CR02530-2024

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2023
2. SEC Identification Number
   167423
3. BIR Tax Identification No.
   000-477-103
4. Exact name of issuer as specified in its charter
   MEGAWORLD CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines
   Postal Code
   1634
8. Issuer's telephone number, including area code
   (632) 8894-6300/6400
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	31,183,251,872
Preferred	6,000,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?
    ☑ Yes ☐ No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange - Common and Preferred Shares
12. Check whether the issuer:

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

☑ Yes ☐ No

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

☑ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

As of 31 March 2024 is 18,156,466,170.24 based on the closing price of 1.92.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Megaworld Corporation
MEG

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2023
Currency	Philippine Pesos

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Current Assets	238,636,780,301	224,315,419,702
Total Assets	440,572,718,173	409,211,537,300
Current Liabilities	76,375,216,497	75,253,963,135
Total Liabilities	179,904,872,201	168,191,014,348
Retained Earnings/(Deficit)	170,753,455,312	155,463,027,054
Stockholders' Equity	260,667,845,972	241,020,522,952
Stockholders' Equity - Parent	227,821,868,243	209,226,173,725
Book Value Per Share	7.3	6.73

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Gross Revenue	64,382,645,215	55,107,430,453
Gross Expense	40,749,722,068	34,601,865,983
Non-Operating Income	5,345,510,276	4,419,826,198
Non-Operating Expense	5,122,125,056	5,783,546,383
Income/(Loss) Before Tax	23,856,308,367	19,141,844,285
Income Tax Expense	4,455,738,864	3,767,557,891
Net Income/(Loss) After Tax	19,400,569,503	15,374,286,394

Net Income/(Loss) Attributable to Parent Equity Holder	17,345,401,623	13,455,475,825
Earnings/(Loss) Per Share (Basic)	0.56	0.43
Earnings/(Loss) Per Share (Diluted)	0.56	0.43

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2023	Dec 31, 2022
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	3.12	2.98
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	1.19	1.2
; ; Solvency Ratio	**Total Assets / Total Liabilities**	2.45	2.43
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.41	0.41
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.39	0.39
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	4.83	5.46
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.69	1.7
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	49.43	49.65
; ; Net Profit Margin	**Net Profit / Sales**	27.82	25.83
; ; Return on Assets	**Net Income / Total Assets**	4.4	3.76
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	7.44	6.38
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	3.52	4.64

Other Relevant Information
None

Filed on behalf by:

Name	Anna Michelle Llovido
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE

1. For the fiscal year ended **31 December 2023**

2. SEC Identification Number: **167423** 3. BIR Tax Identification No.: **000-477-103**

4. **MEGAWORLD CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
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6. (SEC Use Only)
   Industry Classification Code

7. **30th Floor, Alliance Global Tower**
   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 8894-6300/6400**
   Issuer's telephone number, including area code

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

Title of Each Class	Number of Shares of Stock Outstanding
Common	**31,183,251,872**[1]
Preferred	**6,000,000,000**
Total	**37,183,251,872**

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

    Yes [x] No [ ]

    Philippine Stock Exchange **Common and Preferred Shares**

11. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

    Yes [x] No [ ]

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

    Yes [x] No [ ]

12. Aggregate Market Value of Voting Common Stock held by Non-Affiliates as of **31 March 2024** is 18,156,466,170.24 based on the closing price of 1.92.

[1] As of 31 March 2024

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Business Development

Megaworld Corporation (the "**Company**" or "**Megaworld**") was founded by Andrew Tan and incorporated under Philippine law on August 24, 1989 to engage in the development, leasing and marketing of real estate. The Company initially established a reputation for building high-end residential condominiums and commercial properties located in convenient urban locations with easy access to offices as well as leisure and entertainment amenities in Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having quality residences in close proximity to office and leisure facilities, the Company began to focus on the development of mixed-use communities, primarily for the middle-income market, by commencing the development of its Eastwood City community township. In addition, the Company engages in other property related activities such as project design, construction oversight and property management. In 1999, Eastwood City Cyberpark became the first IT park in the Philippines to be designated as a Philippine Economic Zone Authority ("PEZA") special economic zone.

