

# SECURITIES AND EXCHANGE COMMISSION

Form 17-A

## PHILIPPINE REALTY AND HOLDINGS CORPORATION

Annual Report Pursuant to Section 17  
of the Securities Regulation Code and Section 141  
of the Corporation Code of the Philippines

1. For the fiscal year ended: 31st December 2023
2. SEC Identification No.: 99905
3. BIR Tax Identification No.: 116-000-188-233
4. Registrant: Philippine Realty and Holdings Corporation
5. Country of Incorporation: Philippines
6. Industry Classification Code: Real Estate Developer
7. Address of principal office: One Balet, 1 Balet Drive corner N. Domingo St., Brgy. Kaunlaran  
Quezon City  
Satellite Office: Unit No. 1609, 16<sup>th</sup> Floor PSE Centre East Tower, Exchange Road, Ortigas  
Center Pasig City
8. Registrant's telephone no.: 8631-3179
9. The Registrant has not changed its corporate name and fiscal year.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Class	No. of shares of common stock outstanding	Debt Outstanding
Common	9,100,102,685 shares	₱0.00

11. The Registrant's common shares are listed on the Philippine Stock Exchange
12. The Registrant has filed all reports required to be filed by Section 17 of the Securities Regulation Code and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporate Code during the preceding 12 months.

The Registrant has been subject to such filing requirements for the past 90 days.

13. The aggregate market value of voting stocks held by non-affiliates representing 2,617,165,277 of outstanding common shares is ₱361,168,808 computed on the basis of ₱0.138 per common share as of close of December 31, 2023.
14. The Registrant has filed all documents and reports required to be filed by Section 17 of the Code.

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## PART I

### BUSINESS AND GENERAL INFORMATION

#### Item 1. Business

Philippine Realty and Holdings Corporation (hereinafter referred to by its trading symbol **RLT** or the “**Parent Company**”) was incorporated and registered with the Philippine Securities and Exchange Commission (**SEC**) on July 13, 1981 with a corporate life of fifty (50) years, and an initial capitalization of ₱2,000,000.00.

On September 7, 1987, the Parent Company was listed in the Philippine Stock Exchange (**PSE**).

The Board of Directors approved on April 18, 2018 the amendment of the Parent Company’s Articles of Incorporation (**AOI**) for the purpose of increasing RLT’s Authorized Capital Stock (**ACS**) that was necessary to accommodate the issuance of new, primary shares from the increased capital stock in favor of Greenhills Properties, Inc. (**GPI**), a corporation incorporated under the laws of the Philippines, in exchange for prime real properties that GPI will contribute into RLT as capital.

The property-for-share swap transaction involved the contribution by GPI into RLT of two (2) vacant lots located in the Bonifacio Global City (**BGC**) more particularly described as follows: 1) Lot 1 Block 8 containing 1,600 sq.m., located at the corner of 6th Avenue and 24th Street; and 2) Lot 4 Block 8 also containing 1,600 sq.m., located at 6th Avenue corner 25th Street. Lot 1 Block 8 is registered under the name of GPI. GPI also acquired Lot 4 Block 8 from its wholly owned subsidiary, Lochinver Assets Inc. (**LAI**), by way of merger approved by the SEC on 28 November 2012, with GPI as the Surviving Corporation and LAI as the Absorbed Corporation.

The said transaction also involved the issuance by RLT of 4,177,777,778 new common shares from the increase in its ACS, in favor of GPI in exchange for the two (2) vacant lots in BGC that GPI contributed into RLT as capital.

In the above-described transaction, RLT engaged the services of a PSE-accredited firm to come up with a Valuation and Fairness Opinion Report. The said PSE-accredited firm expressed the opinion that the method employed by RLT is a fair basis in determining the transaction price (and the transaction value) for the issuance of new shares from an increase in the ACS.

On May 14, 2019, the SEC approved the increase in the Parent Company’s ACS from ₱4,000,000,000.00 divided into 8,000,000,000 shares with par value of ₱0.50 per share to ₱8,000,000,000.00 divided into 16,000,000,000 shares with par value of ₱0.50 per share. This was after the approval by a majority of the Board of Directors on April 18, 2018 and by the vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock on July 23, 2018.

On June 22, 2021, the tax-free exchange of properties for shares transaction by and between RLT and GPI was completed.

On 22 June 22, 2021, RLT, through its external legal counsels, received from the Registry of Deeds for Taguig City, the land titles covering the two (2) vacant lots located in the BGC as described above, contributed by GPI as equity into RLT, already registered under the name of RLT.

Also on 22 June 22, 2021, in exchange for the two (2) BGC vacant lots, RLT issued 4,177,777,778 new common shares from its increased capital stock, in favor of GPI.

With the issuance of new shares in its favor, GPI now owns 5,933,556,844 shares in RLT, bringing its percentage ownership to 65.20% from 35.67%. The remaining shares of RLT are owned by various individuals and institutional stockholders.

As of December 31, 2023, 9,100,102,685 shares are subscribed and outstanding.

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's registered office is at One Balete, 1 Balete Drive Corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111, Philippines.

### **Subsidiaries**

RLT has organized/invested in the following subsidiaries and affiliates (RLT together with its subsidiaries and affiliates are referred herein as "**RLT Group of Companies**" or simply "**RLT Group**").

#### ***PRHC Property Managers, Inc. (100% owned)***

PRHC Property Managers, Inc. (**PPMI**) was incorporated in May 1991 to oversee the administration, operation and monitoring of RLT's growing number of real estate properties. Its clients include: Philippine Stock Exchange Centre Condominium Corporation, Casa Miguel Condominium Corporation, Andrea North Condominium Corporation, Nobel Plaza Condominium, LTA Condominium, Greenrich Mansion Condominium, Seibu Tower Condominium Corporation, etc.

PPMI ensures that the properties are managed according to the established requirements and standards in the industry. PPMI is also engaged in the sale and leasing of managed buildings as well as other real estate.

#### ***Tektite Insurance Brokers, Inc. (100% owned)***

Tektite Insurance Brokers, Inc. (**TIBI**) was incorporated in January 1989 as Philrealty Insurance Agency. Due to increasing demand, it was reorganized to become an insurance brokerage firm in 1994. Major clients include: RLT Group of Companies, RG Meditron, Philippine Stock Exchange Centre Condominium Corporation, Icon Plaza Condominium Corporation and Develop Dimension Inc., etc.

#### ***Universal Travel Corporation (81.53% owned)***

Universal Travel Corporation (**UTC**) was incorporated in October 1993 and was engaged in



the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. UTC catered principally to the offices at the Philippine Stock Exchange Centre (**PSEC**). In August 2018, the Company announced that it ceased its travel agency business operations on a voluntary basis due to continuing losses and increasing capital deficiency. The terminated employees of UTC were all paid their separation benefits and all creditors were also paid prior to the temporary cessation of its business operations. This move is part of the business rationalization process presently being undertaken by RLT wherein the Parent Company sought to explore new investment/business opportunities while at the same time lightening up on existing unrelated or unprofitable investments.

***Sultan Power Inc. (100% owned)***

Sultan Power, Inc. (**SPI**) was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company. SPI achieved majority ownership in Recon-X Energy Corporation (**Recon-X**) by acquiring 51% of the total issued and outstanding shares of the latter company.

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 wastes 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, that can provide the plant production requirements. RECON-X is set to commence its commercial operations in 2024 with continuous efforts in streamlining its operations and sourcing of technical staff for production.

**Products and Services**

The principal products or services of RLT, which are derived from domestic sales and their relative contribution to total revenues, are as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Sale of Condominium Units	24.00%	25.62%	17.00%
Leasing	9.01%	6.41%	6.11%
Property Management	5.67%	3.95%	4.06%
Insurance Brokerage	0.72%	0.63%	0.50%
Other Income	60.60%	61.58%	70.41%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Sale of Condominium units**

RLT develops and sells high-end condominium units located at One Balete Drive corner N. Domingo Street, Quezon City and is now planning on developing additional high-end residential towers in the BGC, in addition to the completed Skyline Tower and the SkyVillas Tower.

In addition, the Parent Company entered into two (2) joint venture arrangements with Xcell Property Ventures Inc. (**Xcell**) for the development of the Icon Residences (a 2-tower residential condominium building) and Icon Plaza (residential/commercial condominium building). RLT contributed the parcels of land located at the Bonifacio Global City (**BGC**) where the Icon Residences Towers and the Icon Plaza Tower were constructed thereon. Xcell provided the funds for the construction of the condominium towers. The Parent Company has several units for lease at Icon Residences and at Icon Plaza at the BGC.

### **Leasing**

RLT has investment properties, such as residential and commercial office and storage units and parking slots, for lease at the following locations: 1) Philippine Stock Exchange Centre located at Exchange Road, Ortigas Center Pasig City; 2) Icon Plaza located at 5<sup>th</sup> Avenue, BGC, Taguig City; 3) Icon Residences Tower 1; 4) Skyline Tower; and 5) SkyVillas Tower. The latter two (2) towers are located at the One Balet Compound, One Balet Drive corner N. Domingo Street, Quezon City. The contracts of lease are renewable for periods ranging from six months to five years.

The Company is also sub-leasing two parcels of land with total area of 3,200 square meters located along 5<sup>th</sup> Avenue BGC, Taguig City where one parcel of land houses commercial units for lease.

RLT is also leasing to tenants approximately 500 sq.m. of the Ground Floor space of the One Balet Building located at One Balet Drive corner N. Domingo Street, Quezon City.

On December 16, 2020, RLT and PPMI entered into a Lease and Hotel Management Services Agreement, wherein the latter leases, operates, and manages RLT's "El Retiro" property located in Baguio City.

### **Property Management**

RLT's property management subsidiary, PPMI, oversees the administration, operation and monitoring of real estate assets of RLT and other companies.

### **Insurance Brokerage**

TIBI operates as an insurance brokerage firm for RLT and other companies.

### **Employees**

RLT has a total workforce of 60 employees as of December 31, 2023, classified as follows:

Staff	28
Managerial	22
Executive	10
<b>Total</b>	<b>60</b>

The Company expects to more or less maintain its number of employees in the next 12 months. There is no existing Collective Bargaining Agreement ("**CBA**") between the Company and its employees as there is no labor union in the Company. The Parent Company has the

following supplemental benefits for its employees: (a) Health Care; (b) Group Life Insurance; (c) Retirement Plan and (d) Profit-sharing based on the Parent Company's By-Laws.

## **Item 2. Properties and Projects**

### **The Parent Company's Projects**

RLT has developed unique and trend setting projects, such as the following:

1. **The Alexandra**. The Alexandra was the first to offer consumers the combination of high-rise condominium and subdivision living. It is a luxury mid-rise development with a ratio of one sq.m. of land for every two sq.m. of sold floor area. As the first gated vertical community in Metro Manila, The Alexandra was one of the most coveted addresses in its heyday. The community is composed of 11 buildings that range from 5 to 14-storeys high. There are only 360 units in the 4.2 ha. property, all of which are 3-bedroom apartments with floor areas ranging from 182 to 250 sq.m. The narra flooring, marble baths, landscaped gardens, and the ratio of space to the number of occupants, all right in the Ortigas Center central business district made this a community like no other.
2. **Tektite Towers (formerly Philippine Stock Exchange Centre)**. Launched as Tektite Towers in 1989 and fully completed in January 1996, it was renamed The Philippine Stock Exchange Centre (**PSEC**) and held that name for several years. It held the title for the **largest office building complex for decades after its completion**. With twin towers consisting of 33 stories each, more than 1,700 parking spaces, wide hallways, spacious offices, combine to encompass more than 18 has. of covered space. Bridging the East and West Towers was the 4-storey official headquarters of the Philippine Stock Exchange, Inc. (**PSEI**) until it moved to its new location in BGC in 2018. On the ground floor, directly beneath what used to be the PSEI trading floor is a multi-purpose auditorium with a 400-person capacity.
3. **La Isla Condominium**. La Isla Condominium has only 28 units ranging from 270 sq.m. 2-bedroom units to 580 sq.m. loft apartments, 2 units per floor, with elevators that open directly to the unit owner's own foyer. Solid narra floors, marble baths, 2 to 4 parking spaces per unit, and extra storage space in the basement. La Isla Condominium is still among the most exclusive residential development in the metropolis, with units still in great demand, close to two decades after its completion. The building was named for its 360° view, never to be impeded by a neighboring building. It is an island in the heart of the Ortigas Central Business District (**CBD**).
4. **The Alexis**, a low-rise condominium within an upscale subdivision.
5. **Casa Miguel**. A 4-storey walk-up residential condominium in San Juan, Metro Manila.
6. **One Balete Compound**. Formerly known as Andrea North Complex, RLT's One Balete Compound, located a 2.8 ha. property in New Manila, Quezon City, which used to be the Pepsi Cola complex in New Manila, was launched after the full completion of The Philippine Stock Exchange Centre (Tektite Towers) in January 1996. It is situated at the corner of Balete Drive and N. Domingo Street. The Complex will be comprised of a 4-tower luxury development. This project is an Alexandra-type upscale and high-rise condominium complex.

The first tower, Skyline Tower, was completed in September 2011, and the second tower, started on November 16, 2012, now also completed, is SkyVillas Tower, a 31-storey luxury condominium that features only 2 to 8 units per floor.

7. **The Icon Residences.** A completed 2-Tower condominium joint venture project with Xcell located in BGC, consists of minimum saleable areas (excluding parking) of 18,640 sq.m. and 219 parking units.
8. **The Icon Plaza.** A completed mixed-use condominium building which was started in mid-2010, is comprised of commercial/retail spaces, office suites and residential units with a minimum saleable area (excluding parking) of 28,043 sq.m. and parking spaces of 350 units. The Icon Plaza was another joint venture project with Xcell located in the BGC.
9. **El Retiro, Baguio City.** El Retiro is a premier luxury serviced residence and events venue in Baguio, offering an exclusive and luxurious way for families and large groups to spend a relaxing vacation in the City of Pines. El Retiro is a project of RLT and PPMI, and is located at 20 Outlook Drive, Barangay Outlook, Baguio City. El Retiro provides easy access to restaurants, shops, and popular tourist landmarks such as The Mansion, Wright Park, Mines View, St. Joseph's Church, Camp John Hay, Baguio Country Club, and everything else Baguio has to offer.

With a rich history, El Retiro retains the charms of a heritage home combined with modern conveniences and a traditional farmhouse interior. The beautifully restored mid-century mansion preserved its original structure and natural surroundings. The 1.6-hectare property is also home to one of the oldest trees in Baguio. Once the ancestral home of affluent families, El Retiro provides visitors a glimpse into the past, creating a sense of nostalgia.

### **The Parent Company's Properties**

#### **Land bank**

The Parent Company's land bank are as follows:

<b>Properties</b>	<b>Location</b>	<b>Area in sqm.</b>
One Balet Compound	Quezon City, Metro Manila	8,968.87
El Retiro Estate	Baguio City	16,158.00
Lots 1 and 4, Block 8	BGC, Taguig City	3,200.00
San Fernando City, La Union	San Fernando City, La Union	33,122.00

#### **Leased Properties**

The Parent Company has an existing lease contract with GPI which allows RLT to sublease, two parcels of land located along 5<sup>th</sup> Avenue at the BGC, with a total area of 3,200 sq.m. more or less. The lease agreement is for a period of 15 years.

## **Rental Properties**

The Parent Company's properties for lease are largely office and storage units, parking slots, commercial spaces, commercial strips and residential condominium units. These are as follows:

### **Tektite Towers condominium units located at Ortigas Center, Pasig City**

<b>Units for Lease</b>	<b>Number of units</b>
Office condominium units	27
Commercial condominium units	19
Storage spaces	62
Parking spaces	328

### **Icon Plaza condominium units located at BGC, Taguig City**

<b>Units for Lease</b>	<b>Number of units</b>
Condominium units	10
Storage spaces	2

Majority of the units in Tektite Towers, Icon Plaza, Skyline Tower, Icon Showroom Building and SkyVillas Tower as well as a portion of the One Balet Building are leased out to individuals and corporate entities. In 2023, the Parent Company generated a total of ₱65.47 Million lease income from these properties.

### **El Retiro property in Baguio City**

On December 16, 2020, RLT and PPMI entered into a Lease and Hotel Management Services Agreement, wherein the latter leased the said property from the former, with the end in view of operating and managing El Retiro into a luxury, serviced residence and to cater to special events and functions such as weddings and baptisms.

### **Mortgage, lien or encumbrance over some properties**

The Parent Company has some parcels of land and condominium units in SkyVillas Tower and in Tektite Towers that are mortgaged with the Philippine Bank of Communications (**PBCOM**) and certain parcels of land with the Philippine National Bank (**PNB**).

## **Item 3. Legal Proceedings**

The Parent Company is involved in certain claims and pending lawsuits arising in the ordinary course of business which are either pending decision by the courts or under negotiation.

Certain subsidiaries are defendants or parties in various lawsuits and claims involving civil and labor cases. In the opinion of the subsidiaries' management, these lawsuits and claims, if decided adversely, will not involve sums having material effect on the subsidiaries' financial position or results of operations.

Management believes that the final settlement, if any, of the foregoing lawsuits or claims would not adversely affect the Parent Company's financial position or results of operations.

**Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

**Part II**  
**SECURITIES OF THE REGISTRANT**

**Item 5. Market for Registrant's Common Shares and Related Stockholder Matters**

**Market Information**

Principal market for the Registrant's Common shares: Philippine Stock Exchange

High and Low Sales Prices for each quarter for years 2021, 2022, and 2023 based on Philippine Stock Exchange's Daily Quotation Report

	2021		2022		2023	
	High	High	High	Low	High	Low
1 <sup>st</sup> Quarter	0.27	0.24	0.24	0.27	0.21	0.19
2 <sup>nd</sup> Quarter	0.45	0.24	0.24	0.24	0.14	0.13
3 <sup>rd</sup> Quarter	0.25	0.21	0.21	0.21	0.19	0.18
4 <sup>th</sup> Quarter	0.21	0.20	0.20	0.31	0.14	0.14

**Holders**

As of December 31, 2023, the Parent Company has 1,198 stockholders. The list of the top 20 stockholders of the Parent Company as of December 31, 2023 appears below:

Name of Stockholder	Citizenship	No. of Shares	Percentage (%)
Greenhills Properties, Inc.	Filipino	5,933,556,844	65.20%
PCD Nominee Corporation	Filipino	2,182,382,231	23.98%
Campos, Lanuza & Co., Inc.	Filipino	275,196,201	3.02%
Gerardo Domenico Antonio V. Lanuza	Filipino	219,843,366	2.42%
PCD Nominee Corporation - NF	Filipino	68,808,492	0.76%
Belson Securities, Inc.	Filipino	30,580,956	0.34%
Socorro C. Ramos	Filipino	21,291,750	0.23%
Brisot Economic Dev. Corp	Filipino	15,280,621	0.17%
Vulcan Industrial & Mining Corp.	Filipino	15,159,434	0.17%
Ramon de Leon	Filipino	11,810,854	0.13%
Calixto Laureano	Filipino	11,810,854	0.13%
Ricardo Leong	Filipino	11,810,854	0.13%
Oscar S. Cu ITF Anthony Cu	Filipino	7,390,000	0.08%
Meridian Securities	Filipino	6,269,888	0.07%
Guoco Sec (Phils) Inc.	Filipino	5,961,532	0.07%
Guild Securities	Filipino	5,598,162	0.06%
E. Chua Chiaco Securities, Inc.	Filipino	5,538,016	0.06%
Citisecurities, Inc.	Filipino	5,408,078	0.06%
National Bookstore, Inc.	Filipino	5,393,450	0.06%
Wellington Chan	Filipino	5,185,801	0.06%
<b>Total</b>		<b>8,844,277,384</b>	<b>97.20%</b>

**Dividends**

No dividend was declared by the Parent Company since its last declaration on October 24, 1995. There have been no unappropriated retained earnings distributed to stockholders since 1997. In 1996, the Board of Directors approved the appropriation of ₱250 Million of the Parent Company's retained earnings for the purchase of its own capital stock. In 2018, the Board of Directors approved the reclassification of ₱140.3 Million Appropriated Retained Earnings for Treasury Stock Acquisitions to Unappropriated Retained Earnings.

**Recent Sales of Unregistered Securities**

For the year 2023, the Parent Company had no sales of unregistered securities.



**Part III**  
**FINANCIAL INFORMATION**

**Item 6. Management's Discussion and Analysis of Financial Condition or Results of Operation**

**I. REVIEW OF CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDING DECEMBER 31, 2023 VS. DECEMBER 31, 2022**

For the years ended December 31 (In millions)				
	2023 (Audited)	2022 (Audited)	Change in Peso	Change in Percentage
<b>Revenue</b>				
Sales of real estate	₱175	₱225	(₱50)	(22%)
Rent	65	56	9	16%
Management fees	41	35	6	17%
Interest income	14	16	(2)	(13%)
Commission	5	6	(1)	(17%)
Other income	427	540	(113)	(21%)
<b>TOTAL</b>	<b>727</b>	<b>878</b>	<b>(151)</b>	<b>(17%)</b>
<b>Costs and Expenses</b>				
Cost of real estate sold	90	106	(16)	(15%)
Cost of services	75	63	12	19%
General and administrative	308	339	(31)	(9%)
Finance cost	70	64	6	9%
Equity in net loss of associates	2	1	1	100%
Other expenses	5	0	5	100%
<b>TOTAL</b>	<b>550</b>	<b>573</b>	<b>(23)</b>	<b>(4%)</b>
INCOME BEFORE INCOME TAX	177	305	(128)	(42%)
INCOME TAX EXPENSE	64	125	(61)	(49%)
<b>NET INCOME</b>	<b>₱113</b>	<b>₱180</b>	<b>(₱67)</b>	<b>(₱37%)</b>
OTHER COMPREHENSIVE INCOME (LOSS)	(9)	13	(22)	(169%)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱104</b>	<b>₱193</b>	<b>(₱89)</b>	<b>(46%)</b>

- 1. Consolidated net income after tax.** Philippine Realty and Holdings Corporation posted net income after tax of **₱113 Million** for the 12 months ended December 31, 2023 compared to **₱180 Million** net income after tax for the same period last year. The decrease in the Company's profitability is explained below.

**a. Income**

- 1. Sales of real estate.** The sales of real estate decreased by **₱50 Million** or by 22% for the 12 months ended December 31, 2023 compared to the sales of real estate for the same period in 2022. Sales of real estate pertains to units sold at the Skyline and SkyVillas Towers located in Quezon City, and at The Icon Plaza located in Bonifacio Global City.
- 2. Rent.** Rental Income increased by **₱9 Million** or 16% due to the origination of new lease contracts.

3. **Management fees.** Property management fees increased by ₱6 Million or by 17% due to the increase in the number of clients of PRHC Property Managers, Inc. (PPMI).
4. **Interest income.** Interest income decreased by 13% due to lower interest income and penalties collected in 2023 from buyers due to late payments compared to last year.
5. **Commission income.** Commission income decreased by ₱1 Million or 17% due to decrease in clients by the Company's Insurance brokerage firm.
6. **Other income.** Other income for the twelve months ended December 31, 2023 decreased by ₱113 Million or by 21% compared to the twelve months ended December 31, 2022. Other income consists largely of Gain on fair value changes in Investment Properties that decreased by ₱258 Million in 2023 or by 50% compared to 2022. Investment Properties consist largely of land, commercial, office, storage condominium units as well as office and residential parking spaces held to earn rentals or for capital appreciation (or both). The Group's properties that are located in the Tektite Towers, a vacant lot in the Bonifacio Global City (BGC), residential and office/commercial units in The Icon Plaza located in the BGC, The El Retiro Mansion in Baguio City, and commercial lots in San Fernando City, La Union, are classified as Investment Properties.

In 2023, the Parent Company sold an Investment Property in La Union that generated a Gain on sale amounting to ₱128 Million.

**b. Costs and Expenses**

1. **Cost of real estate sold.** In terms of percentage to Sales of real estate, Cost of real estate sold increased to 52% in 2023, whereas it was at 47% of Sales of real estate for the same period in 2022.
2. **Cost of services.** The cost of service increased to ₱75 Million from ₱63 Million for the same period last year due to higher expenses incurred by the Parent Company and its property management subsidiary such as Condominium dues, Real property taxes, and Other costs in the year 2023.
3. **General and administrative expenses.** General and administrative expenses decreased by ₱31 Million or by 9%, mainly due to a ₱25 Million decrease in Provision for impairment loss on trade and other receivables.
4. **Finance cost.** The ₱6 million increase in Finance Cost was due to full charging of Interest Expense to operations compared to previous years where part of interest payments was capitalized to real estate projects considered as qualifying assets.
5. **Equity in net loss of associates.** The 100% increase was due to the increase in the Net Loss from operations of one of the Parent Company's Associate

companies.

