK	26,897	59,314	(70,268)	-	15,943	-	15,943
VERCELES, REGANDOR	407,647	7,721	(329,305)	-	86,063	-	86,063
VICTORIA, RODOLFO	7,582	-	(7,582)	-	-	-	-
Others	201,889	-	(201,889)	-	-	-	-
	P11,077,502	**P16,070,329**	**(P21,005,096)**	**P -**	**P3,683,974**	**P 2,458,761**	**P6,142,734**

Note: Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule C – Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statement
December 31, 2023

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected (i)	Amounts written-off (ii)	Current	Non-current	Balance at the end of period
Universal Travel Corporation, Subsidiary	P30,103,309	P13,804	P -	P -	P -	P30,117,113	P30,117,113
PRHC Property Managers, Inc., Subsidiary	14,284,540	3,295,462	-	-	17,580,002	-	17,580,002
Sultan's Power, Inc., Subsidiary	76,261,884	338,274	-	-	-	76,600,158	76,600,158
	P120,649,733	P3,647,540	P -	P -	P17,580,002	P106,717,271	P124,297,273

i. If collected was other than in cash, explain.
ii. Give reasons to write-off.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule D – Long Term Debt
December 31, 2023

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt in related Statement of Financial Position " (ii)	Amount shown under caption "Long-term debt in related Statement of Financial Position " (iii)	Interest Rate %	Maturity Date
Car loan	34,748,061	5,927,594	26,152,493	8.14% - 9.59%	April 2024 – July 2028
Car loan	2,983,110	596,175	1,404,219	8.31% - 9.46%	January 2025 – August 2028
Real estate mortgage	1,032,678,156	472,985,126	344,794,867	7.75% - 8.50%	March 2024 – December 2028
Real estate mortgage	350,000,000	350,000,000	-	7.75% - 8.00%	January 2024 – March 2024

i. Include in this column each type of obligation authorized.
ii. This column is to be totalled to correspond to the related Statements of Financial Position caption.
iii. Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule E – Indebtedness to Related Parties
(included in the Consolidated Financial Statement of Position)
December 31, 2023

Name of Related Parties (i)	Balance at the beginning of the period	Balance at the end of the period (ii)

None to report.

i. The related party shall be grouped as in Schedule C. The information called for shall be stated for any persons whose investments shown in separately in such related schedule.
ii. For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10% of the related balance at either the beginning or end of the period.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule F – Guarantees of Securities of Other Issuers
December 31, 2023

Name of the Issuing entity of securities guaranteed by the company for which this statement is fled	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding (i)	Amount owned by person of which statement is filed	Nature of Guarantee (ii)

None to report.

i. Indicate in the note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
ii. There must be a brief statement of the nature of the guarantee, such as "Guarantee of Principal and Interest"', "Guarantee of Interest" or "Guarantee of Dividend". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule G – Capital Stock
December 31, 2023

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common	16,000,000,000	7,866,647,523	-	-	545,785,841	-

i. Include in this column each type of issue authorized
ii. Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
iii. Indicate in a note any significant changes since the date of the last balance sheet filed.

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Pastelero Law Office
Picazo Buyco Tan Fider & Santos Law Offices
Somera Javeloza & Associates
Tiongco Siao Bello & Associates Law Offices
Yabes & Yabes-Alvarez & Associates

BANKS

BDO Unibank, Inc.
Bank of the Philippine Islands
China Bank Savings Inc.
City Savings Bank Inc.
Maybank Philippines, Inc.
Metropolitan Bank and Trust Co.
Philippine Bank of Communications
Philippine National Bank
Rizal Commercial Banking Corporation
Security Bank Corporation
Union Bank of the Philippines

TRANSFER AGENT

Stock Transfer Service, Inc.

AUDITOR

Maceda Valencia & Co.

LISTING

Philippine Stock Exchange

Philippine Realty &
Holdings Corporation

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