Since its incorporation in 1989, the Company and its affiliates have launched more than 753 residential developments, 75 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts.

The Company's common shares were listed on the Philippine Stock Exchange ("PSE") on 15 January 1994. As of 31 March 2024, the Company had a market capitalization of approximately Php53 Billion.

Subsidiaries and Associates[1]

As of 31 December 2023, the Company holds interests in the following subsidiaries and associates:

Subsidiaries and Associates	Date of Incorporation	Percentage Ownership
Subsidiaries		
Megaworld Land, Inc.	May 26, 1994	100.00%
Prestige Hotels & Resorts, Inc.	February 16, 1999	100.00%
Mactan Oceanview Properties and Holdings, Inc.	August 16, 1996	100.00%
Megaworld Cayman Islands, Inc.	August 14, 1997	100.00%
Richmonde Hotel Group International Ltd.	June 24, 2002	100.00%
Eastwood Cyber One Corporation	October 21, 1999	100.00%
Megaworld Cebu Properties, Inc.	February 6, 2002	100.00%
Megaworld Newport Property Holdings, Inc.	October 6, 2003	100.00%
Megaworld Oceantown Properties, Inc.	August 15, 2006	100.00%
Piedmont Property Ventures, Inc.	August 28, 1996	100.00%
Stonehaven Land, Inc.	August 21, 1996	100.00%
Streamwood Property, Inc.	August 21, 1996	100.00%
Suntrust Properties, Inc.	November 14,1997	100.00%
Arcovia Properties, Inc.	March 28, 1985	100.00%
Luxury Global Hotels and Leisure, Inc.	July 17, 2013	100.00%
Global One Integrated Business Services, Inc.	September 25, 2014	100.00%
Luxury Global Malls, Inc.	September 18, 2014	100.00%
Davao Park District Holdings, Inc.	April 14, 2014	100.00%
Belmont Newport Luxury Hotels, Inc.	March 5, 2015	100.00%
Global One Hotel Group, Inc.	May 4, 2015	100.00%
Landmark Seaside Properties, Inc.	January 6, 2011	100.00%
Megaworld San Vicente Coast, Inc.	March 7, 2016	100.00%

[1] Please refer to pages 1 to 4 of the attached Audited Financial Statements ended December 31, 2023 for a complete list.

Hotel Lucky Chinatown, Inc.	October 19, 2018	100.00%
Savoy Hotel Manila, Inc.	March 1, 2018	100.00%
Savoy Hotel Mactan, Inc.	December 13, 2018	100.00%
Kingsford Hotel Manila, Inc.	January 10, 2020	100.00%
Agile Digital Ventures, Inc.	June 3, 2020	100.00%
MREIT Fund Managers, Inc.	November 18, 2020	100.00%
MREIT Property Managers, Inc.	October 13, 2020	100.00%
Belmont Hotel Mactan Inc.	May 18, 2022	100.00%
Grand Westside Hotel, Inc.	September 15, 2023	100.00%
Megaworld Bacolod Properties, Inc.	May 12, 1918	91.55%
Global-Estate Resorts, Inc.	May 18, 1994	82.32%
Empire East Land Holdings, Inc.	July 15, 1994	81.73%
Megaworld Central Properties Inc.	September 15, 2005	76.55%
Megaworld Capital Town, Inc.	June 26, 2012	76.28%
Soho Café and Restaurant Group, Inc.	February 15, 2005	75.00%
Manila Bayshore Property Holdings, Inc.	October 14, 2011	68.03%
La Fuerza, Inc.	January 24, 1958	66.67%
MREIT, Inc.	October 2, 2020	55.63%
Megaworld-Daewoo Corporation	November 29, 1996	60.00%
Northwin Properties, Inc.	December 14, 2016	60.00%
Gilmore Property Marketing Associates, Inc.	September 5, 1996	52.14%
Megaworld Resort Estates, Inc.	April 30, 2007	51.00%
Megaworld-Globus Asia, Inc.	March 17, 1995	50.00%
Integrated Town Management Corporation	March 25, 2002	50.00%
Maple Grove Land, Inc.	July 20, 2016	50.00%
Associates		
Bonifacio West Development Corporation	November 15, 2001	46.11%
Suntrust Resort Holdings, Inc. (formerly: Suntrust Home Developers, Inc.)	January 18, 1956	34.00%
Palm Tree Holdings & Development Corporation	August 15, 2005	40.00%