6. **Other expenses.** The ₱5 million increase in Other Expenses is explained by the loss on repossession of real estate properties recorded in 2023.
7. **Income Tax expense.** The decrease in Income Tax Expense by ₱61 Million was due to the reduction in income in 2023.
- c. **Other Comprehensive income (loss).** The decrease was due to remeasurement loss on retirement benefit obligations on the Group's Retirement Fund.
- d. **Subsidiaries.**

The contributions of the Parent Company's subsidiaries to revenues and net income are shown below.

1. **PRHC Property Managers, Inc. (PPMI).** The Parent Company's property management subsidiary registered a Total Comprehensive loss of ₱1.9 Million for the twelve months ended December 31, 2023. It is lower by ₱10.7 Million compared to the Total Comprehensive income of ₱8.8 Million registered by PPMI for the same period last year.
2. **Tektite Insurance Brokers, Inc. (TIBI).** The Group's insurance brokerage firm posted a Total Comprehensive Income of ₱0.27 Million for the twelve months ended December 31, 2023 which is lower by ₱0.73 Million compared to the ₱0.999 Million Total Comprehensive income registered by TIBI for the same period last year.

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

As of December 31 (In millions)				
	2023 (Audited)	2022 (Audited)	Change in Peso	Change in Percentage
<b>Assets</b>				
Cash and cash equivalents	₱283	₱164	₱119	73%
Financial assets	42	43	(1)	(2%)
Trade and other receivables – net	563	542	21	4%
Real estate inventories	2,074	2,086	(12)	(1%)
Prepayments and other assets – net	463	413	50	12%
Investments in and advances to associates - net	56	58	(2)	(3%)
Property and equipment – net	92	60	32	53%
Investment properties – net	5,164	4,927	237	5%
Other Assets	275	300	(25)	(8%)
<b>TOTAL ASSETS</b>	<b>₱9,012</b>	<b>₱8,593</b>	<b>₱419</b>	<b>5%</b>
<b>Liabilities</b>				
Trade and other payables	₱139	₱195	(₱56)	(29%)
Loans and Notes Payable	1,202	894	308	34%
Retirement benefit obligation	86	67	19	28%
Other liabilities	956	911	45	5%
<b>TOTAL</b>	<b>2,383</b>	<b>2,067</b>	<b>316</b>	<b>15%</b>
<b>Equity</b>				
Capital stock	5,056	5,056	-	0%
Reserves	56	66	(10)	(15%)
Retained Earnings	1,669	1,556	113	7%
Treasury Stock	(110)	(110)	-	0%
<b>Equity attributable to equity holders of the parent</b>	<b>6,671</b>	<b>6,568</b>	<b>103</b>	<b>2%</b>
Minority interest	(42)	(42)	-	0%
<b>TOTAL</b>	<b>₱6,629</b>	<b>₱6,526</b>	<b>₱103</b>	<b>2%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱9,012</b>	<b>₱8,593</b>	<b>₱419</b>	<b>5%</b>

1. **Total assets.** The Group's Total assets stood at ₱9.0 Billion as of December 31, 2023, higher by ₱419 Million compared to the ₱8.6 Billion level of Total assets as of December 31, 2022.

**Cash and cash equivalents** increased by ₱119 Million due to the combined effects of additional loans availed and proceeds from sale of Investment properties in the remaining days of 2023.

**Prepayments and Other Assets** increased by 12% due to taxes and advance payments to contractors.

**Property and Equipment** increased by 53% due to the acquisition of new transportation vehicles in 2023.

**Investment properties** increased by ₱237 Million or from ₱4.9 Billion in 2022 to ₱5.2 Billion in 2023 largely due to recognition of Gain on fair value on the Parent Company's existing Investment Properties.

**Other assets** decreased by 8% due to various adjustments made pertaining to the adoption of new accounting standards.

2. **Total liabilities.** Total liabilities increased by ₱316 Million largely due to additional loans acquired by the Parent Company and increase in Deferred tax liabilities arising from fair value gains on Investment properties.

**Trade and other payables** decreased by ₱56 million due to payments made to several suppliers and contractors.

**Loans and notes payable** increase by 34% because of additional Loans availed by the Parent Company in the year 2023.

**Retirement benefit obligation** increased to ₱86 million from ₱67 million due to the increase in the present value of the defined retirement benefit obligation.

**Other Liabilities** are comprised of Lease Liability and Deferred Tax Liability. The increase was due to higher Deferred tax liabilities because of the recognition of Gain on Change in Fair Value of the Group's Investment Properties.

3. **Total Equity.** Total equity was recorded at ₱6.63 Billion as of December 31, 2023, higher by ₱103 Million compared to ₱6.53 Billion as of December 31, 2022.

**Reserves** decreased by 15% due to lower market value in 2023 of the Parent Company's investments classified as Financial Asset Through Other Comprehensive Income, compared to 2022.

**Retained Earnings** increased by ₱113 million due largely to the Net Income reported by the Parent Company.

### **III. Performance Indicators**

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

<b>Performance Indicators</b>	<b>31 December 2023 Audited</b>	<b>31 December 2022 Audited</b>
Current ratio <sup>1</sup>	3.52:1	3.61:1
Debt-to-equity ratio <sup>2</sup>	0.36:1	0.32:1
Asset-to-equity ratio <sup>3</sup>	1.36:1	1.32:1

Book value per share <sup>4</sup>	₱0.76	₱0.75
Earnings per share <sup>5</sup>	₱0.01	₱0.02

<sup>1</sup> *Current assets / current liabilities*

<sup>2</sup> *Total debt / consolidated stockholders' equity*

<sup>3</sup> *Total assets / Total stockholders' equity*

<sup>4</sup> *Total stockholders' equity plus Subscriptions receivable / No. of shares outstanding*

<sup>5</sup> *Net income attributable to equity holders of Parent Company / Weighted average no. of common shares issued and outstanding*

The table above reflects the consistent favorable performance of the RLT Group in terms of solvency, liquidity, and profitability. The steady performance of debt-to-equity ratios and asset-to-equity ratios of the RLT Group for the periods under review demonstrate that the Parent Company's real estate business is currently being managed prudently.

1. **Current ratio.** The Group's current ratio remains healthy despite showing a decrease from 3.61:1 in December 2022 to 3.52:1 in December 2023.
2. **Debt-to-equity ratio.** The RLT Group's debt-to-equity ratio remained acceptable and very conservative at 0.36:1 as of end-2023 and 0.32: 1 as of end-2022.
3. **Asset-to-equity ratio.** Similarly, the asset-to-equity ratio of the Company also remained very conservative at 1.36:1 in December 2023 from 1.32:1 as of December 2022.
4. **Book value per share.** The performance of the RLT Group's Book value per share has also been a very encouraging as it showed increase from ₱0.75 per share as of end-December 2022 to ₱0.76 per share as of 31 December 2023.

There was no issuance, repurchase or payment/repayment of either debt and equity securities nor dividends during the year 2023.

As of this report, there is no other known event that will trigger direct or contingent financial obligation that is material to the Company. Moreover, there is no material off-balance sheet transaction, arrangement, obligation, and other relationship of the Company with unconsolidated entities or other persons created during this period.

5. **Earnings per share.** The RLT Group's Earnings per share remained at ₱0.01 in year 2023.

There are no known events, trends or uncertainties that have material impact on liquidity and will trigger direct or contingent financial obligations including any default or acceleration of an obligation for the twelve months ended period December 31, 2023. Moreover, for this period there is also no known material:

- i. Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons;
- ii. Commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures;
- iii. Events, trends or uncertainties that have material impact on Sales;
- iv. Any significant elements of income or loss that did not arise from the registrant's

- continuing operations;
- v. Seasonal Aspects that have material effect on the financial statements.

**Item 7. 2023 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries.**

Please refer to ANNEX B

**Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

The auditing and accounting firm of Maceda Valencia & Co. is the Parent Company's and the RLT Group's Independent Certified Public Accountants appointed in the 2023 Annual Stockholders' Meeting. There was no event where Maceda Valencia & Co. and the Company had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

**Audit and Audit Related Fees**

The professional fees of independent auditors Maceda Valencia & Co. for 2023 and 2022 amounted ₱1,125,000 and ₱1,050,000 exclusive of VAT, respectively. Out of pocket expenses are pegged at 15% of audit fees for 2023 and for 2022.

**Tax Fees**

In 2023, the Parent Company did not engage the services of Maceda Valencia & Co. for tax consulting services.

**PART IV**  
**MANAGEMENT AND CERTAIN SECURITY HOLDERS**

**Item 9. Directors and Executive Officers of the Registrant**

The write-ups below include positions held as of December 31, 2023 and in the past five years, and personal data as of December 31, 2023 of directors and executive officers.

**Board of Directors**

Gerardo Domenico Antonio V. Lanuza*	Chairman
Renato G. Nuñez	Vice-Chairman / Independent Director
Gerardo O. Lanuza, Jr.	Chairman Emeritus
Antonio O. Olbes	Vice-Chairman Emeritus
Alfredo S. Del Rosario, Jr.*	Member
Edmundo C. Medrano*	Member
Gregory G. Yang	Member
Andrew C. Ng	Member
Amador C. Bacani	Member
Jomark O. Arollado	Independent Director
Alfonso Martin E. Eizmendi	Independent Director

*\* On February 21, 2023, the Board of Directors approved the resignation of Mr. Alfredo S. Del Rosario, Jr. as Director and President and Chief Executive Officer for health reasons effective February 28, 2023. On the same date, Mr. Gerardo Domenico Antonio V. Lanuza was elected as President to serve the unexpired term of Mr. Del Rosario Jr. On 30 June 2023, Mr. Edmundo C. Medrano was elected President.*

**Gerardo Domenico Antonio V. Lanuza / 40 – Filipino**

Chairman of the Board of Philippine Realty and Holdings Corporation since June 2019 and a member of the Board of Directors since January 2009. He was Executive Vice President and Chief Operating Officer of Philippine Realty and Holdings Corporation from 2014 to 2019 and was Vice President for Special Projects in 2010. He is a director at various companies such as Greenhills Properties Inc., British United Automotive Corp., A Brown Co. Inc., Klassik Motors Corp., and Campos, Lanuza & Co. Inc., where he also serves as the Vice President for Sales. He earned his Bachelor of Science degree in Legal Management at the De La Salle University, Manila in 2006.

**Renato G. Nuñez / 54 (Independent Director) - Filipino**

Vice-Chairman and Independent Director of Philippine Realty and Holdings Corporation since 2015. Mr. Nuñez is also the current Chairman and Independent Director of PRHC Property Managers Inc. He was the President of CATS Motors, Inc. until June 30, 2023. He is currently the President of Techglobal Data Center, Inc., Techzone Philippines, Inc., LIA Philfoods, Inc., and Everland Estate Development Corp. Moreover, he is also a current Director of All British Cars, Inc., Cambie Property, Inc. Coventry Motors Corp., and Total Consolidated Asset Management, Inc. Previously, he served as Vice President of Leisure & Resorts World Corp., as well as Midas Hotel & Casino. He was once the Managing Director of Blue Chip Gaming & Leisure Corp., Vice President and Director of AB Leisure Global, Inc.,



President of Arwen Gaming & Leisure Specialist, Inc., Vice President for Finance of Binondo Leisure and Resort Corp., and Vice President of AB Leisure Exponent., Inc. He completed his BS Industrial Management Engineering degree Minor in Mechanical Engineering at De La Salle University in 1991.

**Gerardo Lanuza, Jr. / 77 – Spanish / Filipino**

Chairman Emeritus of the Board of Philippine Realty and Holdings Corporation. Mr. Lanuza has been a Director of Philippine Realty and Holdings Corporation since 1981. He is the Chairman of the Board of Universal Travel Corporation and Chairman and President of Greenhills Properties Inc. He sits as a Director in the following corporations: Gerzon Management Corporation, Broadford Property Holdings Inc., Merdom Corporation, Al Husn Manila, Inc., Domera Trading Corporation, Chiamil Trading Corporation, Nicora Trading Corporation, Xcell Property Ventures Inc., Julnad Assets Holdings Inc., Mernic Assets Holdings Inc., La Bodequita del Medio Inc., Merlan Holdings Inc., Peridot Asset Holdings Inc., Penzance Properties Holdings Corporation, Ju-Lan Assets Holdings Co. Inc., and Stonehaven Realty Services Inc. He is the nominee of Campos Lanuza & Co. Inc. to the Philippine Stock Exchange. He also serves as Treasurer of Lanuza Asset Holding Co. He was formerly Chairman of International Exchange Bank (**IBank**), Vice Chairman of Philippine Racing Club Inc., Vice President and Director of Makati Stock Exchange, Inc. and Director of Vulcan Industrial & Mining Corporation, Golden Arrow Mining Co., Inc., Apex Mining Co. Inc., Concrete Aggregates Corp., Philippine Overseas Drilling and Oil Development Corp., Surigao Consolidated Mining Co., Inc. and A Brown Company, Inc. He is a member of the Pasay-Makati Realtors Board, Inc. and Chamber of Real Estate and Builders Association, Inc. He graduated from De La Salle College with a degree in Bachelor of Science in Mechanical Engineering in 1969.

**Antonio O. Olbes / 77 - Filipino**

Vice-Chairman Emeritus of the Philippine Realty and Holdings Corporation. Mr. Olbes has been a Director of RLT since 1986. He had previously served as Chairman and President of Meridian Assurance Corp. from 1994-2008, and President of Raco Trading Phils., Inc. He was formerly a manager at Sycip, Gorres, Velayo & Co., and was Executive Vice President, in charge of trading, at Francisco de Asia and Co. He held a number of directorships, which includes seats in the following groups: PRHC Property Managers, Inc., Greenhills Properties Inc. (Treasurer), Universal Travel Corporation (Vice-Chairman), ICON Tower Residences, Green Vista Development Corporation, SEBLO Business Holdings Corporation, and Xcell Properties. He has also been named Honorary Consul General (in the Philippines) for the Republic of Nicaragua. He earned his Bachelor of Arts degree in Economics at Holy Cross College, Massachusetts, USA, and his master's degree in business administration from Bobson College, Massachusetts, USA. He completed his Advanced Management Program at Oxford University, United Kingdom, in July 1995.

**Edmundo C. Medrano / 70 – Filipino**

Mr. Medrano, a Director of Philippine Realty and Holdings Corporation since June 2019. He was appointed as President of the Company on June 30, 2023. He was elected in 2018 as an Independent Director at Credit Information Corporation representing the private sector and Chairman of its Audit Committee. He is currently a member of the Board of Directors of PRHC Property Managers, Inc., Casa Miguel Condominium Corporation, Universal Travel Corporation, Sultan's Power Inc. and Recon-X Energy Corporation. He previously held the

positions of Executive Vice President at Philtrust Bank; Vice Chairman, President and Chief Operating Officer at Producers Savings Bank Corporation; Senior Vice President at Asiatrust Development Bank; Senior Vice President at AB Capital and Investment Corporation and Head of Investment Banking and concurrently General Manager of AB Leasing and Finance Corporation; and First Vice President at AsianBank Corporation. He took his Masters of Business Management at the Asian Institute of Management from 1974 to 1976. He graduated from De La Salle College with a Degree of Bachelor of Science in Commerce major in Accounting in 1974, **Cum Laude**, and Bachelor of Arts major in Economics in 1974, **Cum Laude**.

**Gregory G. Yang / 67 – Filipino**

Mr. Yang has been a member of Board of Directors of RLT since August 2009. Formerly Senior Vice President and General Manager of the operating company, McGeorge Food Industries (local licensee of McDonald's). He opened the first McDonald's in 1981, having trained in Hong Kong and USA for one year and earning a degree in hamburgerology from McDonald's Hamburger University. His previous work experience includes serving as Assistant Manager of the International Corporate Bank, from 1978 to 1980, and Account Officer at the Makati Leasing and Financing Corporation from 1976 to 1978. He graduated from University of the Philippines in 1976 with a BS Business Administration degree.

**Andrew C. Ng / 40 – Filipino**

Mr. Ng was first elected as Director of RLT on August 2009. He is Vice President of Alpha Alleanza Manufacturing, Inc. Philippines since 2009. He was formerly the Assistant Operations Manager Trainee of Pinnacle Foods, Inc., Philippines, serving from 2005 to 2009, and was a Management Trainee at Procter & Gamble Philippines in 2004. He earned his Bachelor of Science degree in Industrial Engineering at De La Salle University, Manila in 2005.

**Amador C. Bacani / 75 – Filipino**

Mr. Bacani has served as a Director of RLT since 1998. He was formerly the President of Philippine Realty and Holdings Corporation from 2002 to 2014. He also worked in the same Company as Executive Vice President from 1995 to 2002. He is currently the President of Xcell Property Ventures, Inc. (a joint venture partner of the Company). Previously, he was First Vice President and Head of Consumer Banking Group of Rizal Commercial Banking Corporation and served as First Vice President & Head of Branches Operations Support Division as well. He held several other high-level positions in Campos, Lanuza & Co. Inc., Decision Systems Corporation, Security Bank and Trust Company, Allied Banking Corporation, Asian Merchant Finance Inc., Bank of the Philippine Islands, Citibank, N.A. (Manila), and Procter & Gamble Phils., Inc. He graduated with a Bachelor of Science degree in Mechanical Engineering, **Summa Cum Laude**, from De La Salle College in 1969, and earned his Master of Science in Industrial Administration degree at the Carnegie-Mellon, USA, in 1972.

**Jomark O. Arollado / 40 (Independent Director) – Filipino**

Mr. Arollado has been an Independent Director of RLT since June 2017. Served as Plant Manager and Strategic Business Unit ("SBU") Head of Rapid Forming Corporation since 2013. Previously, he was also a Plant Manager of Silangan Philtrade Corporation, serving

from 2011 to 2012. His first professional stint at Rapid Forming Corporation was in 2006 as the SBU head. Prior, he worked as the ISO Document Controller at SGV & Co. in 2004. He graduated with a Bachelor of Science degree in Industrial Engineering at Dela Salle University Manila in 2005.

**Alfonso Martin E. Eizmendi / 59 (Independent Director) - Filipino**

Mr. Eizmendi has been an Independent Director of RLT since June 2017. President and CEO of Royal Link Industries Inc., Yields Financial Corporation, Park Cent Tower Realty Corp., and WGP Villa Realty Corp. Aside from Philippine Realty and Holdings Corp., he is also a Director of Meridian Assurance Corp. Secret 6 Inc., CleanPro, Director and President of The Icon Plaza Condominium Corp., Frimar Realty and Frimar USA. He was formerly the Vice-Chairman of Vi@je Corp. from 2000 to 2001, and Chairman of Blue Star Insurance Brokerage from 1998 to 2001. He graduated from De La Salle University in 1986 with a bachelor's degree in Political Science.

**Chiara Rosario Julia L. Paredes /33 (Director) - Filipino**

Ms. Paredes was elected as Director in the June 30, 2023 annual stockholders meeting. She is currently a member of the Board of Director of Recon-X Energy Corporation and Vice President of Sultan's Power Inc. She is currently a Research Assistant at De La Salle University and she was an Assistant Instructor in the same university. She graduated with a Bachelor of Science in Physics with Specialization in Materials Science, *Summa Cum Laude*, from De La Salle University in 2013, and earned her Master of Science in Physics at De La Salle University in 2016. She finished her Doctoral degree (Doctor of Philosophy in Physics) from De La Salle University in 2022.

**Key Executive Officers**

Gerardo Domenico Antonio V. Lanuza	Chairman and President <sup>1</sup>
Alfredo S. Del Rosario Jr.	Director, President and Chief Executive Officer <sup>2</sup>
Edmundo C. Medrano	Director and President <sup>3</sup>
Erwin V. Ciar	Vice President and Head, Project Construction and Management
Adeline Susan C. Carag	Vice President and Head, Property Management Services
Carlos Miguel T. Paca	Vice President and Head, Business Development and Investment Relations Officer
Richard Nicolas K. Go	Vice President and Head, Sales
Marissa S. Bontogon	Vice President and Treasurer and Risk Officer
Mark Anthony M. Ramos	Vice President and Controller and Compliance Officer

<sup>1</sup> Elected as President effective March 1, 2023, to serve concurrently as Chairman of the Board

<sup>2</sup> Resigned as Director, President, and Chief Executive Officer effective February 28, 2023

<sup>3</sup> Elected as President effective June 30, 2023.

**Erwin V. Ciar / 49 – Filipino**

Vice President and Head, Project Construction and Management of Philippine Realty and Holdings Corporation since September 2014. He is a Director, and the President, of Charcoal Food Services Inc. He is also Member of Board of Directors and Treasurer of PRHC Property Managers Inc. He is a Director at Andrea North Condominium Corporation, and Recon-X Energy Corporation. Mr. Ciar has extensive work experience for twenty-three years in the fields of project and construction management, construction supervision and contract management. He was the Vice Director for PCMD at Bitexco Group of Companies from 2008 to 2014. He graduated from the Pamantasan ng Lungsod ng Maynila in 1996 with a Bachelor of Science Degree in Civil Engineering.

**Adeline Susan C. Carag / 66 – Filipino**

Ms. Carag is currently Vice President and Head, Property Management Services of Philippine Realty and Holdings Corporation. She held this position since November 2016. She was formerly the President of PRHC Property Managers Inc. She graduated from Eulogio “Amang” Rodriguez Institute of Science and Technology (EARIST) in 1978 with a degree of Bachelor of Science in Chemical Engineering and Bachelor of Science in Industrial Education.

**Carlos Miguel T. Paca / 49 – Filipino**

Mr. Paca concurrently holds the positions of Vice President Head, Business Development, and Investor Relations Officer of Philippine Realty and Holdings Corporation. He held this position since March 2017. He is also the General Manager of PRHC Property Managers Inc. He also holds the position as Member of the Board of Directors of Philippine Stock Exchange Centre Condominium Corporation, Hola Comerciantes, Inc., and Meridian Assurance Corp. He graduated from De La Salle University with a degree of Bachelor of Science in Industrial Engineering with Minor in Mechanical Engineering in 1995.

**Richard Nicolas K. Go / 41 – Filipino**

Mr. Go is currently the Vice President and Head of Sales of Philippine Realty and Holdings Corporation. He held this position since June 2017. He previously worked as Sales Manager at Arthaland Corporation. He graduated from De La Salle University College of Saint Benilde in 2004 with a degree in Hotel, Restaurant and Institution Management.

**Marissa S. Bontogon / 51 – Filipino**

Vice President and Treasurer and Risk Officer of Philippine Realty and Holdings Corporation. She held her position as Vice President since August 2020 and as Treasurer and Risk Officer since June 30, 2023. She is a Certified Public Accountant and Certified Financial Consultant. She received her Bachelor of Science in Accountancy Degree from De La Salle University in 1992.

**Atty. Rex P. Bonifacio / 52 – Filipino**

Atty. Bonifacio is the current Corporate Secretary of Philippine Realty and Holdings Corporation. Concurrently, he is also the Corporate Secretary of Philippine Stock Exchange

Centre Condominium Corporation and a Partner at Pastelero Law Office. He finished his Pre law at San Sebastian College Recoletos Manila in 1992 with a degree of AB Political Science, **Cum Laude**. In 1996, he completed his Bachelor of Laws degree in San Sebastian College of Law.

**Mark Anthony M. Ramos / 40 – Filipino**

Mr. Ramos concurrently holds the positions of Vice President and Controller and Compliance Officer. He is a Certified Public Accountant and Certified Internal Auditor. He earned his Masters in Business Administration from Ateneo Graduate School of Business. He graduated from the Philippine School of Business Administration with a Degree of Bachelor of Science in Accountancy in 2003, **Cum Laude**.

He was appointed by the Board of Directors of Philippine Realty and Holdings Corporation for the positions of Vice President and Controller and Compliance Officer on June 30, 2023.

**Significant Employees**

Any director or officer who may be elected is expected to make significant contributions to the operations and business of the Corporation. Likewise, each employee is expected to do his share in achieving the Company's set goals.

**Family Relationships**

Mr. Gerardo Lanuza, Jr., Chairman Emeritus of the Board, is the first cousin of Mr. Antonio O. Olbes, and father of Chairman of the Board, Mr. Gerardo Domenico Antonio V. Lanuza. Mr. Gregory Yang is the father-in-law of Mr. Gerardo Domenico Antonio V. Lanuza.