Set out below is a description of each subsidiary or associate and its main activity.

Empire East Land Holdings, Inc. is a publicly-listed company engaged in the development and marketing of affordable housing projects either in the form of condominium communities or house-and-lot packages, and to a limited extent, commercial and office space and mixed-use complexes.

Global-Estate Resorts, Inc. is a publicly-listed company engaged in diversified portfolio including integrated tourism estates development; horizontal residential subdivision lots and residential/commercial complexes; residential communities integrated with golf, resort and other leisure-related and commercial complexes; residential, office and commercial high rise; business park; and low-cost housing.

Suntrust Resort Holdings, Inc. (formerly: Suntrust Home Developers, Inc.) is a publicly-listed company which owns interests in a property management company.

MREIT, Inc. is a publicly-listed company engaged in the business of a real estate investment trust (REIT), as provided under Republic Act (R.A.) No. 9856 otherwise known as The Real Estate Investment Trust Act of 2009, its implementing rules and regulations and other applicable laws.

Megaworld Land, Inc. provides a leasing service to the Company by locating tenants for rental properties and coordinating relations with brokers primarily in relation to the Eastwood Cyberpark.

Prestige Hotels & Resorts, Inc. owns and operates Richmonde Hotel located in Ortigas Center, Pasig City, Eastwood Richmonde Hotel located in Eastwood, Bagumbayan, Quezon City and Richmonde Hotel located in Mandurriao, Iloilo City.

Mactan Oceanview Properties and Holdings, Inc. was organized to develop a resort property in Cebu.

Megaworld Cayman Islands, Inc. was incorporated in the Cayman Islands to act as a promoter and entrepreneur, carry on the business as a financier, broker, dealer, agent, and importer and to undertake investments, financial, trading and other operations.

Richmonde Hotel Group International Ltd. was incorporated in the British Virgin Islands to undertake various investments on behalf of the Company and engage in trading, hotel, restaurant and related businesses.

Eastwood Cyber One Corporation was set up as a special purpose entity to own and develop certain Business Process Outsourcing rental properties located in the Eastwood City CyberPark.

Megaworld Cebu Properties, Inc. was organized primarily to act as a principal agent or broker, on commission basis or otherwise, and to acquire by purchase or lease, construct, manage or sell real estate properties.

Megaworld Newport Property Holdings, Inc. provides sales and marketing service for development of the Newport City projects.

Megaworld Oceantown Properties, Inc. was incorporated to own land in Mactan, Cebu.

Piedmont Property Ventures, Inc. was incorporated on 28 August 1996 and was acquired by the Company in 2008. It is engaged in real estate activities.

Stonehaven Land, Inc. was incorporated on 21 August 1996 and was acquired by the Company in 2008. It is engaged in real estate activities.

Streamwood Property, Inc. was incorporated on 21 August 1996 and was acquired by the Company in 2008. It is engaged in real estate activities.

Suntrust Properties, Inc. is engaged in the development of affordable real estate projects.

Arcovia Properties, Inc. is engaged primarily in real estate activities which include leasing out of real properties.

Luxury Global Hotels and Leisure, Inc. was formed to own, lease and manage hotels.

Global One Integrated Business Services, Inc. is engaged in the BPO business.

Luxury Global Malls, Inc. is engaged in the BPO business.

Davao Park District Holdings, Inc. is engaged in the real estate business.

Belmont Newport Luxury Hotels, Inc. is engaged in owning, leasing, operation and management of hotels.