**Involvement in Certain Legal Proceedings (over the past five years)**

None of the Directors or Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

**Item 10. Executive Compensation**

	Year	Salary	Bonus	Per Diem	Other Annual Compensation	Total
(i). CEO and all individuals serving as the registrant's CEO or acting in a similar capacity during the last completed fiscal year.						
*Gerardo Domenico Antonio V. Lanuza	2021- Actual	₱16.5M	None	₱0.07M	None	₱ 16.57M
**Alfredo S. Del Rosario Jr.	2022- Actual	16.5M	None	0.07M	None	16.57M
***Edmundo C. Medrano	2023- Actual	13.5M	None	0.07M	None	13.57M
(ii) the registrant's four most highly compensated executive officers other						

	Year	Salary	Bonus	Per Diem	Other Annual Compensation	Total
than the CEO who were serving as executive officers at the end of the last completed fiscal year	2021- Actual	₱12.36M	None	None	None	₱12.36M
	2022- Actual	12.36M	None	None	None	₱12.36M
	2023- Actual	12.36M	None	None	None	12.36M

Carlos T. Paca (VP Business Development);  
Erwin V. Ciar (VP Project and Construction Mgt);  
Marissa S. Bontogon (VP Controller); Susan S. Carag (VP Property Management)

(iii) All other officers and directors as a group unnamed	2021-Actual	₱3.33M	None	None	None	₱3.33M
	2022- Actual	3.33M	None	None	None	3.33M
	2023- Actual	4.30M	None	None	None	4.30M

*\*On February 21, 2023, the Board of Directors approved the resignation of Mr. Alfredo S. Del Rosario, Jr. as Director, President and Chief Executive Officer for health reasons effective February 28, 2023;*

*\*\*Election of Mr. Gerardo Domenico Antonio V. Lanuza as President to serve the unexpired term of Mr. Del Rosario Jr.*

*\*\*\* Mr. Edmund C. Medrano was appointed as President on June 30, 2023.*

The Executive Officers are elected annually by the Board of Directors, at its first meeting following the annual stockholders' meeting. Every officer, including the President, is subject to removal at any time by the Board of Directors. All officers hold office for one year and until their successors shall have been duly elected and qualified; *Provided* that any officer elected to fill any vacancy shall hold office only for the unexpired term of the office filled.

The compensation of the Company's executive officers is fixed by the Board of Directors. They are covered by contract of employment and as such they are entitled to all the benefits accruing to salaried employees of the Company.

#### **Compensation of Directors**

Directors are entitled to a per diem of ₱6,000 and ₱4,000 allowance for meals and transportation for board meetings attended except for Independent Directors who receive per diem of ₱20,000.00. In addition, the Board of Directors is entitled to a portion of the 5% of Net Income before Tax as profit-sharing incentive for directors, officers and staff.

The directors of the Registrant received per diem in the amount of ₱1,254,000, ₱1,414,000, and ₱1,252,000 for 2023, 2022, and 2021, respectively.

#### **Item 11. Security Ownership of Certain Beneficial Owners and Management**

- a. The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting security as at

**December 31, 2023.**

Title	Name and Address of Record / Beneficial Owner	Record / Beneficial Ownership	Citizenship	Number of Shares Owned	% Owned
Common	Greenhills Properties, Inc. E-2003B, PSE Centre Exchange Road, Pasig City	"B"	Filipino	5,933,556,844 shares	65.20%
Common	PCD Nominee Corp. MSE Bldg., Ayala Avenue, Makati	"R"	Filipino / Non-Filipino	2,251,198,723 shares	24.74%
Common	Campos, Lanuza & Co., Inc E-2003B, PSE Centre Exchange Road, Pasig City	"R" / "B"	Filipino / American / Spanish / Others	1,664,784,872 shares	18.29%

Note: Greenhills Properties, Inc. is represented by its President, Gerardo O. Lanuza, Jr. and Treasurer, Antonio O. Olbes.

Campos, Lanuza & Co., Inc. is represented by its Chairman, Corazon V. Lanuza and its President and CEO, Antonio U. Reyes-Cuerva.

PCD Nominee holds 24.72% interest. PCD Nominee is the registered owner of shares beneficially owned by participants in the PCD. Campos, Lanuza & Co. Inc., is a participant of PCD owning 18.29% of the Parent Company's voting securities.

**b. Shares held by Directors and Executive Officers as reported by Transfer Agent as of 31st December 2023**

Title of Class	Name of Beneficial Owner	Amount and Nature of Class		Citizenship	% Owned
		Direct	Indirect		
Common	Gerardo O. Lanuza, Jr.	2,174,024	204,911,203	Spanish/Filipino	2.27
Common	Antonio O. Olbes	506,388		Filipino	0.00
Common	Gerardo Domenico Antonio V. Lanuza	226,786,043	65,083,203	Filipino	3.21
Common	Edmundo C. Medrano	6,000,000	-	Filipino	0.06
Common	Gregory G. Yang	1,831,000	-	Filipino	0.02
Common	Andrew C. Ng	84,000	-	Filipino	0.00
Common	Amador C. Bacani	229,980	-	Filipino	0.00
Common	Renato G. Nuñez	10,000	-	Filipino	0.00
Common	Jomark O. Arollado	10,000	-	Filipino	0.00
Common	Alfonso Martin E. Eizmendi	10,000	-	Filipino	0.00
Common	Chiara Rosario Julia L. Paredes	15,150,000	5,000,000	Filipino	0.22
	<b>Total</b>	<b>252,791,435</b>	<b>274,994,406</b>		<b>5.78</b>

**c. Voting Trust Holders of 5% or more**

RLT does not know any person/s holding more than 5% of RLT common shares under a voting trust or similar arrangement.

**d. Change in Control**

At present, there is neither change in control nor is the Parent Company aware of any arrangement that may result in a change in control of the Parent Company since the beginning of the last fiscal year.

## **Item 12. Certain Relationships and Related Transaction**

### **Related Party Transactions**

The Parent Company and its subsidiaries, in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses. These are transactions with subsidiaries, management, leasing and administrative service agreements. Purchase of services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

The RLT Group's related party transactions were made in an arm's length basis. There was no special pricing policy between related parties. Further disclosures were made in the Notes to Financial Statements in Note No. 18. The Parent Company engages the services of its subsidiary, PPMI, in managing company-owned properties. PPMI, on the other hand, purchased a condominium unit back in 1996 from the Parent Company, which is fully paid as of this date. The Parent Company also secures insurance through subsidiary, TIBI. The Parent Company is given 90-day period within which to settle the premiums, the same period granted to other customers. Also, the Parent Company extends financial assistance to its subsidiary, PPMI for working capital purposes from time to time.

In the transaction involving the exchange of prime real properties of GPI for shares in RLT, two (2) independent property appraisal companies accredited with both the SEC and the PSE were used (and not just one property appraisal company) to determine the fair market values of the properties to be exchanged. Also, the valuation of the RLT common shares was based on the historical 120-day arithmetic average (and not just based on a couple of days) of the Volume Weighted Average Price (**VWAP**) of RLT obtained on a daily basis. Daily volume weighted average prices were used, and 120 days data set was used, to smoothen the peaks and valleys in the said data set.

R. G. Manabat & Co. was also engaged to render a Valuation and Fairness Opinion Report. The result of the Valuation and Fairness Opinion Report prepared for RLT by R. G. Manabat & Co. determined that the transaction price (and the transaction value) for the issuance of new shares from an increase in the authorized capital stock in favor of GPI in exchange for properties that the GPI will infuse into RLT, is fair.

The Company has not entered into any material transaction nor is it a party to any transaction in which any director, executive officer or significant shareholder of the Company or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

### **Suppliers**

The Company has a broad base of suppliers, contractors and consultants, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

### **Customers**

The Company sells its condominium units to natural and juridical persons.



### **Government Regulations**

Condominium development is governed primarily by P.D. 957 as amended (Regulating the Sales of Subdivision Lots and Condominiums), R.A. No. 4726 (Condominium Act) and R.A. No. 7160 (Local Government Code). Projects are subject to zoning laws of the city or municipality where they are located. Developers are also required to obtain a development permit from the Housing and Land Use Regulatory Board which is also in charge of issuing License to Sell and Certificate of Registration. An Environmental Clearance Certificate must also be secured from the Department of Environment and Natural Resources. The Company has complied with all governmental requirements and there is no pending application with any government agency that requires approval.

**Compliance with Corporate Governance (deleted pursuant to SEC Memorandum Circular No. 5 Series of 2013)**

**PART V**  
**EXHIBITS AND SCHEDULES**

**Item 13. Exhibits and Reports on SEC Form 11- C**

**1. Exhibits/Annex**

- A. 2023 Sustainability report
- B. 2023 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries
- C. Subsidiaries of the Registrant

**2. Reports on SEC Form 17-C**


1.	February 21, 2023	RLT's notice on the Annual Stockholder's Meeting for year 2024.
2.	February 21, 2023	Approval of the BOD on the amendment of the Company's By-Laws.
3.	February 21, 2023	Board approval of the resignation of Mr. Alfredo S. Del Rosario, Jr. as Director, President and Chief Executive Officer of Philippine Realty and Holdings Corporation for health reasons; and election of Mr. Gerardo Domenico Antonio V. Lanuza as President of Philippine Realty and Holdings Corporation to serve the unexpired term of Mr. Del Rosario, Jr.
4.	June 30, 2023	Result of Annual Stockholders Meeting and new set of Directors for ensuing year.
5.	June 30, 2023	Board approval of the promotion of Mr. Edmundo C. Medrano from Executive Vice President and Chief Operating Officer and Treasurer to President and change of designation of some key officers
6.	September 20, 2023	Approval by the Philippine Bank of Communications (PBCOM or the "Bank") of the Company's application for a PhP3,800,000,000.00, 5-year Term Loan to partially finance the construction of the Company's CASA UNICO project, and the renewal of the Company's Loan Lines totaling PhP610,000,000.00.

## SIGNATURES

Pursuant to Section 17 of the SRC and Section 141 of the Corporation Code the Registrant has duly caused this report to be signed in behalf of the undersigned, thereunto duly authorized in Quezon City on \_\_\_\_\_, 2024.

### PHILIPPINE REALTY AND HOLDINGS CORPORATION Registrant

Pursuant to the requirements of the SRC, this Annual Report has been signed by the following persons in the capacities indicated.



**EDMUNDO C. MEDRANO**  
Director and President



**MARISSA S. BONTOGON**  
Vice President and Treasurer and Risk Officer



**MARK ANTHONY M. RAMOS**  
Vice President and Controller and Compliance Officer




**REX P. BONIFACIO**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this APR 25 2024, 2024, affiants exhibiting to me their government-issued identification cards, as follows:

Names	ID Number	Date of Issue	Place of Issue
Edmundo C. Medrano	TIN: 134-515-229		
Marissa S. Bontogon	TIN: 162-411-720		
Mark Anthony M. Ramos	TIN: 232-385-404		
Rex P. Bonifacio	TIN: 236-070-936		

### NOTARY PUBLIC

Doc. No. 312 ;  
Page No. 64 ;  
Book No. 103 ;  
Series of 2024



ATTY. RUBEN M. AZANES, JR.  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2024  
PTR NO. 5555119, QUEZON CITY  
IBP NO. 384112, QUEZON CITY CHAPTER  
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.

# Annex A: 2023 Sustainability Report

## Contextual Information

Company Details	
Name of Organization	Philippine Realty and Holdings Corporation (“RLT” or the “Company”)
Location of Headquarters	One Balete Building, 1 Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111
Location of Operations	<ul style="list-style-type: none"> <li>▪ New Manila, Quezon City</li> <li>▪ Ortigas Center, Pasig City</li> <li>▪ Bonifacio Global City, Taguig City</li> </ul>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<ul style="list-style-type: none"> <li>▪ PRHC Property Managers, Inc. (“PPMI”)</li> <li>▪ Tektite Insurance Brokers Inc. (“TIBI”)</li> <li>▪ Sultan’s Power Inc. (“SPI”)</li> <li>▪ Universal Travel Corporation (“UTC”)</li> </ul>
Business Model, including Primary Activities, Brands, Products, and Services	<p>To act as a holding company and to invest in, acquire, develop, utilize and dispose of real properties and all kinds of personal property. Specifically, RLT is engaged in:</p> <ul style="list-style-type: none"> <li>▪ Investments in businesses</li> <li>▪ Real estate acquisition and development of premium residential and commercial condominium units for sale or for lease</li> </ul>
Reporting Period	1 January 2022 to 31 December 2022
Highest Ranking Person responsible for this report	Edmundo C. Medrano Executive Vice President and Chief Operating Officer and Treasurer

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

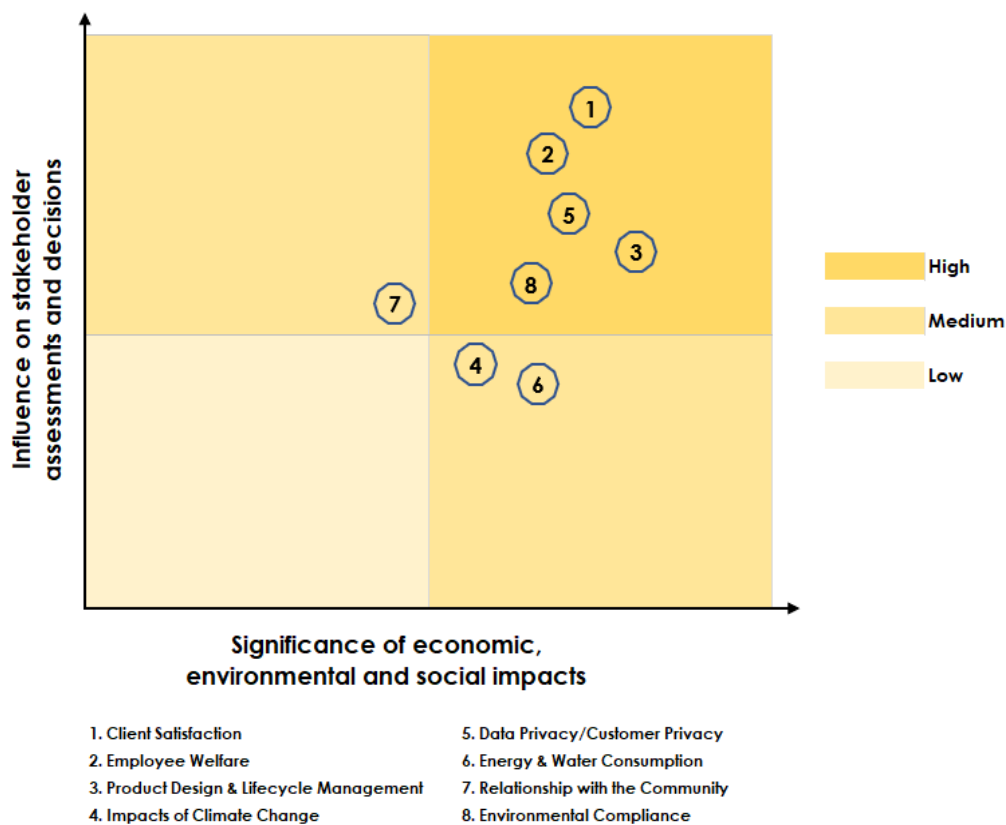
## Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. <sup>1</sup>
<p><b>Philippine Realty and Holdings Corporation (“RLT” or the “Company”)</b> is a premium property development company in the Philippines. The topics of material importance deal with enhancing equitable and fair return to shareholders, delivering excellent customer value by way of sustainable and energy-efficient development, giving just and equitable compensation to employees. RLT values enduring relationship with its stakeholders and commits to assist underprivileged sectors of society in improving the quality of their lives.</p> <p>With this mission in mind and for purposes of sustainability report, the management team has carefully identified relevant topics and have been evaluated using the global standards/frameworks on materiality assessment which take into consideration the following:</p>

<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.

- Influence on stakeholder assessments and decisions; and
- Significance of economic, environmental and social impacts

These sustainability issues have been analyzed using the materiality matrix in the guidelines (for sustainability reporting) provided by SEC in its Memo No. 4 Series of 2019.



The material topics selected (*see table above*) were arranged from low, medium and high as assessed by the Company's management team. RLT believes that these issues are most likely to affect our business with respect to economic, environmental, social and governance matters.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	286 million	₱
Direct economic value distributed:		
a. Operating costs	165 million	₱
b. Employee wages and benefits	66 million	₱
c. Payments to suppliers, other operating costs	101 million	₱
d. Dividends given to stockholders and interest payments to loan providers	57 million	₱
e. Taxes given to government	102 million	₱
f. Investments to community (e.g. donations, CSR)	0	₱

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>RLT is a property development which is engaged primarily in development of real estate properties, sale of premium residential units and commercial condominium units and leasing. It is also invested in enterprises engaged in property management, insurance brokerage and conversion of plastic wastes into fuel (diesel).</p> <p>RLT's activities impacts the following:</p> <ul style="list-style-type: none"> <li>▪ Direct and indirect employment of people</li> <li>▪ Support of SMEs among its suppliers and service providers</li> <li>▪ Advance payment of income and other taxes in its operations as required by existing regulations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employees</li> <li>▪ Contractors</li> <li>▪ Suppliers</li> <li>▪ Service Providers</li> <li>▪ Customers</li> <li>▪ Stockholders</li> <li>▪ Creditors</li> <li>▪ Government</li> <li>▪ General Public</li> <li>▪ Communities</li> </ul>	<p>RLT has for its objective to continue to provide premium / high-end residential condominium units and commercial units.</p> <p>Its residential condominium units are ideal as home replacement alternatives.</p> <p>RLT makes every effort to ensure that its customers are satisfied in the units that they purchase or lease in terms of quality and property management.</p> <p>The Company also recognizes the risks associated in its activities such as industry competitors, economic trends, events, etc., which may affect the ability of the Company to sustain revenues. Thus, RLT ensures that it is also able to also expand its portfolio of properties for lease to eventually achieve a balance between</p>

<ul style="list-style-type: none"> <li>Long-term objective of making use of plastics for conversion to fuel</li> </ul>		<p>revenues contributed by sales and revenues contributed by leases.</p> <p>RLT aims to be ahead of the industry in terms of product design, which involves research and development and is managed by a team of seasoned professionals that adheres to the principles of best practices and/or business ethics.</p>
What is the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Risk of calamities such as major typhoon, earthquake, fire, global and local health crisis such as pandemics, etc., that may cause disruption of business operations, damages to building structures, accidents or illness to significant number of its employees, residents and tenants in its projects.</p>	<ul style="list-style-type: none"> <li>Employees,</li> <li>Customers,</li> <li>Suppliers,</li> <li>Contractors</li> </ul>	<p>To mitigate the possible impact of the risk, RLT put in place programs/policies such as:</p> <ul style="list-style-type: none"> <li>Continuity of business and disaster recovery plan</li> <li>Cloud-based Computerized Accounting System (“CAS”)</li> <li>Set-up work from home video conferencing protocols to be able to continue to function remotely.</li> <li>Set up pertinent policies and employee trainings/seminars on handling emergency situations.</li> <li>Emergency first-aid facilities and a full-time Company nurse and Company doctor.</li> <li>Strict adherence to health protocols prescribed by health authorities and best practices.</li> <li>In place building and equipment maintenance program.</li> <li>Property commercial all-risk insurance.</li> </ul>
<p>Reputational risk that may result in negative publicity, public perception</p>	<ul style="list-style-type: none"> <li>Stockholders</li> <li>Management</li> <li>Employees</li> <li>Suppliers</li> <li>Contractors</li> <li>Customers</li> </ul>	<p>To mitigate and minimize possible impact of reputational risk, RLT ensures that:</p> <ul style="list-style-type: none"> <li>The BOD maintains effective oversight over the operations of the Company</li> </ul>

		<ul style="list-style-type: none"> <li>▪ The BOD and Management maintains high ethical conduct in line with set corporate values</li> <li>▪ Employees are required to maintain high level of professionalism in dealing with other stakeholders (i.e. customers and suppliers/contractors)</li> <li>▪ Customer feedback and complaints are seriously taken as feedback mechanism to improve the Company's business.</li> <li>▪ Reputable suppliers/contractors are being engaged as "partners" in the development of its projects.</li> <li>▪ The marketing and sales teams of RLT spearhead drive to promote community programs.</li> <li>▪ Data privacy (as required by law) is in place and observed by RLT employees.</li> </ul>
Uncontrollable events that may have an adverse impact on RLT's operations and revenue generating capability, such as the COVID-19 pandemic.	<ul style="list-style-type: none"> <li>▪ Stockholders</li> <li>▪ Management</li> <li>▪ Employees</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> <li>▪ Customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT set in motion and activated its continuity of business plan.</li> <li>▪ Prioritized the health of its employees and the residents in its projects.</li> <li>▪ The Company retained all its employees in spite of very challenging business conditions.</li> </ul>
<b>What is the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>The opportunities identified are:</p> <ul style="list-style-type: none"> <li>▪ Prioritize development in areas and markets where there is need for RLT's products.</li> <li>▪ Repackage commercial areas for lease to cater to companies looking for alternative office sites and/or offsite disaster recovery sites in the event of city-wide lockdowns.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customers (existing and potential)</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT's management approach is consultative.</li> <li>▪ It is very customer-centric.</li> <li>▪ Because it has a lean organization, it is a very nimble organization and is able to generate consensus very quickly.</li> </ul>



## Climate-related risks and opportunities<sup>2</sup>

<b>Governance</b> Disclose the organization's governance around climate-related risks and opportunities	
a.) Describe the board's oversight of climate-related risks and opportunities	<p>RLT's Board Risk Oversight Committee shall be responsible for the development and oversight of the risk management program. It shall be composed of at least three (3) members of the BOD including one (1) independent director, and a chairperson who is a non-executive member.</p> <p>RLT's Board Risk Oversight Committee Charter (BROC) are disclosed in its website:  <a href="http://www.philrealty.com.ph/wp-content/uploads/2019/01/Board-Committee-Charters.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/01/Board-Committee-Charters.pdf</a></p> <p>RLT's BROC duties and responsibilities are disclosed in the latest Manual on Corporate Governance:  <a href="http://www.philrealty.com.ph/wp-content/uploads/2019/06/Manual-on-Corporate-Governance-Amended-compressed.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/06/Manual-on-Corporate-Governance-Amended-compressed.pdf</a></p> <p>The Board has mandated that subject to cost-reward considerations, future projects should be energy-efficient and preferably certified as "green-certified" buildings especially for commercial buildings.</p> <p>At the very least, the Company is very committed to strictly comply with the requirements of The Philippine Green Building Code.</p>
b.) Describe management's role in assessing and managing climate-related risks and opportunities	<p>RLT's management team conducts regular discussions/meetings which include monitoring of compliance with government regulations such as in the case of sewage treatment facilities for its buildings that are mostly managed by RLT's subsidiary.</p> <p>RLT's management is also very conscious of the Board's preference for "green" buildings in the projects that are being planned for construction, development and sale (or lease).</p>

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

## Strategy

Disclose the actual and potential impacts<sup>3</sup> of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

a.) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	For the Company's new projects, it is ensured that the location/s is not prone to flooding given historical rainfall records. Earthquake, wind, ventilation and glass curtain consultants are engaged to improve the safety and comfort of future occupants. Climate risks such as very strong typhoons, flooding, earthquakes, strong wind and wind tunnels, extreme heat, etc. that may cause property damage and damage to the building occupants, are being studied seriously.
b.) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<ul style="list-style-type: none"> <li>▪ Mitigation of climate-related risks must be built-in into the architectural and engineering and construction planning.</li> <li>▪ A well-designed and building structure enhances marketability of the units for sale.</li> <li>▪ A "green-certified" building enhances attractiveness for investors, buyers and lenders (for project financing and end-user buyer consumer loans).</li> </ul>
c.) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	These are built into the project planning. Being a developer of high-end to luxury condominium units, top caliber foreign and local architects and topnotch, mostly foreign MEPF consultants are engaged to ensure the safety, luxury and environmentally-efficient designs, construction and materials are used.

## Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

a.) Describe the organization's processes for identifying and assessing climate-related risks	RLT's management and those charged with governance (BOD) has an Enterprise Risk Management plan which contains (1) well-defined risk management goals, objectives and goals, (2) designing and implementing risk management strategies, and (3) continuing assessments to improve risk strategies, processes and measures.
b.) Describe the organization's processes for managing climate-related risks	RLT's identified risks are reviewed at least annually, for risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur ( <b>climate-related risks</b> ) that are considered that may have major impacts on the Company.
c.) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	<p>Identification, assessments, and management of risks (including <b>climate-related</b>) are integrated in the Company's Enterprise Risk Management plan.</p> <p>The Risk Officer, assisted by the Compliance Officer, reviews and assesses compliance and effectiveness of the ERM system and submits an assessment to the Audit Committee and the Board Risk Oversight Committee.</p>

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	25% (75% of budget are for foreign brands or supplied materials but purchased from domestic outlets)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact is in the Company's major consultants, contractors, suppliers of labor and materials and equipment and providers of services and materials sourced from locally based companies but are carrying imported equipment and materials.	<ul style="list-style-type: none"> <li>Consultants</li> <li>Contractors</li> <li>Suppliers of labor and materials and equipment</li> </ul>	<ul style="list-style-type: none"> <li>RLT follows strict prequalification and bidding procedures in dealing with its architects, consultants, suppliers and contractors.</li> <li>RLT has established terms of references and database of reputable architects, consultants, suppliers and contractors that can perform the necessary services with high standards and ensure that materials sourced are of first-class quality.</li> </ul>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Poor project management of suppliers/contractors/sub-contractors in terms of delayed delivery of services and/or materials that would result in increases in project costs and/or delayed project completion.	Customers	To address this risk, RLT decided to monitor projects using its in-house project management and monitoring team to ensure quality management.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Performance is assured in contract management and penalties are imposed for	<ul style="list-style-type: none"> <li>Architects</li> <li>Consultants</li> <li>Contractors</li> </ul>	<ul style="list-style-type: none"> <li>Most of the architects, consultants, suppliers and contractors of RLT are well known to the Company as</li> </ul>

<sup>3</sup> For this disclosure, impact refers to the impact of climate-related issues on the Company.

non-performance or delayed performance	<ul style="list-style-type: none"> <li>Suppliers</li> </ul>	<p>reliable being partners from past projects.</p> <ul style="list-style-type: none"> <li>In spite of this, prudent contract management is being observed to protect the interest of the Company</li> </ul>
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## **Anti-corruption**

### **Training on Anti-corruption Policies and Procedures**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The impact occurs at the primary business operations level in terms of obtaining permits, licenses, payments of taxes, property registrations, etc.	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> </ul>	<ul style="list-style-type: none"> <li>RLT has established code of conduct and behavior which include provisions on anti-corruption guidelines.</li> <li>The BOD and Management ensures that all RLT personnel perform their duties in accordance with best practices and with integrity.</li> <li>A policy on conflict of interest and related party transactions have been formulated and approved by the Board.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Delays in obtaining requisite documents, licenses, clearances, approvals, permits, tax clearances, registration	<ul style="list-style-type: none"> <li>Stockholders</li> <li>Management</li> <li>Employees</li> <li>Customers</li> <li>Suppliers</li> <li>Contractors</li> </ul>	<ul style="list-style-type: none"> <li>RLT ensures that its documentation is always complete</li> <li>Employees are required to observe business ethics with its dealings with government agencies, customers and suppliers/contractors.</li> </ul>

		<ul style="list-style-type: none"> <li>▪ A feedback mechanism is in place so that our employees will abide with best practices in the performance of their duties.</li> <li>▪ Employees are made aware that the Company will have zero tolerance with regards to corruption activities.</li> </ul>
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Provide seminars, trainings and workshop to strengthen awareness among employees relative to anti-corruption programs	Employees	<ul style="list-style-type: none"> <li>▪ RLT has a policy on the development of its employees which include strengthening professional standard of conduct and behavior.</li> <li>▪ A “no gifts” policy will be instituted to prohibit employees from accepting gifts of any kind directly or indirectly from customers and/or suppliers/contractors.</li> </ul>

#### Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Issue of personal integrity in the reporting of attendance. The offense was uncovered by the audit process.	<ul style="list-style-type: none"> <li>▪ Employees</li> <li>▪ Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reiteration of policy on the importance of integrity</li> <li>▪ All possible incidence of corruption will ultimately be discovered and shall be dealt with accordingly subject to observance of laws and regulations and due process.</li> </ul>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		

What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ Emphasis on importance of integrity and honesty in day-to-day operations</li> <li>▪ Reiteration of the adage “crime does not pay”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employees</li> <li>▪ Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT is committed to subscribe to all applicable laws and regulations, ethical standards and industry best practices in its operations.</li> <li>▪ RLT expects no less from its Board of Directors, Management, employees and business partners.</li> </ul>

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	61.44	GJ
Energy consumption (diesel)	17.1 liters	GJ
Energy consumption (electricity)	267,840	kWh

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	-	GJ
Energy reduction (electricity)	Not readily available	kWh
Energy reduction (gasoline)	-	GJ

RLT has no comparable data available for year-on-year comparison.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>The business model of RLT involves the construction, development and sale of condominium units. In the process, RLT transfers unto the condominium corporations formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent from the influences of RLT.</li> <li>Thus, RLT has no influence in the management of the condominium buildings that it constructs, once</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Condominium corporations</li> <li>Suppliers</li> <li>Contractors (in terms of workmanship warranties)</li> </ul>	<ul style="list-style-type: none"> <li>In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving power in its projects.</li> </ul>

<p>the buildings/projects are already turned over.</p> <ul style="list-style-type: none"> <li>However, before the common areas are turned over to the condominium corporations, all the requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.</li> </ul>		
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<ul style="list-style-type: none"> <li>Less than adequate monitoring of power consumption and vital facilities by the condominium corporations</li> <li>Lack of regular performance audit of key personnel of the condominium corporations</li> </ul>	<ul style="list-style-type: none"> <li>Customers / residents of RLT's developments</li> <li>Condominium corporations</li> <li>Employees, consultants, suppliers, contractors of the condominium corporations</li> </ul>	<ul style="list-style-type: none"> <li>As unit owner, RLT can work on having a representative/s elected to the boards of trustees of the condominium corporations to be able to provide advice on proper management of facilities leading to more efficient use of energy.</li> <li>Introduce its contractors who may be very familiar with the workings of the facilities installed in the buildings/projects</li> </ul>
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Raise awareness within the RLT projects to conserve energy consumption</p>	<ul style="list-style-type: none"> <li>Customers / residents of RLT's developments</li> <li>Condominium corporations</li> <li>Employees, consultants, suppliers, contractors of the condominium corporations</li> </ul>	<ul style="list-style-type: none"> <li>RLT to exert influence on its property management subsidiary to ensure that optimal and efficient use of energy is observed in the developments/buildings that it is managing.</li> <li>For future projects, serious efforts shall be exerted to design use of indigenous, renewable and green energy sources in its developments</li> </ul>

#### Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	2,659	Cubic meters
Water recycled and reused	0	Cubic meters



What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ The business model of RLT involves the construction, development and sale of condominium units. In the process, RLT transfers unto the condominium corporation formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent from the influences of RLT.</li> <li>▪ Thus, RLT has no influence in the management of the condominium buildings that it constructs, once the buildings/projects are already turned over.</li> <li>▪ However, before the common areas are turned over to the condominium corporations, all the requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customers</li> <li>▪ Condominium corporations</li> <li>▪ Suppliers</li> <li>▪ Contractors (in terms of workmanship warranties)</li> </ul>	<ul style="list-style-type: none"> <li>▪ In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving water in its projects.</li> </ul>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified		

#### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	Negligible	
▪ renewable	Negligible	kg/liters
▪ non-renewable	Negligible	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Negligible	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT's market niche is high-end, luxury residential condominium units. Thus, for its past/completed projects, its choice of materials had to be of high quality and not coming from recycled materials.	<ul style="list-style-type: none"> <li>▪ Customers</li> <li>▪ Architects</li> <li>▪ Contractors</li> <li>▪ Suppliers</li> <li>▪ Sales personnel</li> </ul>	For future projects, RLT will very seriously consider the use of renewable energy sources in its projects.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ The opportunities are in being able to make use of sustainable design principles to include the ability to: <ul style="list-style-type: none"> <li>○ optimize site potential;</li> <li>○ minimize non-renewable energy consumption;</li> <li>○ use environmentally preferable products;</li> <li>○ protect and conserve water;</li> <li>○ enhance indoor environmental quality;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Stockholders</li> <li>▪ Management</li> <li>▪ Customers</li> <li>▪ Architects</li> <li>▪ Consultants</li> </ul>	<ul style="list-style-type: none"> <li>▪ To explore possibilities in constructing and offering for sale environmentally friendly buildings and facilities</li> <li>▪ To achieve more attractive financing terms for its projects by making use of "green" and sustainable design principles</li> </ul>

<ul style="list-style-type: none"> <li>○ optimize operational and maintenance practices.</li> <li>▪ Obtaining more favorable terms for financing projects that will qualify for “green” projects.</li> </ul>		
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#### Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	ha
IUCN <sup>4</sup> Red List species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified		

#### **Environmental impact management**

##### Air Emissions

##### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

<sup>4</sup> International Union for Conservation of Nature

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable at this time	Not applicable at this time	Not applicable at this time
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks identified		
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities identified		

#### Air pollutants

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
NO <sub>x</sub>	0	kg
SO <sub>x</sub>	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable at this time	Not applicable at this time	Not applicable at this time
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks identified		
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities identified		

## Solid and Hazardous Wastes

### Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ RLT itself does not generate solid wastes.</li> <li>▪ The independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Community</li> <li>▪ Condominium corporations</li> <li>▪ Residents</li> <li>▪ Garbage contractors</li> </ul>	<ul style="list-style-type: none"> <li>▪ To provide assistance to property management subsidiary insofar as hauling of plastic wastes are concerned in the properties that the latter is managing.</li> <li>▪ These plastic waste products can be used as raw material by Recon-X Energy Corporation ("Recon-X"), a subsidiary of RLT's subsidiary, Sultan's Power Corp., in converting plastics to diesel using a patented process.</li> </ul>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
The identified opportunities for RLT concerns the subsidiary of its subsidiary, Recon-X Energy Corporation that converts plastics to diesel using a patented process.	<ul style="list-style-type: none"> <li>▪ Condominium corporations</li> <li>▪ Recon-X Energy Corporation</li> </ul>	To formalize arrangements between PRHC Property Managers Inc. ("PPMI") and Recon-X for the latter to haul solid wastes (plastic) for conversion to fuel which should redound to the benefit of both Recon-X and the condominium projects that PPMI is managing.

## Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	None at this time	None at this time
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
There are also no significant opportunities identified insofar as RLT itself is concerned.		

## Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>RLT itself does not generate solid wastes.</li> <li>The turned-over projects/buildings managed by independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> <li>Condominium corporations</li> <li>Residents</li> </ul>	To provide assistance to PPMI for the projects/condominium corporations being managed by PPMI as Property Manager, if necessary.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach

There are no significant risks identified insofar as RLT itself is concerned.		
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are also no significant opportunities identified insofar as RLT itself is concerned.		

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT's construction of projects are impacted by various environmental regulations; RLT fully understands that any noncompliance will result to financial and non-financial penalties, stoppage of operations on its on-going projects.	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Management</li> <li>Suppliers</li> <li>Contractors</li> <li>Government</li> <li>Community</li> </ul>	<ul style="list-style-type: none"> <li>RLT ensures that it observes and complies with all governmental and regulatory requirements in its projects. Prior to any project development, all environmental clearances are secured and/or complied with such as the Environmental Clearance Certificate ("ECC"), Laguna Lake Development Authority ("LLDA") Clearance and others, as deemed necessary.</li> <li>Our Project Construction Management Group ("PCMG") ensures and monitors compliance calendar in all of the Company's on-going projects.</li> <li>For 2023, RLT has complied with all environmental regulations.</li> </ul>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Violation of any regulations such as local ordinances and national laws with respect to the environment may result in	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Management</li> <li>Suppliers</li> <li>Contractors</li> </ul>	RLT ensures compliance with all existing and new regulations that are imposed by local and national

penalties and/or suspension of business activities.	<ul style="list-style-type: none"> <li>▪ Government</li> <li>▪ Community</li> </ul>	authorities which would have an impact on business activities
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Environmental regulations imposed by local and national regulatory agencies tend to improve overall quality of a building structure and improve sustainability.	<ul style="list-style-type: none"> <li>▪ Board of Directors</li> <li>▪ Management</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> <li>▪ Government</li> <li>▪ Community</li> </ul>	As mentioned, RLT is committed to follow the rules and regulations imposed by government and subscribe to industry best practices for the purpose of improving the buildings that it builds and will build in the future.



## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees <sup>5</sup>		
a. Number of female employees	28	#
b. Number of male employees	32	#
Attrition rate <sup>6</sup>	4	rate
Ratio of lowest paid employee against minimum wage	0	ratio

##### Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	5%	7%
PhilHealth	Y	2%	3%
Pag-IBIG	Y	7%	3%
Parental leaves	Y	3%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	100%	100%
Housing assistance (aside from Pag-IBIG)	N	NA	NA
Retirement fund (aside from SSS)	Y	0	2%
Further education support	N	NA	NA
Company stock options	Y	0	0
Telecommuting	N	NA	NA
Flexible-working Hours	Y	100%	100%
(Others)	-	-	-

<sup>5</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>6</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company understands that its Employees/Workforce are its most important resource in achieving its goals. Thus, RLT provides its employees with competitive compensation package, performance bonuses and an extremely generous retirement plan as a way of motivating them to be productive.</p>	<p>RLT's benefits to its employees are:</p> <ul style="list-style-type: none"> <li>▪ Competitive salary packages including performance bonuses and performance-based salary increments.</li> <li>▪ HMO health benefits (including at least one qualified dependent)</li> <li>▪ Allowances for meals and transportation</li> <li>▪ Rice subsidy and laundry allowance</li> <li>▪ Annual credit leaves (Vacation and Sick Leave)</li> <li>▪ Extremely generous Retirement Plan</li> </ul>
<p>RLT also promotes wellness among its employees</p>	<p>RLT has instituted policies that give our employees additional benefits, as follows:</p> <ul style="list-style-type: none"> <li>▪ Access to basic medical supplies, including consultations with Company doctor.</li> <li>▪ Company nurse who attends to basic health needs of our employee such as blood pressure monitoring, sugar count monitoring and others.</li> <li>▪ Complete annual physical examination ("APE") including eye check-up</li> <li>▪ Annual reimbursement of dental expenses up to a certain amount</li> <li>▪ Group life insurance</li> <li>▪ Pays for seminars to be attended by our directors, senior officers and professionals (i.e., Annual Continuing Professional Development, Annual Corporate Governance Seminars, Anti-Money Laundering Seminars, etc.)</li> <li>▪ Free parking</li> <li>▪ Company outings and/or team building and sports activities to promote camaraderie among employees.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
<p>Employee retention of trained and reliable experts due to better opportunities especially outside of the country</p>	<p>Succession planning is practiced not only to address possibility of employee turnover but also to manage continuity and in the event the Company undertakes simultaneous projects.</p>

	<p>Identified potential successors are given mentorship trainings and allowed to assume greater job responsibilities.</p> <p>Annual performance evaluation is a significant component in communicating Management's plan/s for key managers/employees so their career paths can be laid out clearly for them.</p>
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
Employee turnover rate is quite low. Thus, opportunities for implementing succession plan or for manning lateral organizational growth is present in case of simultaneous commencement of projects.	<p>The Company shall continue its programs designed to retain "must keep" employees, such as:</p> <ul style="list-style-type: none"> <li>▪ Service awards to honor loyal employees.</li> <li>▪ Recognition and incentives to qualified employees (i.e., sales personnel)</li> <li>▪ Performance-based promotions for deserving employees.</li> <li>▪ Flexible work arrangements to accommodate employees who may be taking higher academic degrees</li> </ul>

#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	24	hours
b. Male employees	24	hours
Average training hours provided to employees		
a. Female employees	0.4	hours/employee
b. Male employees	0.4	hours/employee

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The impact is improved knowledge of directors, senior management and employees that translate to better quality work and overall performance.	<ul style="list-style-type: none"> <li>▪ RLT spends for the training of its directors, senior management and professional employees. A sample of this are as follows:</li> <li>▪ Annually, the Company sponsors a Corporate Governance seminar for its directors and key officers.</li> <li>▪ In 2021, the senior officers of the Company and those who will be involved in reporting covered and suspicious transactions attended an Anti-Money Laundering</li> </ul>

	<p>Seminar conducted by the Anti-Money Laundering Council (and in 2022, the Company sponsored an Anti-Money Laundering Seminar for all its directors, senior officers and senior officers of its subsidiaries and associate companies).</p> <ul style="list-style-type: none"> <li>▪ The Company also shoulders the costs of seminars relating to Continuing Professional Development of its licensed professionals such as Certified Public Accountants, Engineers, etc.</li> <li>▪ RLT also encourages its key officers and employees to attend seminars that will keep them abreast with developments, such as the periodic Listing and Disclosures Seminars conducted by the Philippine Stock Exchange, Inc., etc.</li> <li>▪ Our Department Heads and Managers conduct trainings to improve the skills of our employees (e.g., improving proficiency in Excel, oral and written communication skills, etc.)</li> <li>▪ Fire and Safety seminars and drills are regularly conducted</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
There are no significant risks identified.	
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
There are no significant opportunities identified.	

#### Labor-Management Relations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	Town Hall meetings are conducted regularly	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>RLT has no labor union. Thus, it has no Collective Bargaining Agreement with the representatives of its employees. The employees have found no reason to establish a labor union. Nevertheless, the Company always seek to create equitable and fair labor practices, ensuring that our employees' welfare and rights are protected.</p>	<ul style="list-style-type: none"> <li>▪ In spite of the absence of a labor union, the Company is committed to protect the welfare and rights of its employees.</li> <li>▪ RLT ensures that it observes DOLE advisories on labor and labor-related matters (i.e., compensation, work hours, increases in minimum wage, etc.).</li> <li>▪ The Company always seeks to create equitable and fair labor practices, ensuring that our employees' welfare and rights are protected. A case in point is the recent COVID-19 pandemic. The Company instituted work-from-home arrangements and looked after the welfare of the employees by not terminating a single employee and paying their salaries and without reducing their leave credits.</li> <li>▪ For employee concerns, these can be ventilated during Town Hall meetings.</li> <li>▪ The Company gives priority to hiring relatives of retiring employees, as what recently happened when a long-time messenger of the Company retired. His vacated post was given to his son.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
<p>Discontent among the employees due to unfair labor practices will lead to a formation of a labor union.</p>	<ul style="list-style-type: none"> <li>▪ Due to the initiatives of Management as expounded above, and the genuine concern of the Board of Directors for the welfare of the employees, RLT's employees have found no reason to establish a labor union.</li> </ul>
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
<p>The opportunities are in the area of continued industrial peace that allows our employees and Management to concentrate on their work.</p>	<p>To continue Management practices as they are working perfectly well.</p>

### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	47	%
% of male workers in the workforce	53	%
Number of employees from indigenous communities and/or vulnerable sector*	3	#

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> <li>The impact is in its primary business operations.</li> <li>In RLT's senior management, two (2) are senior citizens and one (1) is a PWD</li> <li>Several key departments are headed by women, including in the area of engineering.</li> <li>RLT has also hired LGBTs, including solo parents and those coming from poorer communities provided qualified.</li> </ul>	<ul style="list-style-type: none"> <li>RLT does not discriminate against any employee or job applicant because of race, color, religion, national origin, sex, physical or mental disability, or age.</li> <li>In short, RLT is an equal opportunity employer.</li> <li>Promotion is strictly based on merit and performance.</li> </ul>
What are the Risks Identified?	Management Approach
Reputational risk if the Company discriminates in its hiring of applicants (and in the promotion of existing employees) as a result of race, color, religion, national origin, sex, physical or mental disability, or age.	RLT is exercising due care in dealing with individuals or group of individuals (that includes those in the employ of its suppliers, contractors and business partners) so as not to be perceived as prejudicial against other people.
What are the Opportunities Identified?	Management Approach
Hiring is improved as the best qualified can be hired without having to be confined to certain choices due to set limitations.	Continue and adhere to the principle of being an equal opportunity employer.

### Workplace Conditions, Labor Standards, and Human Rights

#### Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	0	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> <li>▪ In general, any construction work is done by outside contractors.</li> <li>▪ However, the employees of the contractors might be involved in any work-related accidents/injury. As a result, disruption of business operations or certain construction activity might be imposed.</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT and its Management ensure that safe environment, workplace and working conditions are observed by its contractors and consultants.</li> <li>▪ RLT requires its contractors to observe DOLE and local government orders and ordinances with respect to occupational safety and health standards.</li> </ul>
What are the Risks Identified?	Management Approach
<ul style="list-style-type: none"> <li>▪ For the workers, the risks they face are accidents and getting contaminated by illnesses of fellow workers (such as COVID-19).</li> <li>▪ Lack of training and experience could be the causes of accidents.</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT in its prequalification of contractors require observance of safety standards in the work areas and for workers.</li> <li>▪ RLT also ascertains that appropriate insurance coverage (such as Contractors All Risk Insurance) is procured by the contractor/s to cover any eventuality</li> <li>▪ In the case of the COVID-19 pandemic, RLT requires its contractors to adhere fully to the requirements set by the DOH, the DOLE, the DPWH, the municipality/city government and the barangay concerned.</li> </ul>
What are the Opportunities Identified?	Management Approach
There are no significant opportunities identified.	

#### Labor Laws and Human Rights

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

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	None
Child labor	N	None
Human Rights	N	None

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Forced labor, child labor and violation of human rights are not specifically mentioned in Company policies as they are presumed not to be allowed at any instance.	These will be explicitly included in Company policies
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
There are no significant risks identified.	
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
There are no significant opportunities identified.	

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

**RLT does not have a supplier accreditation policy. However, terms of reference for each undertaking are clearly issued to potential bidders and prequalification procedures are being followed as part of best practices to ensure acceptability of suppliers/contractors.**

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	RLT observes industry best practices when dealing with its suppliers/contractors. Our employees when dealing with our suppliers/contractors are properly advised, guided and mindful that bribery and corruption will not be tolerated in the Company.



What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT engages the services of well-known, reputable suppliers that do not engage in forced labor, child labor and other illegal practices.	RLT is into development of premium condominium buildings. As such it also deals with premium and quality suppliers and contractors. Most of them are repeat contractors and suppliers. Over time, RLT is able to assure itself that it is dealing with reputable suppliers and contractors.
What are the Risks Identified?	Management Approach
No significant risks are identified.	
What are the Opportunities Identified?	Management Approach
No significant opportunities are identified.	

### Relationship with Community

#### Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
The premium projects completed by RLT improved the community in terms of aesthetic considerations and enhancement of the property values in the surrounding areas.	Projects are located in premium locations that allows for easier accessibility	Residential condominium projects of RLT have provisions for senior assisted living. This is because RLT's residential condominium buildings are meant to be home-replacement	No.	Condominium corporations are conscious about taking care of its residents, especially senior citizens.	Not applicable

		alternatives for senior citizens.			
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*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: \_\_\_\_\_

Certificates	Quantity	Units
FPIC process is still undergoing	TBD	#
CP secured	None yet	#

RLT operations do not have significant impact on vulnerable groups in the society.

What are the Risks Identified?	Management Approach
No significant risks are identified.	
What are the Opportunities Identified?	Management Approach
No significant opportunities are identified.	

## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not available	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Being a developer-seller of premium condominium units, RLT is very concerned about customer satisfaction, ensuring that units delivered / transferred to its buyers are based on specifications.	<ul style="list-style-type: none"> <li>RLT employees, particularly our Sales Group, Sales Support Group and most especially our Property Management Group and Project Construction Management Group, are trained to ensure quality of work at RLT developments.</li> <li>Buyers of units of RLT projects are given a one-year warranty period, and all repairs and workmanship re-work are done free-of-charge.</li> <li>Our Sales Group and Sales Support Group assist customers complete documentary</li> </ul>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
	<p>requirements to fast-track transfer of ownerships to the said customers.</p> <ul style="list-style-type: none"> <li>Our Property Management Group and Project Construction Management Group ensure that installed appliances in the units are of good quality and in good working condition.</li> <li>Maintenance in the common areas of the condominium buildings are properly monitored i.e. lightings, elevators, etc., by the Condominium Corporation.</li> </ul>
What are the Risks Identified?	Management Approach
Customer satisfaction is a very key element in successful selling of high-end condominium units as negative news gets around very fast, especially with the advent of social media. Thus, it must be taken very seriously because of the harm that can be caused by negative publicity.	<p>The Company treats customer satisfaction very seriously as can be shown by the fact that there have been a lot of repeat buyers of RLT's projects over the years.</p> <p>This is in spite of very limited marketing collateral in the selling of the units in RLT's projects.</p>
What are the Opportunities Identified?	Management Approach
Satisfied customers have been the best "sales agents" of RLT. Word of mouth and positive responses insofar as customer satisfaction is concerned have helped in the marketing of RLT's projects.	Customer service is a serious matter in RLT. Residents' complaints, issues or requests for repairs are taken up in weekly meetings of the Project Committee for those units still under a one-year warranty period and in the board meetings of the Condominium Corporations.

#### Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> <li>RLT ensures that all its contractors follow strict policies, rules and</li> </ul>	<ul style="list-style-type: none"> <li>RLT believes in the principle of protecting the health and safety of its employees as well as</li> </ul>

<b>What is the impact and where does it occur?</b> <b>What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>regulations on safety imposed by regulatory agencies in the construction of its projects (residential or commercial condominium buildings).</p> <ul style="list-style-type: none"> <li>▪ In terms of the COVID-19 pandemic, RLT is strictly following the protocols prescribed by the DOH, DOLE, DPWH, the local government units covering RLT's areas of operations, including but not limited to the following: <ul style="list-style-type: none"> <li>○ Requirement on returning employees or workers of contractors of presenting either results of rapid tests conducted on them or barangay health certification prior to allowing them entry to office or building premises;</li> <li>○ Constructing an isolation tent for employees, residents or workers of contractors who may be exhibiting symptoms of COVID-19;</li> <li>○ Presence of a full-time nurse for consultation and as liaison to hospitals and testing centers</li> </ul> </li> </ul>	<p>those of the employees of its consultants, contractors and suppliers.</p> <ul style="list-style-type: none"> <li>▪ RLT fully subscribes to all applicable rules and regulations imposed by regulatory agencies in making sure that its contractors comply with building construction safety protocols.</li> <li>▪ RLT's concern for the health and safety of its employees and those of its contractors extends to making them safe from COVID-19.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
<ul style="list-style-type: none"> <li>▪ Accidents in building construction site/s due to negligence or non-conformance to prescribed rules and regulations imposed by regulatory authorities</li> <li>▪ Property damages as a result of substandard workmanship</li> <li>▪ Major damages caused by lack of adequate testing (e.g., caused by earthquakes, etc.)</li> </ul>	<p>RLT ensures that its projects are designed by world-class architects and consultants specializing in earthquakes (e.g., design can withstand globally acceptable/tolerable earthquake intensity), wind flows, building heat management, energy efficiency, etc., to prevent damages due to the elements or disasters.</p>
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
<ul style="list-style-type: none"> <li>▪ Enhanced reputation for quality products (condominium units) and services</li> <li>▪ Growing the Company's loyal customer base</li> </ul>	<p>Continue to turn out value-for-money premium developments that are well thought-out and exquisitely designed that in the future will make use of sustainable design principles</p>

### Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT advertises subtly through billboards, brochures, online ads and makes use of social media page	<ul style="list-style-type: none"> <li>RLT's marketing is subtle and low-key in approach.</li> <li>It is focused more on getting prospective buyers to see the actual product being offered for sale.</li> <li>For those who express interest, a soft copy of the units for sale is provided the prospective buyer as well as classy brochures.</li> <li>RLT has engaged consultants to help the Company further enhance its brand image and well-conceived overall marketing plan.</li> </ul>
What are the Risks Identified?	Management Approach
Making commitments or promises that cannot be delivered enhance reputational risk.	RLT fully subscribes to "truth in advertising".
What are the Opportunities Identified?	Management Approach
No significant opportunities are identified.	

### Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	More than 100 but less than 250	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the customer base of the Company.	<p>RLT is committed to protect the privacy of the Company's employees, consultants, contractors, suppliers and most especially its active customers. This is contained in the Company's Data Privacy Manual.</p> <p><a href="http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf</a></p> <p>Under the said manual –</p> <ul style="list-style-type: none"> <li>▪ Collection of information/data from customers are with consent.</li> <li>▪ Storing of data are kept secured.</li> <li>▪ All data obtained from customers are kept confidential.</li> </ul>
What are the Risks Identified?	Management Approach
The risk is the release of information on the Company's data subjects without their prior consent.	<ul style="list-style-type: none"> <li>▪ The Board has appointed a Data Protection Officer.</li> <li>▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident and data breach protocol, and the inquiry and complaints procedure.</li> </ul>
What are the Opportunities Identified?	Management Approach
No significant opportunities are identified.	

#### Data Security

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

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The impact is in the security of the information on the customer base of the Company.</p>	<p>RLT is committed to protect the privacy of the Company's employees, consultants, contractors, suppliers and most especially its active customers. This is contained in the Company's Data Privacy Manual.</p> <p><a href="http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf</a></p> <p>Under the said manual –</p> <ul style="list-style-type: none"> <li>▪ Collection of information/data from customers are with consent.</li> <li>▪ Storing of data are kept secured.</li> <li>▪ All data obtained from customers are kept confidential.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
<p>The risk is the release of information on the Company's data subjects without their prior consent due to lack of security protocols.</p>	<ul style="list-style-type: none"> <li>▪ The Board has appointed a Data Protection Officer.</li> <li>▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident and data breach protocol, and the inquiry and complaints procedure.</li> </ul>
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
<p>Feeling of comfort and security of the Company's data subjects would tend to attract more customers for RLT, both from prospective buyers of condominium units or prospective lessees.</p>	<p>Full compliance and adherence to laws and regulations; in this instance the Data Privacy Act.</p>

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Property Development	<b>SDG 8</b> "Decent Work and Economic Growth"  <b>SDG 9</b> "Industry Innovation and Infrastructure"  <b>SDG 12</b> "Responsible Consumption and Production"	<ul style="list-style-type: none"> <li>Underage laborers from our third-party contractors.</li> <li>Risk of accidents and injury.</li> <li>Impact on environment due to industry and infrastructure development.</li> <li>Increase consumption of energy and water due to project development.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that contractors are observing laws and government directives.</li> <li>Ensure that contractors are practicing responsible and safe construction methodologies (i.e., safety protocols are observed).</li> <li>Ensure that necessary environmental clearances are obtained prior to start of project construction.</li> <li>Ensure that developments are able to attain efficiencies in terms of energy consumption and optimization of use of water resources.</li> </ul>
Sale and lease of property (residential and commercial)	<b>SDG 6</b> "Clean Water and Sanitation"  <b>SDG 11</b> "Sustainable Cities and Community"	<ul style="list-style-type: none"> <li>Increased water and energy consumption as a direct consequence of increases in units constructed and sold</li> <li>Potential increase in pollution and waste matter due to increased no. of households</li> </ul>	<ul style="list-style-type: none"> <li>Use of efficient sewage treatment facilities</li> <li>For future projects, the Company will make use of sustainable design principles to include the ability to:               <ul style="list-style-type: none"> <li>optimize site potential;</li> <li>minimize non-renewable energy consumption;</li> <li>use environmentally preferable products;</li> </ul> </li> </ul>



			<ul style="list-style-type: none"> <li>○ protect and conserve water;</li> <li>○ enhance indoor environmental quality;</li> <li>○ optimize operational and maintenance practices.</li> </ul>
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*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

0	0	0	0	0	9	9	9	0	5
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Company Name

P	H	I	L	I	P	P	I	N	E		R	E	A	L	T	Y		A	N	D		H	O	L	D	I	N	G	S
C	O	R	P	O	R	A	T	I	O	N																			

Principal Office ( No./Street/Barangay/City/Town)Province)

O	N	E		B	A	L	E	T	E	,		1		B	A	L	E	T	E		D	R	I	V	E				
C	O	R	N	E	R		N	.		D	O	M	I	N	G	O		S	T	.		B	R	G	Y	.			
K	A	U	N	L	A	R	A	N		D	I	S	T	R	I	C	T		4	,		Q	U	E	Z	O	N		
C	I	T	Y																										

Form Type

A	A	F	S
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

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**COMPANY INFORMATION**

Company's Email Address

mark.ramos@philrealty.com.ph

Company's Telephone Number/s

02-86313179

Mobile Number

09175096326

No. of Stockholders

2,307

Annual Meeting  
Month/Day

June 30, 2023

Fiscal Year  
Month/Day

December 31

**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mark Anthony M. Ramos

Email Address

mark.ramos@philrealty.com.ph

Telephone Number

02-86313179

Mobile Number

Contact Person's Address

One Balete, 1 Balete Balete Drive cor. N. Domingo Street Brgy. Kaunlaran District 4, Quezon City

**Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**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 19<sup>th</sup> day of March 2024.

**SUBSCRIBED AND SWORN** to before me this MAR 25 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

DOC NO. 358  
PAGE NO. 73  
BOOK NO. 153  
SERIES OF 20 20

Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City  
Tel. No.: 631-3179 Fax No.: (632) 634-1504

**NOTARY PUBLIC**  
**MR. RUBEN M. AZANES, JR.**  
UNTIL DECEMBER 31, 2024  
PTR NO. 5555119, QUEZON CITY  
CP NO. 384112, QUEZON CITY CHAPTE  
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.

**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

CRA 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

## 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

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

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

			December 31, 2022 (As restated – Note 29)	January 1, 2022 (As restated – Note 29)
	<i>Note</i>	<b>2023</b>		
<b>ASSETS</b>				
<b>Current Assets</b>				
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
<b>Total Current Assets</b>		<b>3,197,595,377</b>	<b>2,861,750,640</b>	<b>2,902,002,911</b>
<b>Non-current Assets</b>				
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
<b>Total Non-current Assets</b>		<b>5,814,274,212</b>	<b>5,731,162,384</b>	<b>5,328,975,031</b>
		<b>P9,011,869,589</b>	<b>P8,592,913,024</b>	<b>P8,230,977,942</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
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
<b>Total Current Liabilities</b>		<b>908,475,934</b>	<b>791,918,635</b>	<b>546,303,593</b>
<b>Non-current Liabilities</b>				
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
<b>Total Non-current Liabilities</b>		<b>1,474,180,337</b>	<b>1,275,296,690</b>	<b>1,356,428,967</b>
<b>Total Liabilities</b>		<b>2,382,656,271</b>	<b>2,067,215,325</b>	<b>1,902,732,560</b>

Forward

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

			December 31, 2022 (As restated – Note 29)	January 1, 2022 (As restated – Note 29)
	<i>Note</i>	2023		
<b>EQUITY</b>				
<b>Equity Attributable to Equity Holders of the Parent Company</b>				
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
<b>Equity Attributable to Non-Controlling Interests</b>				
	27	(41,552,254)	(41,540,458)	(38,841,631)
		6,629,213,318	6,525,697,699	6,328,245,382
		<b>P9,011,869,589</b>	<b>P8,592,913,024</b>	<b>P8,230,977,942</b>

*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**

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

*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						Non-controlling Interests (Note 27)	Total Equity
	Capital Stock (Note 25)	Additional Paid-in Capital (Note 25)	Reserves (Note 26)	Retained Earnings (Note 26)	Treasury Stock (Note 25)	Total		
<b>Balance at January 1, 2021</b>	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
<b>Comprehensive income</b>								
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)
<b>Total comprehensive income for the year</b>	-	-	7,896,952	194,733,394	-	202,630,346	(1,993,873)	200,636,473
<b>Transaction with owners</b>								
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)	-
<b>Total transaction with owners</b>	1,931,472,703	223,615,712	-	18,799,320	-	2,173,887,735	(18,799,320)	2,155,088,415
<b>Balance at December 31, 2021 (As restated – Note 29)</b>	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
<b>Comprehensive income</b>								
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
<b>Total comprehensive income for the year</b>	-	-	13,329,548	186,799,097	-	200,128,645	(2,698,827)	197,429,817
<b>Transaction with owners</b>								
Collection of subscription receivable – Capital Stock	11,250	-	-	-	-	11,250	-	11,250
Collection of subscription receivable – APIC	11,250	-	-	-	-	11,250	-	11,250
<b>Total transaction with owners</b>	22,500	-	-	-	-	22,500	-	22,500
<b>Balance at December 31, 2022</b>	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
<b>Comprehensive income</b>								
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
<b>Total comprehensive income for the year</b>	-	-	(9,353,340)	112,880,755	-	103,527,415	(11,796)	103,515,619
<b>Balance at December 31, 2023</b>	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**

	<i>Notes</i>	2023	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
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**

	<i>Note</i>	2023	2022	2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from avilment 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)
<b>EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>				
		(402,230)	1,952,441	1,434,240
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>119,258,942</b>	<b>(38,756,464)</b>	<b>(4,602,101)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	3	<b>163,886,734</b>	<b>202,643,198</b>	<b>207,245,299</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	3	<b>P283,145,676</b>	<b>P163,886,734</b>	<b>P202,643,198</b>

*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

### Statement of Compliance

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.

### Approval of Financial Statements

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.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

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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.

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**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
	<b>P283,145,676</b>	<b>P163,886,734</b>

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).

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**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

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Trade and other receivables- current portion	<b>P355,309,445</b>	<b>P177,461,738</b>
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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 (Reversals)	-	-	-	(2,182,939)	-	2,863,554 (25,000,000)	2,863,554 (27,182,939)
	<b>P83,512,900</b>	<b>P5,478,810</b>	<b>P 3,189,750</b>	<b>P2,899,963</b>	<b>P862,891</b>	<b>P30,413,708</b>	<b>P126,358,022</b>

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
	<b>P83,512,900</b>	<b>P5,478,810</b>	<b>P3,189,750</b>	<b>P5,082,902</b>	<b>P862,891</b>	<b>P52,550,154</b>	<b>P150,677,407</b>

## 7. Real Estate Inventories

This account consists of:

	2023	2022
In progress:		
BGC Project	<b>P284,007,543</b>	P252,154,357
Andrea North Estate	<b>115,191,934</b>	129,466,042
	<b>399,199,477</b>	381,620,399
Completed units:		
Andrea North SkyVillas Tower	<b>42,177,734</b>	96,696,424
Andrea North Skyline Tower	<b>24,927,304</b>	26,008,598
The Icon Plaza	<b>54,790,767</b>	29,267,782
Casa Miguel	<b>7,192,072</b>	7,192,072
	<b>129,087,877</b>	159,164,876
Land held for development:		
New Manila, Quezon City	<b>135,336,913</b>	135,336,913
BGC	<b>1,410,000,000</b>	1,410,000,000
	<b>1,545,336,913</b>	1,545,336,913
	<b>P2,073,624,267</b>	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	<b>P320,913,002</b>	P308,916,089
Prepaid expenses	<b>67,986,287</b>	23,739,449
Prepaid taxes	<b>52,218,439</b>	38,632,394
Deposits	<b>4,984,691</b>	4,984,691
Others	<b>17,056,932</b>	37,157,533
	<b>P463,159,351</b>	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
<b>Meridian Assurance Corporation</b>		
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
<b>Le Cheval Holdings, Inc.</b>		
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
<b>Alexandra (USA), Inc.</b>		
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.

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Aggregated amounts relating to associates are as follows:

	2023	2022
<b>Meridian Assurance Corporation (MAC)</b>		
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)
<b>Le Cheval Holdings, Inc. (LCHI)</b>		
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.



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**10. Investment Properties**

Investment properties consist of:

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

Details of the cost of investment properties are as follows:

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

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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
<b>Accumulated unrealized holding gain</b>		
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
	<b>P3,096,177,257</b>	<b>P2,836,797,113</b>

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		<b>P3,096,177,257</b>	<b>P2,836,797,113</b>

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

	2023	2022
<b>Carrying amount of investment properties</b>		
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
	<b>P5,163,547,388</b>	<b>P4,926,465,273</b>

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
<b>Cost</b>					
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)
<b>December 31, 2023</b>	<b>104,577,213</b>	<b>33,125,202</b>	<b>90,428,434</b>	<b>1,221,181</b>	<b>229,352,030</b>
<b>Accumulated depreciation</b>					
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)
<b>December 31, 2023</b>	<b>52,712,714</b>	<b>31,271,696</b>	<b>52,665,405</b>	<b>1,221,181</b>	<b>137,870,996</b>
<b>Carrying Amount</b>					
At December 31, 2022	P55,002,861	P789,680	P4,529,425	P -	P60,321,966
<b>At December 31, 2023</b>	<b>P51,864,499</b>	<b>P1,853,506</b>	<b>P37,763,029</b>	<b>P -</b>	<b>P91,481,034</b>

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 5<sup>th</sup> Avenue corner 24<sup>th</sup> Street and 5<sup>th</sup> avenue corner 25<sup>th</sup> 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 26<sup>th</sup> 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).

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**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
<b>Right-of-use assets</b>				
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
<b>Finance lease</b>				
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

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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:

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

The loans and notes payable are composed of the following:

	<b>2023</b>	<b>2022</b>
Payable within one year:		
<i>Parent Company</i>		
Philippine National Bank	<b>P350,000,000</b>	P250,000,000
Philippine Bank of Communications	<b>472,985,126</b>	413,706,633
Union Bank of the Philippines	<b>5,927,594</b>	1,583,107
RCBC Savings Bank	<b>596,175</b>	536,450
<i>Subsidiary</i>		
RCBC Savings Bank	<b>159,255</b>	896,804
	<b>P829,668,150</b>	P666,722,994
Payable after one year:		
<i>Parent Company</i>		
Philippine Bank of Communications	<b>P344,794,867</b>	P226,260,165
Union Bank of the Philippines	<b>26,152,493</b>	706,599
RCBC Savings Bank	<b>1,404,219</b>	574,351
<i>Subsidiary</i>		
RCBC Savings Bank	<b>-</b>	159,255
	<b>372,351,579</b>	227,700,370
	<b>P1,202,019,729</b>	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).

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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:

<b>As at and for the year ended December 31, 2023:</b>	<b>Transactions</b>	<b>Outstanding balance</b>	<b>Terms and conditions</b>
<i>Trade receivables</i>			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	
<i>Advances</i>			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	-	-	
<i>Key management personnel</i>			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	-	
<b>As at and for the year ended December 31, 2022:</b>	<b>Transactions</b>	<b>Outstanding balance</b>	<b>Terms and conditions</b>
<i>Trade receivables</i>			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	
<i>Forward</i>			



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As at and for the year ended December 31, 2022:	Transactions	Outstanding balance	Terms and conditions
<i>Advances</i>			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	-	-	
<i>Key management personnel</i>			Key management includes directors (executive and non-executive) and executive officers.
Short-term benefits	-	-	Short-term benefits are payable monthly and post-employment benefits are payable upon retirement
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:

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- *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

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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:

	<i>Note</i>	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
		<b>P14,050,801</b>	<b>P15,924,493</b>	<b>P17,404,620</b>

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**20. Other Income**

The account consists of:

	<i>Notes</i>	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
		<b>P426,546,957</b>	<b>P540,509,715</b>	<b>P637,167,113</b>

**21. Cost of Services**

The account consists of:

	<i>Note</i>	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
		<b>P74,909,201</b>	<b>P62,551,098</b>	<b>P68,763,460</b>

Others include various expenses that are individually immaterial.

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**22. General and Administrative Expenses**

The account consists of:

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

**23. Other Expenses**

The account consists of:

	<i>Note</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Loss on repossession of real estate properties	<i>7</i>	<b>P3,524,627</b>	P -	P -
Bank charges		<b>971,640</b>	144,637	48,161
Foreign exchange loss		<b>402,230</b>	-	-
Loss on money market investment		-	85,414	-
Loss on sale of property and equipment		-	-	38,793
Loss on cancellation of sale of investment property	<i>10</i>	-	-	87,996,422
Loss on sublease	<i>12</i>	-	-	2,769,442
		<b>P4,898,497</b>	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
	<b>P64,496,247</b>	<b>P125,159,497</b>	<b>P59,638,324</b>

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

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

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	2023		2022	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
<b>Deferred Tax Liabilities:</b>				
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)
	<b>(3,149,199,951)</b>	<b>(787,299,988)</b>	<b>(2,914,240,433)</b>	<b>(727,788,274)</b>
	<b>(P3,010,294,435)</b>	<b>(P753,432,863)</b>	<b>(P2,783,877,463)</b>	<b>(P696,703,231)</b>

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
	<b>P923,922,379</b>	<b>P233,592,208</b>	<b>P914,207,266</b>	<b>P230,200,403</b>

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
		<b>P496,152,562</b>	<b>P -</b>	<b>P -</b>	<b>P496,152,562</b>

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.



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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)
<b>Authorized</b>			
16,000,000,000 common shares at P0.50 par value	P8,000,000,000	P8,000,000,000	P8,000,000,000
<b>Issued and outstanding</b>			
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
<b>Subscribed</b>			
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
<b>Capital Stock</b>	<b>4,275,721,448</b>	<b>4,275,721,448</b>	<b>4,275,698,948</b>
<b>Additional paid-in capital</b>	<b>780,630,029</b>	<b>780,630,029</b>	<b>780,630,029</b>
<b>Total Capital Stock</b>	<b>P5,056,351,477</b>	<b>P5,056,351,477</b>	<b>P5,056,328,977</b>

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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)
<b>Universal Travel Corporation</b>			
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)
<b>Recon-X Energy Corporation</b>			
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)

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**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)
<b>Statements of Financial Position</b>			
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.

New and Amended Standards Not Yet Adopted.

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.

### Basis of Consolidation

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.

#### Business Combination

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.

#### Segment Information

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 materially 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.

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### **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.

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### 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
<b>Financial assets at FVPL</b>				
Equity investments	P6,750,000	P -	P -	P6,750,000
<b>Financial assets at FVOCI</b>				
Equity investments	35,197,203	-	-	35,197,203

**December 31, 2022**

	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVPL</b>				
Equity investments	P6,750,000	P -	P -	P6,750,000
<b>Financial asset at FVOCI</b>				
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.

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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.

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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.

	Carrying Amount	Contractual Obligation			Total
		Less than One Year	One to Five Years	More than Five Years	
<b>2023</b>					
			(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
<b>2022</b>					
			(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

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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	<b>P283,100,676</b>	P163,841,734
Trade and other receivables	<b>563,277,092</b>	542,479,207
	<b>P846,377,768</b>	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 materially 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	<b>P73,462,630</b>	P83,512,900
Lease	<b>4,787,075</b>	5,478,810
Management fees	<b>3,189,750</b>	3,189,750
Premiums receivable	<b>2,899,962</b>	5,082,902
Advances	<b>862,891</b>	862,891
Other receivables	<b>41,155,714</b>	52,550,154
	<b>P126,358,022</b>	P150,677,407

*(b.1.) Trade receivables on real estate*

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

*Forward*

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2023	Stage 1	Stage 2	Stage 3	Total
<b>Provision</b>				
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
<b>Trade receivables</b>				
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
<b>Provision</b>				
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



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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 20<sup>th</sup> 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:

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**2023**

	Parent Company	Subsidiaries					Intersegment adjustments	Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services			
(In Thousand Pesos)								
Revenue								
Revenue from contracts with customers	P174,461	P41,203	P5,216	P -	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)	(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)	(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)	(23,080)	8,955,432
Investment in associates	100,930	-	-	-	-	(44,493)	(44,493)	56,437
Total assets	8,969,450	95,780	12,796	119	1,297	(67,573)	(67,573)	9,011,869
Segment liabilities	1,576,411	36,796	7,280	-	30,225	(21,489)	(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)	(P21,489)	P2,382,656

*Forward*

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2023

	Parent Company	Subsidiaries					Intersegment adjustments	Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services			
		(In Thousand Pesos)						
Segment additions to:								
Property and equipment	P40,698	P-	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-	P-	P14,813
Impairment losses	P2,864	P-	P-	P-	P-	P-	P-	P2,864

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	Parent Company	Subsidiaries					Intersegment adjustments	Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services			
(In Thousand Pesos)								
Revenue								
Revenue from contracts with customers	P224,999	P34,656	P5,567	P -	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								

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2022

	Parent Company	Subsidiaries					Intersegment adjustments	Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services			
		(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

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2021

	Parent Company	Subsidiaries					Intersegment adjustments	Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services			
(In Thousand Pesos)								
<b>Revenue</b>								
Revenue from contracts with customers	P153,820	P36,779	P4,513	P -	P -	P -	P -	P195,112
Rental income	55,050	151	102	-	-	-	-	55,303
Intersegment sales	-	555	-	-	-	-	(555)	-
<b>Total revenue</b>	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
<b>Gross income (loss)</b>	(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)
<b>Net income (loss)</b>	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								
<b>Other information</b>								
Segment assets	P8,126,410	P84,400	P12,273	P547	P1,201	(P53,521)	-	P8,171,310
Investment in associates	59,667	-	-	-	-	-	-	59,667
<b>Total assets</b>	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
<b>Total liabilities</b>	P1,856,147	P28,812	P4,316	P-	P30,022	(16,564)	-	P1,902,733
Forward								

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2021

	Parent Company	Subsidiaries					Intersegment adjustments	Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel Services			
		(In Thousand Pesos)						
Segment additions to:								
Property and equipment	P6,195	P176	P56	P -	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 -	P -	P106,179
Impairment losses	P22,780	P1,780	P -	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, 20<sup>th</sup> 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 20<sup>th</sup> 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, 20<sup>th</sup> 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, 20<sup>th</sup> Floor East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.





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**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

CRA 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

**Reconciliation of Retained Earnings Available 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

<b>Unappropriated Retained Earnings, beginning of the reporting period</b>		<b>P1,555,405,651</b>
Adjustments for:		
Accumulated Deferred Tax		<b>696,703,231</b>
Accumulated unrealized gain on fair market value		<b>(2,836,797,113)</b>
		<b>(584,688,231)</b>
<b>Less: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>(584,688,231)</b>
<b>Add: Net Income for the current year</b>		<b>112,880,755</b>
<b>Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
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)	<b>(259,380,144)</b>	
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)	-	<b>(259,380,144)</b>
<b>Add/Less: Adjustments related to relief granted in SEC and BSP</b>		
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	<b>59,621,911</b>	
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)	-	<b>59,621,911</b>
<b>Total Retained Earnings, end of the reporting period available for dividend</b>		<b>(P671,565,709)</b>

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

<sup>(1)</sup> Current ratio is measured as current assets divided by current liabilities.

<sup>(2)</sup> Acid test ratio is measured as current assets less inventory divided by current liabilities.

<sup>(3)</sup> Debt to equity ratio is measured as total liabilities divided by total equity.