Global One Hotel Group, Inc. is engaged in owning, leasing, operation and management of hotels.

Landmark Seaside Properties, Inc. is engaged primarily in real estate activities.

Megaworld San Vicente Coast, Inc. is engaged primarily in real estate activities.

Hotel Lucky Chinatown, Inc. is engaged in owning, leasing, operation and management of hotels.

Savoy Hotel Manila, Inc. is engaged in owning, leasing, operation and management of hotels.

Savoy Hotel Mactan, Inc. is engaged in owning, leasing, operation and management of hotels.

Kingsford Hotel Manila, Inc. is engaged in owning, leasing, operation and management of hotels.

Agile Digital Ventures, Inc. is engaged in e-commerce through PICK.A.ROO, an online platform and the first premium all in-one, on-demand lifestyle delivery app.

MREIT Fund Managers, Inc. is engaged in the business of providing fund management services to REIT companies.

MREIT Property Managers, Inc. is engaged in the business of providing services in relation to property management, lease management, marketing and project management.

Megaworld Bacolod Properties, Inc. is engaged primarily in real estate activities.

Megaworld Central Properties Inc. was formed to provide sales services in respect of residential units in the Manhattan Garden City project.

Megaworld Capital Town, Inc. is engaged in real estate business and was acquired by the Company in 2017.

Soho Café and Restaurant Group, Inc. is engaged primarily in the business of restaurants, cafes, cocktail bars, lounges, inns, apartments, private clubs and other allied businesses.

Manila Bayshore Property Holdings, Inc. was organized to engage in real estate development. It started commercial operations on 01 January 2012.

La Fuerza, Inc. is engaged in the real estate business, including leasing of real estate properties.

Megaworld-Daewoo Corporation is a joint venture between the Company and Daewoo Corporation which developed three residential condominium towers in Eastwood City.

Northwin Properties, Inc. is engaged primarily in real estate activities.

Gilmore Property Marketing Associates, Inc. was incorporated on 05 September 1996 primarily to act as a principal agent or owner, on commission basis or otherwise, and to acquire, lease and construct or dispose of buildings and other real estate properties.

Megaworld Resort Estates, Inc. was incorporated to engage in the real estate business.

Megaworld-Globus Asia, Inc. was formed to develop and sell “The Salcedo Park”, a twin-tower residential condominium project located in Makati City which has been completed.

Integrated Town Management Corporation was incorporated to develop, sell, lease and hold for investment or otherwise, real estate properties to establishing or pursuing the business of owning, developing, managing, administering or otherwise dealing in any and all kinds of real property whether used for residential office, industrial, or commercial/retail purposes, and in relation thereto, nursery/plant growth building and to provide or render management and specialized technical services to the owners or users of such real property.

Maple Grove Land, Inc. is engaged primarily in real estate activities.

Belmont Hotel Mactan, Inc. is engaged in owning, leasing, operation and management of hotels.

Bonifacio West Development Corporation is engaged in real estate business.

Palm Tree Holdings & Development Corporation was acquired in connection with its landholdings adjacent to the Company’s Eastwood City township, and is currently engaged in the real estate business.

Grand Westside Hotel, Inc. is engaged to operate and manage hotels and restaurants that cater to the guests of the hotel.

Neither the Company nor any of its subsidiaries have, during the past three (3) years, been the subject of a bankruptcy, receivership or similar proceeding, or involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Business of Issuer

Overview

The Company is one of the leading property developers in the Philippines and is primarily engaged in the development of large scale mixed-use planned communities, or community townships, that comprise residential, commercial and office developments and integrate leisure, entertainment and educational/training components. Founded in 1989, the Company initially established a reputation for building high quality residential condominiums and commercial properties located in convenient urban locations with easy access to offices as well as leisure and entertainment amenities in Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having quality residences in close proximity to office and leisure facilities, the Company began to focus on the development of mixed-use communities, primarily for the middle-income market, by commencing the development of its Eastwood City project. In addition, the Company engages in other property related activities such as project design, construction oversight and property management.

The Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses as well as office projects and retail space. The Company has the following three primary business segments: (i) real estate sales of residential developments, (ii) leasing of office space, primarily to Business Process Outsourcing ("BPO") enterprises and retail space, and (iii) management of hotel operations.

The Company posted a net income of Php19.4 Billion for the year 2023, up by 26% from Php15.4 Billion in 2022, boosted by double-digit revenue growth across all of its business segments. Net income attributable to the parent company stood at Php17.4 Billion. Consolidated revenues grew by 17% to Php69.8 billion for the year 2023 from Php 59.5 Billion in the same period last year.

Foreign sales contributed approximately 18%, 20% and 15% to the Company's consolidated sales and revenues for the years 2023, 2022 and 2021, respectively. The percentage of sales broken down by major markets is as follow:

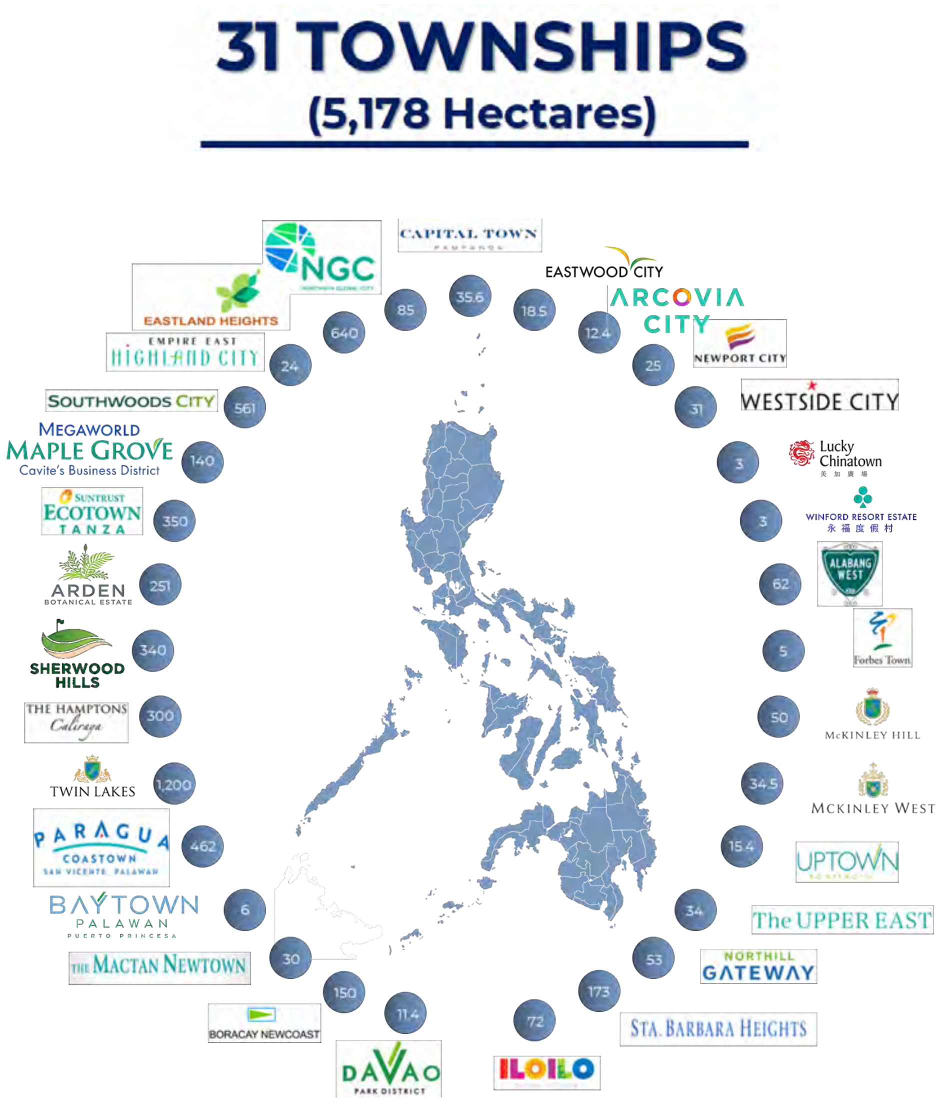
Market	2023	2022	2021
North America	41.1%	53%	37%
Europe	46.1%	34%	36%
Asia	6.4%	3%	15%
Middle East	6.4%	10%	12%
Total	100%	100%	100%