<sup>(4)</sup> Asset to equity ratio is measured as total assets divided by total equity.

<sup>(5)</sup> Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing costs.

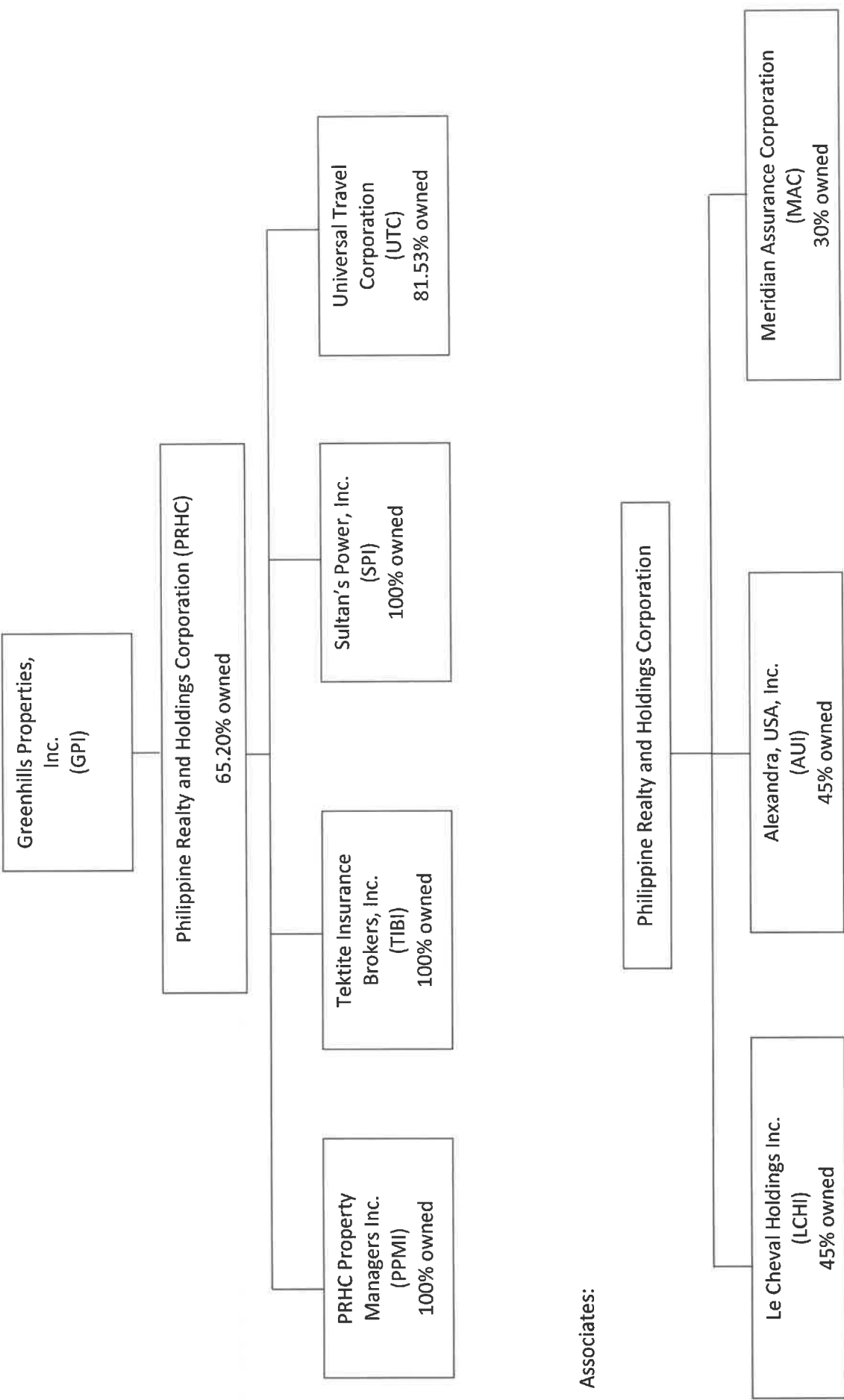
<sup>(6)</sup> Net profit margin ratio is derived by dividing net profit with total revenue.

<sup>(7)</sup> Return on assets is measured by dividing net income after tax with total assets.

<sup>(8)</sup> Return on equity is measured by dividing net income after tax with total capital accounts.

<sup>(9)</sup> 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**



## **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
<b>Financial assets at fair value through profit or loss</b>				
Tagaytay Properties	6,750,000 shares	P6,750,000	P6,750,000	P -
<b>Financial Assets at Fair Value through OCI</b>				
<b>Equity securities</b>				
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 -
<b>Trade and other receivables - net</b>				
		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**

<b>Name of Debtor</b>	<b>Balance at the beginning of the period</b>	<b>Additions</b>	<b>Amounts collected</b>	<b>Amounts written-off</b>	<b>Current</b>	<b>Non-current</b>	<b>Balance at the end of period</b>
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)	-	-	-	-
	<b>P11,077,502</b>	<b>P16,070,329</b>	<b>(P21,005,096)</b>	<b>P -</b>	<b>P3,683,974</b>	<b>P 2,458,761</b>	<b>P6,142,734</b>

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**

<b>Name of Debtor</b>	<b>Balance at the beginning of the period</b>	<b>Additions</b>	<b>Amounts collected (i)</b>	<b>Amounts written-off (ii)</b>	<b>Current</b>	<b>Non-current</b>	<b>Balance at the end of period</b>
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**

<b>Title of issue and type of obligation (i)</b>	<b>Amount authorized by indenture</b>	<b>Amount shown under caption "Current portion of long-term debt in related Statement of Financial Position " (ii)</b>	<b>Amount shown under caption "Long-term debt in related Statement of Financial Position " (iii)</b>	<b>Interest Rate %</b>	<b>Maturity Date</b>
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 filed	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**

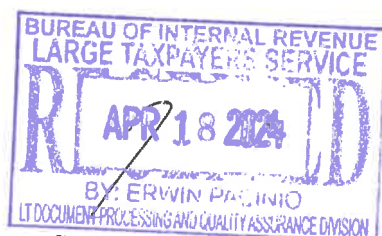
<b>Title of Issue (i)</b>	<b>Number of shares authorized</b>	<b>Number of shares issued and outstanding as shown under the related Statement of Financial Position caption</b>	<b>Number of shares reserved for options, warrants, conversion and other rights</b>	<b>Number of shares held by related parties (ii)</b>	<b>Directors, officers and employees</b>	<b>Others (iii)</b>
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.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**

**SEPARATE FINANCIAL STATEMENTS**

**December 31, 2023, 2022 AND 2021**





# Philippine Realty & Holdings Corporation

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

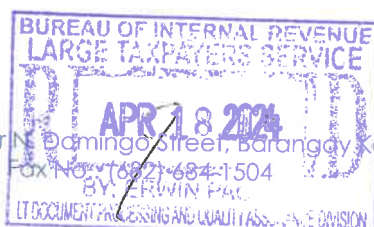
In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **PHILIPPINE REALTY AND HOLDINGS CORPORATION**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **PHILIPPINE REALTY AND HOLDINGS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

**GERARDO DOMENICO ANTONIO V. LANUZA**  
Chairman

**EDMUNDO C. MEDRANO**  
President

**MARISSA S. BONTOGON**  
Vice President and Treasurer







# Philippine Realty & Holdings Corporation


Page 2 of 2

Signed this 19<sup>th</sup> day of March 2024.

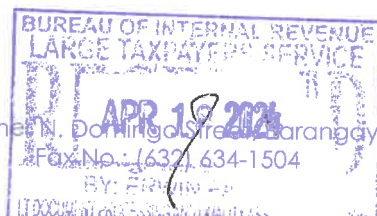
SUBSCRIBED AND SWORN to before me this MAR 25 2024 day of \_\_\_\_\_, 2024, affiants exhibiting to me their Tax Identification Nos., as follows:

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

DOC NO. 359  
PAGE NO. 72  
BOOK NO. 153  
SERIES OF 20 221

  
ATTY. RUBEN M. AZANES, JR.  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2024  
PTR NO. 5555119, QUEZON CITY  
IBP NO. 384112, QUEZON CITY CHAPTER  
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 4010110 C.

1 Balete Drive corner N. Domingos Street, Barangay Kaunlaran, District 4, Quezon City 1111  
Tel. No.: 631-3179 Fax No.: (632) 634-1504



**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE  
BUREAU OF INTERNAL REVENUE**

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

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager, or principal shareholders.

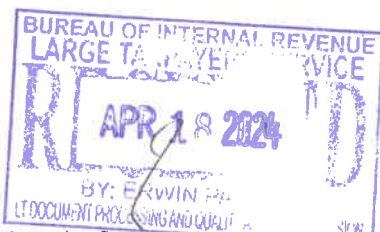
**MACEDA VALENCIA & CO.**

  
**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



Maceda Valencia & Co. is an independent member firm of Nexia International, a worldwide network of independent accounting and consulting firms. Nexia International does not accept any responsibility for the commission of any act, or omission to act by, or the liabilities of, any of its members. Membership of Nexia International, or associated umbrella organizations, does not constitute any partnership between members, and members do not accept any responsibility for the commission of any act, or omission to act by, or the liabilities of, other members.

## 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

### Report on the Audit of the Separate Financial Statements

#### *Opinion*

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

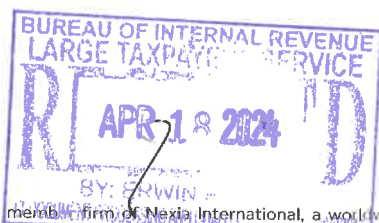
In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2023 and 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the three years in the period 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 Company'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 26% of Revenues and Other Income while costs of real estate sales amounted to P90.00 million or 18% 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 Company's policy for revenue recognition on real estate sales are more fully described in Note 30 to the financial statements. The material judgments applied, and estimates used by management related to revenue recognition are more fully described in Note 31 to the 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.

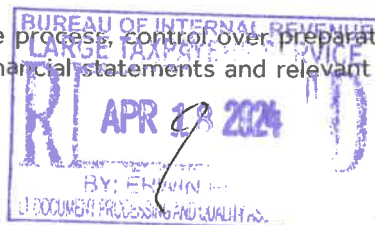
On the revenue recognition process, the following controls, among others, were identified and tested for operating effectiveness.

- 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 Company's 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, newly built and 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. We also tested the basis of percentage of completion for a project completed during the year.

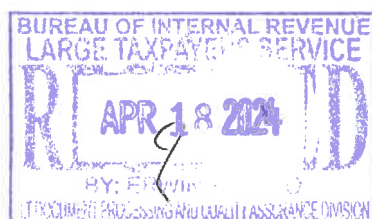
#### Allowance for Impairment Losses on Trade and Other Receivables

##### *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 P581 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 P5.12 billion contributing 58% 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).

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

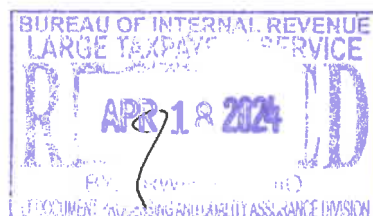
Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's Responsibilities for the Audit of the Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.



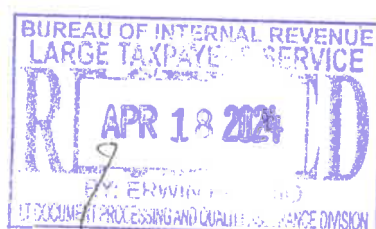
As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast material doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and 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 audit of the separate 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.



### Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes and license fees required for purposes of filing with the Bureau of Internal Revenue is presented by the management of Philippine Realty and Holdings Corporation in a separate schedule. Revenue Regulation 2-2014 and 15-2010 requires the information to be presented in the notes to the separate financial statements. Such information is the responsibility of management and is not a required part of the basic separate financial statements. Our opinion on the basic separate financial statements is not affected by the presentation of the information in a separate schedule.

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

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

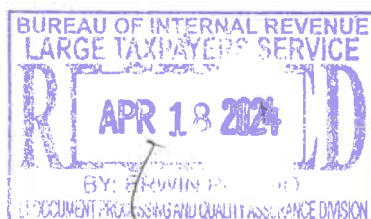
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Issued on March 26, 2024; valid until March 25, 2027

March 19, 2024

Makati City

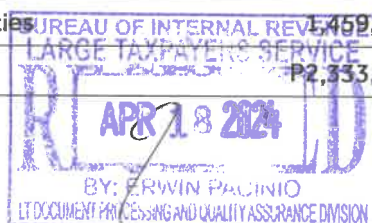




**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**SEPARATE STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

			December 31, 2022 (As restated – Note 27)	January 1, 2022 (As restated – Note 27)
	<i>Notes</i>	<b>2023</b>		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3	P275,515,646	P157,708,142	P193,476,955
Financial assets at fair value through profit or loss (FVPL)	4,32	6,750,000	6,750,000	6,750,000
Trade and other receivables - current portion	6,33	373,457,027	184,464,217	139,386,732
Real estate inventories	7	2,073,624,267	2,086,122,188	2,136,292,560
Prepayments and other current assets – net	8	409,841,097	363,136,328	364,436,622
Investment in finance lease - current portion	13	15,606,638	14,099,824	13,055,174
<b>Total Current Assets</b>		<b>3,154,794,675</b>	<b>2,812,280,699</b>	<b>2,853,398,043</b>
<b>Non-current Assets</b>				
Financial assets at fair value through other comprehensive income (FVOCI)	5,32	35,197,203	36,076,106	37,644,536
Trade and other receivables - net of current portion	6,33	207,967,646	379,420,726	467,066,100
Investments in subsidiaries	9	19,100,000	19,100,000	20,100,000
Investments in associates	10	81,829,857	81,829,858	81,829,858
Investment properties – net	11	5,119,715,388	4,883,721,273	4,372,443,439
Property and equipment – net	12	91,254,330	59,926,295	70,718,767
Investment in finance lease - net of current portion	13	171,970,892	187,577,451	201,677,353
Right-of-use asset – net	13	87,619,912	97,414,601	89,431,827
<b>Total Non-current Assets</b>		<b>5,814,655,228</b>	<b>5,745,066,310</b>	<b>5,340,911,880</b>
		<b>P8,969,449,903</b>	<b>P8,557,347,009</b>	<b>P8,194,309,923</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables - current portion	14	P28,537,217	P85,653,425	P120,715,975
Loans payable - current portion	15	829,508,895	665,826,190	381,134,818
Lease liability - current portion	13	15,570,165	14,841,458	14,116,765
<b>Total Current Liabilities</b>		<b>873,616,277</b>	<b>766,321,073</b>	<b>515,967,558</b>
<b>Non-current Liabilities</b>				
Trade and other payables - net of current portion	14	76,059,053	84,808,688	71,803,218
Loans payable - net of current portion	15	372,351,579	227,541,115	429,465,985
Retirement benefit obligation	17	67,780,803	50,486,052	52,083,088
Lease liability - net of current portion	13	143,092,814	158,662,979	173,503,161
Deferred rental income	13	43,509,817	40,425,411	40,970,220
Deferred tax liabilities – net	23	756,869,878	699,939,428	572,353,286
<b>Total Non-current Liabilities</b>		<b>1,459,563,944</b>	<b>1,261,863,673</b>	<b>1,340,178,958</b>
<b>Total Liabilities</b>		<b>P2,333,280,221</b>	<b>P2,028,184,746</b>	<b>P1,856,146,516</b>

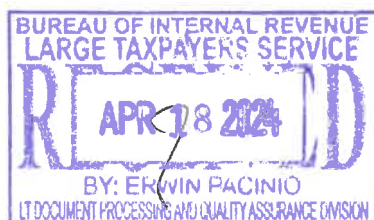
Forward



**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**SEPARATE STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

			December 31, 2022 (As restated – Note 27)	January 1, 2022 (As restated – Note 27)
	<i>Note</i>	2023		
<b>EQUITY</b>				
Capital stock	24	P4,275,721,448	P4,275,721,448	P4,275,698,948
Additional paid-in capital	24	780,630,029	780,630,029	780,630,029
Reserves	25	44,261,390	54,072,312	44,875,005
Retained earnings		1,645,269,254	1,528,450,913	1,346,671,864
Treasury stock	24	(109,712,439)	(109,712,439)	(109,712,439)
<b>Total Equity</b>		<b>6,636,169,682</b>	<b>6,529,162,263</b>	<b>6,338,163,407</b>
		<b>P8,969,449,903</b>	<b>P8,557,347,009</b>	<b>P8,194,309,923</b>

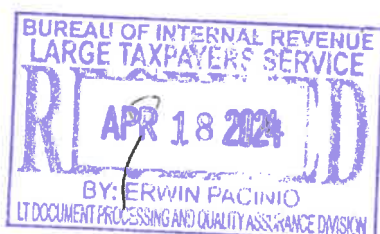
*See Notes to the Separate Financial Statements.*



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

	<i>Notes</i>	2023	2022	2021
<b>INCOME</b>				
Sales of real estate		P174,460,724	P224,998,917	P153,819,523
Rent	11,13	65,150,046	56,343,600	55,049,665
Interest	18	13,985,855	15,913,983	17,377,552
Other income	19	424,106,895	530,682,061	630,572,948
		677,703,520	827,938,561	856,819,688
<b>COSTS AND EXPENSES</b>				
Cost of real estate sold	7	90,154,100	106,296,787	113,172,007
Cost of services	20	46,285,853	39,043,111	39,945,202
General and administrative expenses	21	285,640,196	311,322,564	280,389,396
Finance costs	13,15	70,083,467	63,643,546	70,631,236
Other expenses	22	4,898,496	230,051	90,852,818
		497,062,112	520,536,059	594,990,659
<b>INCOME BEFORE INCOME TAX</b>		<b>180,641,408</b>	<b>307,402,502</b>	<b>261,829,029</b>
<b>INCOME TAX EXPENSE</b>	23	<b>63,823,067</b>	<b>125,623,453</b>	<b>58,226,599</b>
<b>NET INCOME</b>		<b>116,818,341</b>	<b>181,779,049</b>	<b>203,602,430</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items that will never be reclassified to profit or loss</i>				
Remeasurement gain (loss) on retirement benefit obligation, net of tax	25	(8,932,019)	10,765,737	8,139,833
Unrealized holding loss on financial assets at FVOCI	5,25	(878,903)	(1,568,430)	(3,365,984)
		(9,810,922)	9,197,307	4,773,849
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P107,007,419</b>	<b>P190,976,356</b>	<b>P208,376,279</b>
<b>BASIC EARNINGS PER SHARE</b>	26	<b>P0.01</b>	<b>P0.02</b>	<b>P0.02</b>

*See Notes to the Separate Financial Statements.*



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

	Capital Stock (Note 24)	Additional Paid-in Capital (Note 24)	Reserves (Note 25)	Retained Earnings	Treasury Stock (Note 24)	Total Equity
Balance as at January 1, 2021	P2,344,226,245	P557,014,317	P40,101,156	P1,143,069,434	(P109,712,439)	P3,974,698,713
<b>Comprehensive income</b>						
Net income for the year	-	-	-	203,602,430	-	203,602,430
Other comprehensive income for the year	-	-	4,773,849	-	-	4,773,849
<b>Total comprehensive income for the year</b>	-	-	4,773,849	203,602,430	-	208,376,279
<b>Transaction with owners</b>						
Issuance of shares during the year	2,088,888,889	66,125,489	-	-	-	2,155,014,378
Collection of subscriptions receivable	74,037	-	-	-	-	74,037
Subscription receivable – Capital Stock	-	157,490,223	-	-	-	157,490,223
Subscription receivable – APIC	(157,490,223)	-	-	-	-	(157,490,223)
<b>Balance as at December 31, 2021 (As restated – Note 27)</b>	4,275,698,948	780,630,029	44,875,005	1,346,671,864	(109,712,439)	6,338,163,407
<b>Comprehensive income</b>						
Net income for the year	-	-	-	181,779,049	-	181,779,049
Other comprehensive income for the year	-	-	9,197,307	-	-	9,197,307
<b>Total comprehensive income for the year</b>	-	-	9,197,307	181,779,049	-	190,976,356
<b>Transaction with owners</b>						
Collection of subscriptions receivable – Capital Stock	11,250	-	-	-	-	11,250
Collection of subscriptions receivable – APIC	11,250	-	-	-	-	11,250
<b>Balance as at December 31, 2022</b>	4,275,721,448	780,630,029	54,072,312	1,528,450,913	(109,712,439)	6,529,162,263
<b>Comprehensive income (loss)</b>						
Net income for the year	-	-	-	116,818,341	-	116,818,341
Other comprehensive loss for the year	-	-	(9,810,922)	-	-	(9,810,922)
<b>Total comprehensive income for the year</b>	4,275,721,448	780,630,029	44,261,390	1,645,269,254	(109,712,439)	6,636,169,682
<b>Balance as at December 31, 2023</b>	<b>P4,275,721,448</b>	<b>P780,630,029</b>	<b>P44,261,390</b>	<b>P1,645,269,254</b>	<b>(P109,712,439)</b>	<b>P6,636,169,682</b>

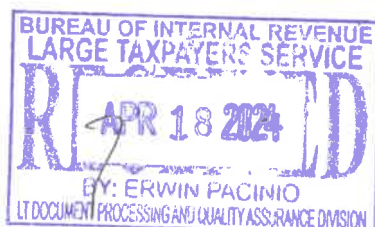
See Notes to Separate Financial Statements.

BY: ERWIN PACINIO  
 LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**SEPARATE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	<i>Notes</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>P180,641,408</b>	P307,402,502	P261,829,029
Adjustments for:				
Finance costs	13,15	<b>70,083,467</b>	63,643,547	70,631,236
Depreciation and amortization	12,20,21	<b>19,241,347</b>	22,834,520	21,440,773
Provision for retirement benefits	17	<b>12,385,392</b>	12,757,280	11,617,535
Loss (gain) on repossession of real estate inventories	19,22	<b>3,524,627</b>	(1,498,643)	(14,287,462)
Foreign exchange loss (gain)	19,22	<b>402,230</b>	(1,952,441)	(1,434,240)
Interest income	18	<b>(13,985,855)</b>	(15,913,983)	(17,377,552)
Provision for (reversal of) impairment loss on trade and other receivables	6,19,21	<b>(22,136,446)</b>	25,000,000	22,779,538
Gain on sale of investment properties	19	<b>(128,065,333)</b>	-	-
Gain on change in fair value of investment properties – net	11,19	<b>(258,292,144)</b>	(518,036,292)	(610,173,892)
Impairment loss on investment in subsidiaries	9,21	-	1,000,000	-
Loss on cancellation of sale of investment property	11,22	-	-	87,996,422
Loss on sublease	22	-	-	2,769,442
Loss (gain) on sale of property and equipment	22	-	(24,135)	38,793
Dividend income	5,19	-	(1,953,910)	-
Operating loss before working capital changes		<b>(136,201,307)</b>	(106,741,555)	(164,170,378)
Decrease (increase) in:				
Trade and other receivables		<b>72,923,006</b>	22,768,318	502,257,372
Prepayments and other current assets		<b>(44,961,114)</b>	1,628,314	49,294
Real estate inventories		<b>35,211,279</b>	69,979,015	78,532,024
Increase (decrease) in:				
Trade and other payables		<b>(76,936,539)</b>	(24,758,508)	(47,719,083)
Unearned income		-	-	(1,361,382)
Other non-current liabilities		<b>3,084,407</b>	(544,809)	1,502,544
Net cash provided by (used in) operations		<b>(146,880,268)</b>	(37,669,225)	369,090,391
Interest received		<b>1,262,139</b>	484,006	16,399,995
Contributions to retirement fund	17	<b>(7,000,000)</b>	-	-
Net cash provided by (used in) operating activities		<b>(152,618,129)</b>	(37,185,219)	385,490,386

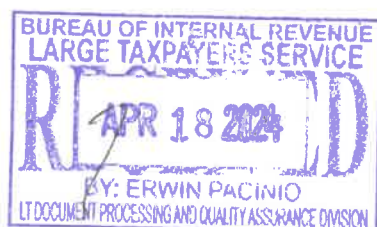
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**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**SEPARATE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	<i>Notes</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	12	(P40,698,040)	(P1,545,778)	(P6,195,300)
Additions to investment properties	11	(3,939,956)	(30,030,586)	(6,571,762)
Proceeds from disposal of investment property		62,036,427	-	14,000,000
Proceeds on disposal of property and equipment		776,528	24,135	1,071,894
Net cash provided by (used in) investing activities		18,174,959	(31,552,229)	2,304,832
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Availments of loans	15	2,018,581,702	1,013,706,633	796,260,165
Collection of lease receivables		23,672,896	23,284,800	13,737,584
Proceeds from collections of subscriptions receivable		-	22,500	74,037
Costs incurred in issuance of shares		-	-	(100,985,622)
Payments of lease liabilities		(22,972,049)	(22,941,000)	(15,981,379)
Finance costs paid		(56,541,112)	(52,116,608)	(68,685,152)
Payments of loans principal	15	(1,710,088,533)	(930,940,131)	(1,016,252,646)
Net cash provided by (used in) financing activities		252,652,904	31,016,194	(391,833,013)
<b>EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>				
		(402,230)	1,952,441	1,434,240
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>117,807,504</b>	<b>(35,768,813)</b>	<b>(2,603,555)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	3	<b>157,708,142</b>	<b>193,476,955</b>	<b>196,080,510</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	3	<b>P275,515,646</b>	<b>P157,708,142</b>	<b>P193,476,955</b>

*See Notes to the Separate Financial Statements.*



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**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

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**1. Corporate Information**

Philippine Realty and Holdings Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13. The principal activities of the 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 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) (see Note 24).

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

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**2. Basis of Preparation**

Statement of Compliance

The separate financial statements of the Company have been prepared in compliance 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 Philippine Financial Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

The Company also prepares and issues consolidated financial statements for the same period in which it consolidates all its investments in subsidiaries. Such consolidated financial statements provide information about the economic activities of the group of which the Company is the parent.

Approval of Financial Statements

The separate financial statements as of and for the year ended December 31, 2023 were reviewed by the Company's Audit Committee and authorized for issuance by the Board of Directors (BOD) on March 19, 2024.

Basis of Measurement

The Company's separate financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

<u>Account name</u>	<u>Measurement Bases</u>
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 separate financial statements are presented in Philippine peso, which is the presentation and functional currency of the Company. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

Use of Estimates and Judgments

The preparation of the separate 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 separate financial statements are described in Note 30.

**3. Cash and Cash Equivalents**

This account consists of:

	2023	2022
Cash on hand	P20,000	P20,000
Cash in banks	266,861,943	132,157,773
Cash equivalents	8,633,703	25,530,369
	<b>P275,515,646</b>	<b>P157,708,142</b>

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 P1,262,139, P484,006 and P468,202 in 2023, 2022 and 2021, respectively (see Note 18).

**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 price.

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

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

	Note	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
		<b>61,682,808</b>	<b>61,682,808</b>
Accumulated unrealized holding loss	25	(26,485,605)	(25,606,702)
		<b>P35,197,203</b>	<b>P36,076,106</b>



**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

The movements in this account are summarized as follows:

	<i>Note</i>	<b>2023</b>	<b>2022</b>
Balance at beginning of year		<b>P36,076,106</b>	P37,644,536
Fair value adjustments	<i>25</i>	<b>(878,903)</b>	(1,568,430)
Balance at end of year		<b>P35,197,203</b>	P36,076,106

The investments in shares of stock of various listed equity securities present the Company with opportunity for return through dividend income. The above investments in equity instruments are not held for trading and the Company 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 Company's reserves.

Unrealized holding loss recognized in other comprehensive income from FVOCI financial assets amounted to P0.88 million in 2023, P1.57 million in 2022 and P3.37 million in 2021 (see Note 25).

Dividend income recognized in profit or loss amounted to P1,953,910 in 2022 (see Note 19).

## **6. Trade and Other Receivables**

This account consists of:

	<i>Note</i>	<b>2023</b>	<b>2022</b>
Trade:			
Sale of real estate		<b>P503,026,750</b>	P533,856,617
Lease		<b>20,797,969</b>	24,271,329
Advances to subsidiaries and associates	<i>16</i>	<b>256,837,286</b>	259,366,922
Advances – others		<b>85,705,086</b>	21,096,626
Other receivables		<b>68,898,544</b>	101,270,857
		<b>935,265,635</b>	939,862,351
Less: allowance for impairment loss		<b>(353,840,962)</b>	(375,977,408)
		<b>581,424,673</b>	563,884,943
Less: non-current portion		<b>207,967,646</b>	379,420,726
Trade and other receivables- current portion		<b>P373,457,027</b>	P184,464,217

Trade receivables include amounts due from buyers of the 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 Company until full payment has been made by the customers. Trade receivables for restructured accounts carry 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 18). Certain trade receivables with total carrying amount 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 15).

Advances consist mainly of advances to officers and employees that are settled either through liquidation or salary deduction.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

Receivables amounting to P353.84 million and P375.98 million as of December 31, 2023 and 2022, respectively, were fully provided with allowance. The movements in the allowance for ECLs on receivables are as follows:

<b>2023</b>						
	Sale of real estate	Lease	Advances to subsidiaries and associates	Advances	Other receivables	Total
Beginning balance	P83,512,900	P5,478,810	P237,135,099	P862,891	P48,987,708	P375,977,408
Provisions	-	-	-	-	2,863,554	2,863,554
(Reversals)	-	-	-	-	(25,000,000)	(25,000,000)
	<b>P83,512,900</b>	<b>P5,478,810</b>	<b>P237,135,099</b>	<b>P862,891</b>	<b>P26,851,262</b>	<b>P353,840,962</b>

<b>2022</b>						
	Sale of real estate	Lease	Advances to subsidiaries and associates	Advances	Other receivables	Total
Beginning balance	P88,650,704	P7,507,749	P237,135,099	P862,891	P16,820,965	P350,977,408
Provisions	-	-	-	-	32,166,743	32,166,743
(Reversals)	(5,137,804)	(2,028,939)	-	-	-	(7,166,743)
	<b>P83,512,900</b>	<b>P5,478,810</b>	<b>P237,135,099</b>	<b>P862,891</b>	<b>P48,987,708</b>	<b>P375,977,408</b>

**7. Real Estate Inventories**

This account consists of:

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

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 Casa Unico Project in BGC.

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

On February 15, 2022, the 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 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 11) from investment properties to real estate inventories as these properties are committed to be sold to several buyers.

On June 2023, the Company repossessed a condo unit and recognized a loss on repossession amounting to P3,524,627 (see Note 22). It was then sold within the same month for P12,293,134.

Certain real estate inventories are mortgaged as collateral to loans (see Note 15).

The cost of real estate inventories recognized in the separate 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	P279,072,046	P270,202,455
Prepaid expenses	67,826,484	23,617,989
Prepaid taxes	41,234,433	27,648,388
Deposits	4,984,691	4,984,691
Others	16,723,443	36,682,805
	<b>P409,841,097</b>	<b>P363,136,328</b>

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

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

Prepaid taxes are unutilized creditable withholding taxes in which the Company opted to file a claim for refund with the Bureau of Internal Revenue.

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

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**9. Investments in Subsidiaries**

Details of the Company's ownership interest in subsidiaries as of December 31 are as follows:

	2023	2022
PRHC Property Managers, Inc. (PPMI)	100%	100%
Tektite Insurance Brokers, Inc. (TIBI)	100%	100%
Sultan's Power, Inc. (SPI)	100%	100%
Universal Travel Corporation (UTC)	81.53%	81.53%

The details of the Company's investments in subsidiaries are as follows:

	2023	2022
Tektite Insurance Brokers, Inc. (TIBI)	P13,900,000	P13,900,000
Universal Travel Corporation (UTC)	5,722,796	5,722,796
PRHC Property Managers, Inc. (PPMI)	5,200,000	5,200,000
Sultan's Power, Inc. (SPI)	1,000,000	1,000,000
	25,822,796	25,822,796
Allowance for impairment loss	(6,722,796)	(6,722,796)
	P19,100,000	P19,100,000

Universal Travel Corporation (UTC) and Sultan's Power, Inc. (SPI) had incurred losses and reported a capital deficiency. These indicate the impairment on the Company's investment. Accordingly, the Company provided an allowance for impairment loss totaling P6,722,796.

Aggregated amounts relating to subsidiaries are as follows:

	2023	2022
<b>PRHC Property Managers, Inc. (PPMI)</b>		
Total assets	P99,217,277	P94,524,181
Total liabilities	36,796,301	30,170,917
Net assets	62,420,976	64,353,264
Income	44,592,679	49,251,143
Cost and expenses	(46,524,967)	(41,320,228)
Net income (loss)	(P1,932,288)	P7,930,915
<b>Tektite Insurance Brokers, Inc. (TIBI)</b>		
Total assets	P12,795,506	P9,363,637
Total liabilities	7,280,353	4,119,265
Net assets	5,515,153	5,244,372
Income	5,449,245	5,933,208
Cost and expenses	(5,178,464)	(4,934,189)
Net income	P270,781	P999,019

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	2023	2022
<b>Universal Travel Corporation (UTC)</b>		
Total assets	P1,297,150	P1,279,712
Total liabilities	30,225,288	30,143,984
Net liabilities	(28,928,138)	(28,864,272)
Income	43,083	9,084
Cost and expenses	(106,949)	(51,908)
Net loss	(P63,866)	(P42,824)
<b>Sultan's Power, Inc. (SPI)</b>		
Total assets	P1,881,191	P1,881,711
Total liabilities	77,024,044	76,963,922
Net liabilities	(75,142,853)	(75,082,211)
Income	-	-
Cost and expenses	(60,642)	(60,659)
Net loss	(P60,642)	(P60,659)

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

PRHC Property Managers, Inc.

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

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 of TIBI is Unit E-2004A East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation

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

Sultan's Power, Inc.

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

#### 10. Investments in Associates

Details of the Company's ownership interest in associates as at December 31 are as follows:

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

The details of the Company's investments in associates are as follows:

	2023	2022
<b>Investments in Associates:</b>		
Meridian Assurance Corporation (MAC)	P81,829,857	P81,829,857
Alexandra (USA), Inc. (AUI)	14,184,150	14,184,150
Le Cheval Holdings, Inc. (LCHI)	11,250	11,250
	96,025,257	96,025,257
Allowance for impairment loss	(14,195,400)	(14,195,400)
	P81,829,857	P81,829,857

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
<b>Meridian Assurance Corporation (MAC)</b>		
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)	(14,557,798)
Net loss	(P13,007,274)	(P4,656,801)

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	2023	2022
<b>Le Cheval Holdings, Inc. (LCHI)</b>		
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 Company'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 I., 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-Unjeng. AUI is in the process of liquidation.

**11. Investment Properties**

Investment properties consist of:

	Note	2023	2022
<b>Cost</b>			
Balance, beginning		P2,087,682,319	P2,094,440,777
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		2,065,384,290	2,087,682,319
Accumulated unrealized holding gain		3,054,331,098	2,796,038,954
		P5,119,715,388	P4,883,721,273

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Details of the cost of investment properties are as follows:

	2023	2022
<b>Cost of investment properties</b>		
BGC	<b>P846,000,000</b>	P846,000,000
Tektite East Tower	<b>535,294,505</b>	534,361,116
Baguio	<b>402,443,016</b>	399,436,449
Tektite West Tower	<b>183,603,423</b>	183,603,423
The Icon Plaza	<b>53,665,168</b>	79,903,153
San Fernando, La Union	<b>33,859,578</b>	33,859,578
Icon Residences Tower 1	<b>10,518,600</b>	10,518,600
	<b>P2,065,384,290</b>	P2,087,682,319

**BGC**

On June 22, 2021, the Company received two (2) BGC lots from GPI in exchange for the 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 PPML under a lease agreement which is renewed annually (see Note 16).

**The Icon Plaza**

On March 21, 2023, the 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 committed to be sold to several buyers.

**San Fernando, La Union**

On November 29, 2021, the 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 the sale. The Company incurred a loss on sale cancellation of the Contract to Sell amounting to P87,996,422 (see Note 22).

**San Juan, La Union**

In December 2023, the 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 19).



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

	2023	2022
<b>Accumulated unrealized holding gain</b>		
Tektite East Tower	P1,125,808,058	P1,006,368,018
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	94,290,712	72,345,367
Icon Residences Tower 1	10,761,400	10,761,400
	<b>P3,054,331,098</b>	<b>P2,796,038,954</b>

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

	Note	2023	2022
Beginning balance		P2,796,038,954	P2,278,002,662
Increase	19	258,292,144	518,036,292
Total		<b>P3,054,331,098</b>	<b>P2,796,038,954</b>

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

	2023	2022
<b>Cost of investment properties</b>		
BGC	P1,971,808,058	P1,852,368,018
PSE East	1,273,294,505	1,272,361,116
Baguio	1,024,473,138	965,977,001
PSE West	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
	<b>P5,119,715,388</b>	<b>P4,883,721,273</b>

An independent valuation of the Company's investment properties was performed by qualified appraisers as of December 27, 2023 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 P65,150,046, P56,343,600 and P55,049,665, respectively. Real property taxes attributable to the investment properties in 2023, 2022 and 2021 amounted to P6,848,385, 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 P10,254,997, 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 15).

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**12. 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			
	Building and Building Improvements	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Total
<b>Cost</b>				
January 1, 2022	P88,178,580	P28,350,081	P50,511,803	P167,040,464
Additions	-	1,545,778	-	1,545,778
Disposals	-	(244,955)	-	(244,955)
December 31, 2022	88,178,580	29,650,904	50,511,803	168,341,287
Additions	-	2,551,328	38,146,712	40,698,040
Disposals	-	(58,482)	(11,404,302)	(11,462,784)
<b>December 31, 2023</b>	<b>88,178,580</b>	<b>32,143,750</b>	<b>77,254,213</b>	<b>197,576,543</b>
<b>Accumulated Depreciation and Amortization</b>				
January 1, 2022	26,491,642	26,643,480	43,186,575	96,321,697
Provision	6,391,578	1,296,997	4,649,675	12,338,250
Disposals	-	(244,955)	-	(244,955)
December 31, 2022	32,883,220	27,695,522	47,836,250	108,414,992
Provision	3,138,362	1,352,390	4,102,725	8,593,477
Disposals	-	(38,988)	(10,647,268)	(10,686,256)
<b>December 31, 2023</b>	<b>36,021,582</b>	<b>29,008,924</b>	<b>41,291,707</b>	<b>106,322,213</b>
Carrying Amount December 31, 2022	P55,295,360	P1,955,382	P2,675,553	P59,926,295
<b>Carrying Amount December 31, 2023</b>	<b>P52,156,998</b>	<b>P3,134,826</b>	<b>P35,962,506</b>	<b>P91,254,330</b>

Certain transportation equipment of the Company 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 15).

**13. Leases**

**A. Rights-of-use assets**

The Company leases two parcels of land located at 5<sup>th</sup> Avenue corner 24<sup>th</sup> Street and 5<sup>th</sup> avenue corner 25<sup>th</sup> 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 Company also leases Unit 10A in Icon Plaza located at 26<sup>th</sup> Street, Bonifacio Global City, Taguig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.

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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	2021
Depreciation expense	20,21	P10,647,870	P10,496,270	P9,622,488
Interest expense		8,131,867	8,824,235	10,506,780

**B. Investment in finance lease**

The Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed in item A above. This agreement was assessed by the management to be of a finance lease. This agreement 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	187,577,530	201,677,275
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 18).

**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
<b>Right-of-use assets</b>				
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
<b>Finance lease</b>				
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 lease**

The Company entered into short-term operating lease agreements including condominium units, office spaces and food plaza spaces. The lease contracts between the Company and its lessees have a term of one year which are renewable annually.

Total rental income earned in 2023, 2022 and 2021 amounted to P65,150,046, P56,343,600 and P55,049,665, respectively.

Deferred rental income classified under other non-current liabilities amounting to P43,509,817 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 14).

**14. Trade and Other Payables**

This account consists of:

	<i>Note</i>	2023	2022
Non-trade payables		P28,420,517	P38,238,301
Accrued expenses		20,552,995	58,996,600
Refundable deposits	13	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		3,549,137	7,715,875
Trade payables		1,544,489	4,101,347
		104,596,270	170,462,113
Less: non-current portion		76,059,053	84,808,688
		P28,537,217	P85,653,425

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

Accrued expenses consist of accrual for costs on 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.

## 15. Loans Payable

The movements in the loans payable are summarized as follows:

	2023	2022
Balance at beginning of year	P893,367,305	P810,600,803
Availments of loan	2,018,581,702	1,013,706,633
Payments of principal	(1,710,088,533)	(930,940,131)
Balance at end of year	P1,201,860,474	P893,367,305

This account is composed of the following:

	2023	2022
Payable within one year:		
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
	829,508,895	665,826,190
Payable after one year:		
Philippine Bank of Communications	344,794,867	226,260,165
Union Bank of the Philippines	26,152,493	706,599
RCBC Savings Bank	1,404,219	574,351
	372,351,579	227,541,115
	P1,201,860,474	P893,367,305

### Philippine National Bank (PNB)

The 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 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 Company entered into a long-term credit facility agreement with PBCom. PBCom approved an interest-bearing Term Loan under which the 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 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 11).

Union Bank of the Philippines (UBP)

In 2023, the 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 12).

RCBC Savings Bank (RCBC)

In July 2017, the 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 12). This was fully paid as of December 31, 2022.

In 2023, the 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 12).

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%.

## 16. Related Party Transactions

In the normal course of business, the Company entered into various transactions with related parties. Transactions with related parties follow:

As at and for the year ended December 31, 2023	Transactions	Outstanding balance	Terms and conditions
<i>Trade receivables</i>			The receivables are secured with related units until full payment.
Principal Shareholder Greenhills Properties, Inc.			
Sale of parking space	P -		
Collections during the year	-	P51,892,140	
<i>Lease income</i>			These receivables are unsecured and bear no interest and settled in cash.
Subsidiary PRHC Property Management, Inc.			
Rent Income	480,000		
Collections	(480,000)	P -	

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As at and for the year ended December 31, 2023	Transactions	Outstanding balance	Terms and conditions
<i>Purchase of services</i>			Purchase of services is negotiated with related parties on a cost-plus basis and is due 30 days after the end of the month. These payables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	P8,021,687		
Payments during the year	(8,021,687)	P -	
<i>Advances</i>			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash (see Note 6).
Alexandra (USA), Inc., Associate	-	132,417,765	
Sultan’s Power, Inc., Subsidiary	15,122	76,600,158	
Universal Travel Corporation, Subsidiary	41,304	30,117,113	
PRHC Property Managers, Inc., Subsidiary	3,295,462	17,580,002	
Tektite Insurance Brokers, Inc.	(6,177,176)	-	
Le Cheval Holdings, Inc., Associate	-	122,248	
Less: Allowance for impairment loss	-	(237,135,099)	
Balance, net		P19,702,187	
<i>Key management personnel</i>			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement.
Short-term benefits			
Salaries and other short-term employee benefits	P36,378,536		
Termination benefits			
Provision for retirement benefits/PVO	7,210,297		
As at and for the year ended December 31, 2022	Transactions	Outstanding balance	Terms and conditions
<i>Trade receivables</i>			The receivables are secured with related units until full payment.
Principal Shareholder			
Greenhills Properties, Inc.			
Collections during the year	P -	P51,892,140	
Gain on repossession of asset			
Sale of parking space	-		
<i>Purchase of services</i>			Purchase of services is negotiated with related parties on a cost-plus basis and is due 30 days after the end of the month. These payables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	6,959,695		
Payments during the year	6,941,894	17,801	
<i>Advances</i>			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash (see Note 6).
Alexandra (USA), Inc., Associate	-	132,417,765	
Sultan’s Power, Inc., Subsidiary	(4,039,190)	76,261,884	
Universal Travel Corporation, Subsidiary	113,658	30,103,309	
PRHC Property Managers, Inc., Subsidiary	924,609	14,284,540	
Tektite Insurance Brokers, Inc.	6,177,176	6,177,176	
Le Cheval Holdings, Inc., Associate	-	122,248	
Less: Allowance for impairment loss	-	(237,135,099)	
Balance, net		P22,231,823	
<i>Forward</i>			

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As at and for the year ended December 31, 2022	Transactions	Outstanding balance	Terms and conditions
<i>Key management personnel</i>			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement.
Short-term benefits			
Salaries and other short-term employee benefits	P40,766,447		
Termination benefits			
Provision for retirement benefits/PVO	7,869,438		

*Purchase of services*

The Company has an existing agreement with PPMI, a subsidiary, for the latter to manage its real estate properties. In consideration thereof, the Company pays PPMI a fee as stipulated in the management agreement.

In the normal course of business, the Company purchases insurance policies through TIBI.

*Lease Income*

The Company has an existing agreement with PPMI, a subsidiary, to lease its investment property in Baguio.

*Advances to related parties*

The Company's receivables from AUI, an associate, which was intended to fund the latter's working capital requirements, 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 10).

## 17. Retirement Benefit Plan

The Company maintains a funded, non-contributory defined benefit retirement plan covering substantially all of its regular employees. The plan is administered by a local bank as trustee and provides 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.

Through its defined benefit retirement plan, the Company 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 Company's 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 plan's 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 28, 2024 for the year ended December 31, 2023 and February 28, 2023 for the year ended December 31, 2022. The present



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value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method.

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

	2023	2022
Present value of defined benefit obligation	<b>P97,089,494</b>	P71,448,524
Fair value of plan assets	<b>(29,308,691)</b>	(20,962,472)
Recognized liability	<b>P67,780,803</b>	P50,486,052

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

	2023	2022
Liability at beginning of year	<b>P71,448,524</b>	P72,724,438
Current service cost	<b>8,992,999</b>	10,137,501
Interest cost	<b>5,158,583</b>	3,658,039
Remeasurement losses (gains)		
Changes in financial assumptions	<b>9,726,684</b>	(15,187,787)
Experience adjustments	<b>1,762,704</b>	116,333
Liability at end of year	<b>P97,089,494</b>	P71,448,524

The movements in the plan assets are shown below:

	2023	2022
Fair value of plan assets at beginning of year	<b>P20,962,472</b>	P20,641,350
Interest income	<b>1,766,190</b>	1,038,260
Contribution	<b>7,000,000</b>	-
Remeasurement loss		
Return on plan assets, excluding amounts included in interest income	<b>(419,971)</b>	(717,138)
Fair value of plan assets at end of year	<b>P29,308,691</b>	P20,962,472

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

	2023	2022
Cash and cash equivalents	<b>P26,814,693</b>	P18,602,751
Equity instruments	<b>2,479,896</b>	2,325,330
Accrued interest	<b>63,821</b>	58,134
Liabilities	<b>(49,719)</b>	(23,743)
	<b>P29,308,691</b>	P20,962,472

The retirement expense recognized in profit or loss consists of:

	2023	2022	2021
Current service cost	<b>P8,992,999</b>	P10,137,501	P9,553,675
Net interest on defined benefit liability	<b>3,392,393</b>	2,619,779	2,063,860
	<b>P12,385,392</b>	P12,757,280	P11,617,535

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The retirement expense is recognized as part of employees' benefits under operating expenses in the separate statements of total comprehensive income (see Note 21).

The principal assumptions used to determine retirement benefits obligation of the Company are as follows:

	2023	2022
Discount rate	6.10%	7.22%
Future salary increase	4.00%	4.00%

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

The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	1.00	(P8,768,157)
	(1.00)	10,378,732
Future salary increase	1.00	10,497,217
	(1.00)	(9,010,321)

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 separate 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 Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company 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 is 9.9 years (2022: 8.1 years).