Current Property Development Projects

The Company's current development projects are mostly mixed-use township developments that typically have residential, office, and commercial components. Strategically situated in prime locations across the Philippines, these projects are meticulously designed to cater to the diverse needs and preferences of urban living.

The primary objective of each mixed-use development is to create a cohesive and integrated community, offering an unparalleled array of high-quality amenities that seamlessly blend living, working, and leisure activities. By fostering a "live-work-play" environment within close proximity, these developments aim to enhance the overall quality of life for residents and visitors alike.

As of the present, the Company boasts an extensive portfolio of 31 townships strategically located across various cities in the Philippines. Spanning an impressive expanse of 5,178 hectares of land, these townships exemplify Megaworld's commitment to pioneering urban development initiatives nationwide.



Eastwood City

Eastwood City is Megaworld first-ever and most successful integrated township project. This 18.5-hectare township masterpiece is regarded as the Philippines' first-ever cyberpark, and has been recognized for its role as a catalyst in the boom of the Philippines' IT-BPO sector.

Eastwood City offers a comprehensive suite of live-work-play amenities, meticulously designed to cater to the diverse needs of its residents and workers. From upscale residential condominiums to towering office complexes, a premium hotel to vibrant lifestyle malls, Eastwood City provides a diverse range of facilities. Additionally, the township features essential services such as ecclesiastical structures, law enforcement and emergency response facilities, fitness centers, and more, ensuring convenience and accessibility for its inhabitants.

Driven by a commitment to excellence and innovation, Eastwood City has emerged as a dynamic hub, attracting a thriving community of over 85,000 workers and 20,000 residents. Its seamless integration of residential, commercial, and recreational elements has not only transformed the urban landscape but also set new standards for modern urban living in the Philippines.

Forbes Town Center

Situated amidst the prestigious landscape of Bonifacio Global City in Taguig City, Forbes Town stands as an emblem of opulent urban living. Spanning a coveted 5-hectare expanse adjacent to renowned landmarks such as the Manila Golf Club and Forbes Park residential subdivision, Forbes Town epitomizes the height of sophisticated metropolitan lifestyle.

At its essence, Forbes Town presents a meticulously crafted community featuring 12 distinguished residential towers, collectively offering over 3,500 exclusive units. In addition to its residential offerings, Forbes Town boasts a vibrant retail and entertainment scene centered around Forbes Town Road. This bustling thoroughfare hosts a curated selection of 37 restaurants and shops, catering to the diverse tastes and preferences of its discerning residents. Here, residents can indulge in culinary delights, peruse fashion boutiques, and unwind in chic cafes, all within the convenience of their neighborhood.

McKinley Hill

Located within the vibrant stretch of Fort Bonifacio in Taguig City, Metro Manila, McKinley Hill stands as a meticulously planned community township, spanning approximately 50 hectares of prime real estate. This distinguished enclave boasts a comprehensive array of amenities, comprising office, residential, retail, educational, entertainment, and recreational centers, meticulously designed to cater to every facet of contemporary urban living.

Within McKinley Hill's residential zone, residents are presented with a diverse selection of living options, ranging from subdivision lots for low-density single-detached homes to clusters of low-rise residential garden villas and luxurious residential condominiums. Meanwhile, the office properties, including the esteemed McKinley Hill Cyberpark, are recognized as PEZA-designated IT special economic zones, attracting a diverse array of tenants, including software developers, call centers, and IT support services.