## **18. Interest Income**

This account consists of interest from:

	Note	2023	2022	2021
Sublease	13	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	1,262,139	484,006	468,202
Trade receivables		319,564	431,600	619,736
Others		15,857	463,022	345,339
		P13,985,855	P15,913,983	P17,377,552

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**19. Other Income**

This account consists of:

	<i>Note</i>	2023	2022	2021
Gain on change in fair value of investment properties -net	11	P258,292,144	P518,036,292	P610,173,892
Gain on sale of investment properties	11	128,065,333	-	-
Reversal of allowance for impairment losses on receivables	6	25,000,000	-	-
Gain on money market investment		61,811	-	34,652
Dividend income	5	-	1,953,910	-
Realized foreign exchange gain		-	1,602,943	893,918
Gain on repossession of real estate inventories		-	1,498,643	14,287,462
Unrealized foreign exchange gain		-	349,498	540,322
Miscellaneous		12,687,607	7,240,775	4,642,702
		P424,106,895	P530,682,061	P630,572,948

**20. Cost of Services**

This account consists of:

	<i>Note</i>	2023	2022	2021
Condominium dues		P10,254,997	P8,395,079	P9,823,728
Depreciation expense	13	9,937,930	8,763,860	8,466,620
Taxes and licenses		7,082,369	7,949,813	8,595,591
Utilities		6,405,401	4,804,628	4,167,232
Outside services		4,845,240	4,038,390	4,063,409
Insurance and bond premiums		2,155,302	2,052,286	2,131,294
Commission		3,054,398	1,630,729	627,766
Repairs and maintenance		1,408,063	625,108	914,262
Others		1,142,154	783,218	1,155,300
		P46,285,853	P39,043,111	P39,945,202

**21. General and Administrative Expenses**

This account consists of:

	<i>Note</i>	2023	2022	2021
Taxes and licenses		P91,300,440	P63,261,455	P44,242,019
Salaries and wages		63,000,671	68,356,662	65,792,899
Professional fees		27,749,445	20,172,443	20,632,009
Marketing expenses		26,435,882	33,285,461	40,531,274
Transportation and travel		15,547,680	32,464,232	13,451,126
Provision for retirement benefits	17	12,385,392	12,757,280	11,617,535
Depreciation and amortization				
Property and equipment	12	8,593,477	12,338,250	11,818,285
ROU asset	13	709,940	1,732,410	1,155,868
Forward				

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	<i>Note</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
SSS, Pag-ibig, Medicare and other short-term benefits		<b>8,127,483</b>	5,663,244	5,528,706
Outside services		<b>6,256,053</b>	4,870,604	4,884,235
Insurance and bond premiums		<b>6,202,200</b>	5,857,452	10,714,569
Condominium dues		<b>4,408,640</b>	5,351,072	6,269,135
Repairs and maintenance		<b>4,228,938</b>	5,255,760	5,623,465
Provision for impairment loss on trade and other receivables	<i>6</i>	<b>2,863,554</b>	25,000,000	22,779,538
Postage and communication		<b>2,459,827</b>	2,361,606	2,272,808
Utilities		<b>2,342,722</b>	1,561,943	1,647,175
Representation and entertainment		<b>206,603</b>	385,899	748,135
Impairment loss on investment in subsidiaries	<i>9</i>	<b>-</b>	1,000,000	-
Miscellaneous		<b>2,821,249</b>	9,646,791	10,680,615
		<b>P285,640,196</b>	<b>P311,322,564</b>	<b>P280,389,396</b>

**22. Other Expenses**

This account consists of:

	<i>Note</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Loss on repossession of real estate properties	<i>7</i>	<b>P3,524,627</b>	P -	P -
Bank charges		<b>971,639</b>	144,637	48,161
Unrealized foreign exchange loss		<b>402,230</b>	-	-
Loss on money market investment		-	85,414	-
Loss on cancellation of sale of investment property	<i>11</i>	-	-	87,996,422
Loss on sublease	<i>13</i>	-	-	2,769,442
Loss on sale of property and equipment		-	-	38,793
		<b>P4,898,496</b>	<b>P230,051</b>	<b>P90,852,818</b>

**23. Income Taxes**

Components of income tax expense are as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current	<b>P3,915,279</b>	P1,625,890	P140,163
Deferred	<b>59,907,788</b>	123,997,563	58,086,436
	<b>P63,823,067</b>	<b>P125,623,453</b>	<b>P58,226,599</b>

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

	2023	2022	2021
Accounting income before income tax	<b>P180,641,408</b>	P307,402,501	P261,829,029
Income tax expense using statutory tax rate	<b>P45,160,352</b>	P76,850,625	P65,457,257
Additions to (reductions in) income tax resulting from the tax effects of:			
Nondeductible expenses	<b>16,955,072</b>	17,332,078	14,157,734
Movement on unrecognized deferred tax assets	<b>1,944,294</b>	32,019,980	64,506,695
Limit on interest expense	<b>78,884</b>	30,250	29,263
Dividend income	-	(488,478)	-
Interest income subjected to final tax	<b>(315,535)</b>	(121,002)	(117,051)
Book and tax difference in income tax expense due to CREATE	-	-	(681,541)
Changes in deferred tax assets and liabilities due to reduction in income tax rates under CREATE	-	-	(85,125,758)
	<b>P63,823,067</b>	P125,623,453	P58,226,599

*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 provisions of the law that had an impact on the Company's financial statements.

- Reduced RCIT rate effective July 1, 2020 of 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.

Deferred income tax assets (liabilities) recognized by the Company consists of:

	2023		2022	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
<b>Deferred Tax Assets</b>				
Retirement benefit obligation	<b>P67,780,803</b>	<b>P16,945,201</b>	P50,486,052	P12,621,513
Deferred rent income	<b>43,509,817</b>	<b>10,877,454</b>	40,425,410	10,106,353
Book and tax basis difference under PFRS 16	<b>10,377,088</b>	<b>2,594,272</b>	8,134,602	2,033,650
Unrealized foreign exchange loss	<b>52,732</b>	<b>13,183</b>	-	-
	<b>121,720,440</b>	<b>30,430,110</b>	99,046,064	24,761,516

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	2023		2022	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
<b>Deferred Tax Liabilities</b>				
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)
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)	(87,375)
	<b>(3,149,199,951)</b>	<b>(787,299,988)</b>	<b>(2,898,803,778)</b>	<b>(724,700,944)</b>
	<b>(P3,027,479,511)</b>	<b>(P756,869,878)</b>	<b>(P2,799,757,714)</b>	<b>(P699,939,428)</b>

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

	2023		2022	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Net operating loss carry-over (NOLCO)	P494,013,229	P123,503,308	P463,814,777	P115,953,694
Allowance for impairment loss on trade and other receivables	354,840,963	88,710,241	376,977,408	94,244,352
Allowance for impairment loss on investments in subsidiaries and associates	19,918,196	4,979,549	19,918,196	4,979,549
MCIT	6,362,873	6,362,873	5,173,756	5,173,756
Total	<b>P875,135,261</b>	<b>P223,555,971</b>	<b>P865,884,137</b>	<b>P220,351,351</b>

Deferred tax assets have not been recognized by management in respect of the above items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The Company has NOLCO which can be claimed as deduction from future taxable income as follows:

Year incurred	Amount incurred	Amount applied	Amount expired	Remaining balance	Valid until
2023	P30,198,456	P-	P-	P30,198,456	2026
2022	95,576,356	-	-	95,576,356	2025
2021	255,596,842	-	-	255,596,842	2026
2020	112,641,575	-	-	112,641,575	2025
	<b>P494,013,229</b>	<b>P -</b>	<b>P -</b>	<b>P494,013,229</b>	

In accordance with the Revenue Regulations No. 25-2020 Section 4 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.

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

Year incurred	Amount incurred	Amount applied	Amount expired	Remaining balance	Valid until
2023	P3,915,279	P -	P -	P3,915,279	2026
2022	1,625,890	-	-	1,625,890	2025
2021	821,704	-	-	821,704	2024
2020	2,044,621	-	2,044,621	-	2023
	P8,407,494	P -	P2,044,621	P6,362,873	

#### 24. Capital and Treasury Stock

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

	2023	December 31, 2022 (As restated – Note 27 )	January 1, 2022 (As restated – Note 27)
<b>Authorized</b>			
16,000,000,000 common shares at P0.50 par value	P8,000,000,000	P8,000,000,000	P8,000,000,000
<b>Issued and outstanding</b>			
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
<b>Subscribed</b>			
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
<b>Total Capital Stock</b>	<b>5,056,351,477</b>	<b>5,056,351,477</b>	<b>5,056,328,977</b>

On July 23, 2018, the Stockholders approved the amendment of Article VII of the Company's Articles of Incorporation increasing the Company's authorized capital stock from 8,000,000,000 common shares with a par value of P0.50 per share to 16,000,000,000 common shares with a par value of P0.50 per share. The Company's application with the SEC for the increase in authorized capital was approved on May 14, 2019.

From the increased capital stock, on June 22, 2022, the Company issued 4,177,777,778 new common shares valued at P0.54 per share based on 120-day Volume Weighted Average Price for the period October 6, 2017 to April 6, 2018, in favor of Greenhills Properties, Inc. (GPI) in exchange for two (2) vacant lots in Bonifacio Global City (see Note 1). The Company obtained a Valuation and Fairness Opinion Report from a PSE-Accredited Firm on the property-for-share swap transaction for the reason that the parties to the said transaction are related parties. The above-described transaction resulted in Additional Paid-in Capital of P167,111,111 before deducting transaction costs of P100,985,622 or a net amount of P66,125,489. Transaction costs include SEC filing fees, legal and other professional fees, documentary stamps tax on primary issue of common stocks, transfer taxes and registration fees.

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

	2023	2022	2021
Treasury Stock			
81,256,100 common shares with average cost of P1.35 per share	P109,712,439	P109,712,439	P109,712,439

**25. Reserves**

This account consists of:

	Note	2023	2022	2021
<b>Revaluation on FVOCI</b>				
Balance at beginning of year	5	(P25,606,702)	(P24,038,272)	(P20,672,288)
Movements during the year	5	(878,903)	(1,568,430)	(3,365,984)
Balance at end of year	5	(26,485,605)	(25,606,702)	(24,038,272)
<b>Remeasurement gain (loss) on retirement benefit obligation</b>				
Balance at beginning of year		(30,033,425)	(40,799,162)	(48,938,995)
Actuarial gain (loss) during the year – gross		(11,909,359)	14,354,316	11,652,126
Tax effect		2,977,340	(3,588,579)	(3,512,293)
Balance at end of year		(38,965,444)	(30,033,425)	(40,799,162)
<b>Appropriated retained earnings</b>		109,712,439	109,712,439	109,712,439
		P44,261,390	P54,072,312	P44,875,005

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

**26. Basic Earnings Per Share**

	2023	2022	2021
Net income	P116,818,341	P181,779,049	P203,602,430
Weighted average no. of common shares - issued and outstanding	9,100,102,685	9,100,102,685	9,100,102,685
Basic earnings per share	P0.01	P0.02	P0.02

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

	Note	2023	2022	2021
Issued and outstanding	24	7,866,647,523	7,866,647,523	7,866,647,523
Subscribed shares	24	1,314,711,262	1,314,711,262	1,314,711,262
Treasury shares	24	(81,256,100)	(81,256,100)	(81,256,100)
Average number of shares		9,100,102,685	9,100,102,685	9,100,102,685

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



## 27. 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)
<b>Statements of Financial Position</b>			
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

In 2016, the 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.

## 28. Provisions and Contingencies

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

## 29. 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 Company's financial statements for the year ended December 31, 2023 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 disclosures or amounts reported in 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 significant 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.

New and Amended Standards Not Yet Adopted.

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.

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### 30. Material Accounting Policies

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

#### Financial Assets and Financial Liabilities

##### *Financial Assets*

##### *Recognition*

The Company recognizes a financial asset in the separate 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 Company 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 Company 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 Company 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 Company'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 Company 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 separate statement of total comprehensive income when the right of payment has been established, except when the Company 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 Company'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 materially reduces, an accounting mismatch.

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

The Company'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 Company 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 Company 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 Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the

Company 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 Company 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 Company is required to repay.

#### *Impairment*

The Company 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 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.

The key inputs in the model include the Company'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 Company 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 Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each reporting date, the Company 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 Company 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 Company 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 Company 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 Company uses the ratings from publicly available sources to determine whether the debt instrument has materially increased in credit risk and to estimate ECLs.

The Company 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 Company'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 Company. 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 statement 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 Company 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 separate 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 separate 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 Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

#### Investments in Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company has control as an entity when the 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 Company. They are deconsolidated from the date that control ceases.

Investment in shares of stock of subsidiaries is accounted for using the cost method in the separate financial statements. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

#### Investments in Associates

An associate is an entity over which the 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.

In the separate financial statements of the Company, investment in shares of stock of associates is accounted for using the cost method. The reporting dates of the investee companies and the Company are identical and the investee companies' accounting policies conform to those used by the Company for like transactions and events in similar circumstances. Upon loss of material influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of material



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influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

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 (NRV) 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 Company'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 Company. 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
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	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 Company. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Subsequent expenditures are measured at costs at the time the costs are incurred. 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 a 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, disposal or cancellation of sale of an investment property is recognized in the separate statements of total comprehensive income in the year of retirement or disposal.

Impairment of Non-financial Assets

At each reporting date, the Company 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 Company after deducting all of its liabilities. Distribution to the Company's shareholders is recognized as a liability in the Company's separate financial statements in the period in which the dividends are approved by the 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 of the Company, 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 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 separate statements of total comprehensive income on the purchase, sale, issue or cancellation of the 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 Company 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 Company 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 Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

##### *Post-employment benefits*

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

#### Revenue Recognition

The 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 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 31.

The 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 Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses the output method. The 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 separate 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 separate statements of financial position.

*Cancellation of real estate sales*

The Company reverses the previously recognized revenue and related costs.

*Interest income*

Interest income is recognized as it accrues using the effective interest method.

*Dividend income*

Dividend income is recognized when the Company's right to receive the payment is established.

*Cost Recognition*

The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Expense Recognition

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. 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 statements of separate financial position as an asset.

Expenses in the separate 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 Company.

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 Company as Lessee*

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company 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 Company 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 separate statement 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 Company 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 Company 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 Company 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 Company 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 separate statement of financial position.

The Company 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.

#### *The Company as Lessor*

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

Leases for which the Company 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 Company applies PFRS 15 to allocate the consideration under the contract to each component.

#### *The Company as Sub-lessor*

The Company 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 period 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 separate 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 Company 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 Company 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 Company 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 Company 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 Company concludes that it is not probable that a particular tax treatment is accepted, the Company 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 Company 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 Company 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 separate 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 Company computes its basic earnings per share by dividing net profit attributable to common equity holders of the 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 Company identifies events after the reporting date as events that occurred after the reporting date but before the date the separate financial statements were authorized for issue. Any subsequent event that provides additional information about the Company's financial position at the reporting date is reflected in the separate financial statements. Non-adjusting subsequent events are disclosed in the notes to the separate financial statements when material.

### 31. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The following are 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:

#### 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 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 Company's revenue from real estate and construction contracts is recognized based on the percentage of completion (POC) 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 Company uses historical loss rates as input to assess credit risk characteristics. The Company 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 Company'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 Company's trade receivables is disclosed in Notes 6 and 33.

#### *Evaluation of net realizable value of real estate inventories*

The 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 write-down 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 Company's assets. In addition, the estimation of the useful lives is based on the Company'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 Company 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 Company 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 17.

Retirement obligation as at December 31, 2023 and 2022 amounted to P67,780,803 and P50,486,052, respectively (see Note 17).

*Estimating fair value of investment property*

The Company 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 Company'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 Company reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it may not be probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax asset.

Total unrecognized deferred tax assets amounted to P223.55 million and P220.35 million as at 2023 and 2022, respectively (see Note 23).

Critical Accounting Judgments

In the process of applying the Company'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 separate financial statements:

*Existence of a contract*

The 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 Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

*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 Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Company's performance does not create an asset with an alternative use and; (b) the 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 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 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 Company. The Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

The Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the 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 Company determines whether a property qualifies as investment property. In making this judgment, the Company 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 in material 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 Company considers each property separately in making its judgment.

The Company 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 Company's strategic land activities for development in the medium or long-term.

*Contingencies*

The Company 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 Company 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 Company's strategies relating to these proceedings.

### 32. Fair Value Measurement

The fair values of the Company's financial instruments are equal to the carrying amounts in the separate 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 separate financial statements specific to that asset or liability.

The methods and assumptions used by the Company 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 values of trade and other payables approximate its fair value 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 instruments 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
Equity investments:				
Financial assets at FVPL	P6,750,000	P-	P-	P6,750,000
Financial assets at FVOCI	35,197,203	-	-	35,197,203

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

### **33. Financial Risk Management Objective and Policies**

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

The BOD has overall responsibility for the establishment and oversight of the Company'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 Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, 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 Company 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 Company's functional currency. Material fluctuation in the exchange rates could materially affect the Company's financial position.

Foreign exchange risk exposure of the Company is limited to its cash and cash equivalents. Currently, the Company 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.

	2023		2022	
	US dollar Deposit	Peso Equivalent	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	\$328,389	P18,247,604	\$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 Company'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.

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	<b>+/-</b>	<b>Effect on Equity</b>
<b>2023</b>	<b>0.19%</b>	<b>34,939</b>
<b>2022</b>	<b>0.79%</b>	<b>152,859</b>

*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 Company's interest rate risk relates to its cash and cash equivalents, trade receivables and loans payable. The interest rates on cash and cash equivalents and loans payable are disclosed in Notes 3 and 15, 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 Company.

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 (see Note 15).

The following table illustrates the sensitivity of the Company'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.

	<b>2023</b>		<b>2022</b>	
	<b>+/-%</b>	<b>Effect on Profit or Loss</b>	<b>+/-%</b>	<b>Effect on Profit or Loss</b>
Cash in bank	0.16%	P439,002	0.06%	P84,338
Cash equivalents	0.07%	6,214	1.07%	272,484
Loans payable	1.19%	(14,362,080)	1.64%	(14,618,680)
		<b>(P13,916,864)</b>		<b>(P14,261,858)</b>

*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 Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The 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 Company's total comprehensive income and equity for the year of 2023 – P28,356 and 2022 – P91,032. The Company's sensitivity analysis takes into account the historical performance of the stock market.

*Liquidity risk*

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

The Company 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.

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

The following tables detail the Company's remaining 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 Company can be required to pay. The table includes both interest and principal cash flows.

	Carrying Amount	Contractual Obligation			Total
		Less than One Year	One to Five Years	More than Five Years	
<b>2023</b>					
			(In Thousand Pesos)		
Trade and other payables*	P101,047	P21,346	P72,288	P7,413	P101,047
Loans payable	1,201,860	860,845	416,765	-	1,277,610
<b>2022</b>					
Trade and other payables*	P162,748	P4,901	P146,918	P10,928	P162,748
Loans payable	893,367	303,584	702,178	-	1,005,762

*\*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 Company.

The Company'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. To manage credit risks, the Company maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

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 Company also undertakes supplemental credit review procedures for certain installment payment structures. The Company's stringent customer requirements and policies in place contribute to low customer default. 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 Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company 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 and financial assets at FVOCI. The Company 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.



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Nevertheless, the Company 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	P275,495,646	P157,688,142
Trade and other receivables	581,424,673	563,884,943
	<b>P856,920,319</b>	<b>P721,573,085</b>

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

*(a) Cash in banks and cash equivalents*

The Company deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P266,861,943 and P132,157,773 as at December 31, 2023 and 2022, respectively.

Cash deposits are considered to be of high grade.

For cash and cash equivalents, the Company 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 Company uses the ratings from publicly available sources to determine whether the debt instrument has materially increased in credit risk and to estimate ECLs.

*(b) Trade and other receivables*

Receivables amounting to P353.84 million and P375.98 million as of December 31, 2023 and 2022, respectively, were impaired and provided for. The allowance for doubtful accounts for receivables has been determined as follows:

	2023	2022
Trade receivables on sale of real estate	P73,462,630	P83,512,900
Trade receivables on lease	4,787,074	5,478,810
Advances to subsidiaries and associates	237,135,099	237,135,099
Advances	862,891	862,891
Other receivables	37,593,268	48,987,708
	<b>P353,840,962</b>	<b>P375,977,408</b>

*b.1. Trade receivables on real estate*

2023	Stage 1	Stage 2	Stage 3	Total
<b>Trade receivables</b>				
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
	<b>P215,548,097</b>	<b>-</b>	<b>P276,391,106</b>	<b>P503,892,750</b>

*Forward*

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
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2023	Stage 1	Stage 2	Stage 3	Total
<b>Provision</b>				
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
<b>Trade receivables</b>				
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
<b>Provision</b>				
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 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.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

Discounting would have immaterial effect in the balances.

2023				
	Lease	Advances to subsidiaries and associates	Advances	Other receivables
Gross amount	P20,797,969	P256,837,286	P85,705,086	P68,898,544
Provisions	5,478,810	237,135,099	862,891	26,851,262
Carrying Amount	P15,319,159	P19,702,187	P84,842,195	P42,047,282

2022				
	Lease	Advances to subsidiaries and associates	Advances	Other receivables
Gross amount	P24,271,329	P259,366,922	P21,096,626	P100,790,314
Provisions	5,478,810	237,135,099	862,891	48,987,708
Carrying Amount	P18,792,519	P22,231,823	P20,233,735	P51,802,606

#### **34. Capital Management**

The Company manages its capital to ensure that the 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 Company consists of equity, which comprises of issued capital, reserves and retained earnings.

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 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 Company has fully complied with this requirement in 2023 and 2022.

#### **35. Supplementary Information Required by the Bureau of Internal Revenue (BIR)**

The Bureau of Internal Revenue issued RR15-2010 and RR2-2014 on December 10, 2010 and February 3, 2014, respectively, which requires certain tax information to be disclosed in the notes to the separate financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

I. Revenue Regulation No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

A. Value added tax (VAT)

The NIRC of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. RA No. 9337 increased the value added tax (VAT) rate from 10.0% to 12.0%, effective February 1, 2006.

Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

a. Output Value Added Tax (VAT)

Output VAT declared for the years ended December 31, 2023 and 2022 and the revenues upon which the same was based consist of:

	2023		2022	
	Gross amount	VAT	Gross amount	VAT
Subject to 12% VAT				
Sale of services/goods	158,871,945	19,064,633	192,697,158	23,123,659
Leasing Income	106,617,730	12,794,128	87,461,517	10,495,382
Zero-rated				
Sale of services	-	-	-	-
Exempt				
Sale of services	-	-	-	-
Total	265,489,675	31,858,761	280,158,675	33,619,041

**PHILIPPINE REALTY AND HOLDING CORPORATION**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)**

**b. Input Value Added Tax (VAT)**

Movements in input VAT for the years ended December 31, 2023 and 2022 follow:

	<b>2023</b>	<b>2022</b>
Balance at beginning of year	<b>450,013</b>	-
Input tax on Capital goods deferred from previous quarter	<b>2,001,753</b>	5,599,130
Add: Current year's domestic purchases/payments for:		
Services lodged under cost of goods sold	-	-
Goods for resale/manufacture or further processing	-	-
Services lodged under other accounts	<b>10,614,626</b>	12,927,349
Capital goods – not exceeding 1M	<b>414,000</b>	-
Capital goods – exceeding 1M	<b>1,966,286</b>	-
Goods other than for resale or manufacture	<b>1,086,942</b>	1,206,493
Importation of Goods other than Capital Goods	-	-
Less: Claims for tax credit/refund and other adjustments	-	-
Input tax on Capital goods deferred for succeeding periods	<b>(2,474,470)</b>	(2,001,753)
Balance at end of year	<b>14,059,150</b>	17,731,219

	<b>2023</b>	<b>2022</b>
VAT output tax declared for the year	<b>31,858,761</b>	33,619,041
Less: Balance of VAT input tax at the end of the year	<b>14,059,150</b>	17,731,219
Value added tax payable (excess input VAT) for the year	<b>17,799,611</b>	15,887,822
Less: VAT payments for the current year		
1 <sup>st</sup> quarter	<b>10,271,349</b>	5,376,286
2 <sup>nd</sup> quarter	<b>1,544,560</b>	10,961,549
3 <sup>rd</sup> quarter	<b>13,684,770</b>	-
October	-	-
November	-	-
VAT payable (Excess Input VAT)	<b>(7,701,068)</b>	(450,013)

**B. Withholding taxes**

Withholding taxes paid, accrued and/or withheld for the years ended December 31, 2023 and 2022 consist of:

	<b>2023</b>	<b>2022</b>
Withholding tax on compensation	<b>11,409,105</b>	14,424,411
Expanded withholding tax	<b>10,606,820</b>	11,032,015
	<b>22,015,925</b>	25,456,426

C. All other local and national taxes

All other local and national taxes paid for the years ended December 31, 2023 and 2022 consist of:

	2023	2022
Cost of Service:		
Real estate taxes	6,848,385	7,870,171
Documentary stamp taxes	233,984	79,642
Operating and administrative:		
Real estate taxes	4,304,156	2,381,791
License and permits fees	60,884,771	23,628,407
Documentary stamp taxes	4,422,170	2,226,257
Miscellaneous	21,689,342	35,025,000
	<b>98,382,809</b>	<b>71,211,268</b>

The above local and national taxes are lodged under Taxes and Licenses account in operating expenses in the statements of total comprehensive income.

D. Tax Contingencies

The Company have deficiency tax assessments with the BIR for the year 2022 as of December 31, 2023.

II. Revenue Regulation No. 2-2014

RR No. 2-2014 prescribes the new BIR forms that should be used for income tax filing covering and starting with the calendar year 2013. The Guidelines and Instructions Section of the new BIR Form 1702 (version June 2013) requires an attachment to the income tax returns is an Account Information Form and/or Financial Statements that include in the Notes to Financial Statements schedule of taxes and licenses and other information prescribed to be disclosed in the Notes to the Financial Statements.

The Company's schedule of taxes and licenses for the year ended December 31, 2023 is as follows:

Nature	Supporting Documents	Amount
Real estate taxes	Various ORs	11,152,541
License and permits fees	Various ORs	60,884,771
Documentary stamp taxes	Various ORs	4,656,154
Miscellaneous	Various ORs	21,689,342
		<b>98,382,809</b>

**ANNEX C****SUBSIDIARIES OF THE REGISTRANT  
(as of December 31, 2023)**

<b>Name</b>	<b>% of Ownership</b>
Tektite Insurance Brokers, Inc.	100.00%
PRHC Property Managers, Inc.	100.00%
Sultan Powers Inc.	100.00%
Universal Travel Corporation	81.53%
Le Cheval Holdings, Inc.	45.00%
Alexandra (U.S.A.), Inc.	45.00%