Augmenting McKinley Hill's appeal is its vibrant leisure and entertainment precinct, characterized by an assortment of bars, restaurants, specialty shops, cinemas, and a sports complex, offering residents and visitors an abundance of recreational opportunities. Additionally, the township boasts a distinguished educational landscape, hosting three internationally renowned institutions—the Chinese International School, the Korean International School, and Enderun College, an esteemed hotel management institution affiliated with Les Roches of Switzerland. Moreover, McKinley Hill serves as a diplomatic enclave, housing the embassies of both the United Kingdom and South Korea, further underscoring its significance as a prestigious address.

Newport City

Located across Terminal 3 of the Ninoy Aquino International Airport (NAIA), the esteemed 25-hectare Newport City has evolved into a world-class township and premier tourist destination, epitomizing a fusion of play, relaxation, and cosmopolitan urban living. Within this vibrant enclave, luxury residences, prime office spaces, world-class hotels, and leisure and entertainment destinations seamlessly converge, creating a dynamic and vibrant address.

At the heart of Newport City lies Resorts World Manila, a renowned leisure and entertainment complex that serves as the centerpiece of the township. This prestigious establishment boasts gaming facilities, international-themed restaurants offering culinary delights from around the globe, upscale shopping outlets, and luxurious hotels. The hotel zone within Resorts World Manila comprises esteemed establishments such as the Manila Marriott Hotel, Holiday Inn Express Hotel, Hilton Hotel Manila, Sheraton Manila Hotel, and Hotel Okura Manila managed by Travellers International Hotel Group, Inc., alongside Megaworld Hotels' Belmont Hotel Manila and Savoy Hotel Manila.

McKinley West

Positioned on a prestigious 34.5-hectare parcel within Fort Bonifacio, McKinley West epitomizes ultra-high-end living adjacent to Forbes Park and the Manila Polo Club. Developed in collaboration with the Bases Conversion and Development Authority (BCDA), McKinley West stands as a premium township boasting upscale residential subdivisions, condominiums, eco-friendly office buildings, and commercial spaces, all meticulously designed to cater to the most discerning tastes.

Complementing its luxurious offerings are expansive open spaces and lush greenery, creating a serene and aesthetically pleasing environment for residents and visitors alike. Strategically positioned along Lawton Avenue, McKinley West enjoys convenient ingress and egress points, seamlessly connecting Fort Bonifacio to Pasay City and Makati City, as well as providing direct access to key transportation arteries such as the South Luzon Expressway and C5 Road. Residents and professionals working in McKinley West enjoy unparalleled connectivity, with direct access to nearby McKinley Hill, as well as convenient routes to Fort Bonifacio, Ninoy Aquino International Airport (NAIA), and the bustling Makati Central Business District (CBD).

The Mactan Newtown

Spanning 30 hectares along the pristine shores of Mactan Island in Cebu, The Mactan Newtown emerges as Megaworld's pioneering township development beyond Metro Manila, distinguished by its exclusive beachfront setting.

This expansive mega-community epitomizes the quintessential live-work-play-learn lifestyle, offering a harmonious blend of residential, commercial, educational, and recreational amenities. At its core, The Mactan Newtown features top-notch residential condominium developments, high-end office towers, and a luxurious hotel, catering to the diverse needs of its residents and visitors.

Complementing its residential and commercial offerings are vibrant retail shops, including an alfresco dining hub, providing an array of culinary delights amidst breathtaking ocean views. Additionally, The Mactan Newtown is home to the esteemed Newtown School of Excellence, overseen by the Lasallian institution, offering unparalleled educational opportunities for the community's residents.

Uptown Bonifacio

Uptown Bonifacio stands as a premier township that epitomizes the pinnacle of urban living. Spanning 15.4 hectares within the Megaworld enclave, this dynamic community redefines the standards of contemporary city living with its diverse array of amenities and offerings.

At the heart of Uptown Bonifacio lies a vibrant business district, featuring state-of-the-art offices housing top firms, international corporations, and leading BPO companies. This thriving commercial hub caters to the professional needs of its residents, providing a conducive environment for business growth and innovation.

Complementing its commercial district are world-class retail and dining options at Uptown Mall and Uptown Parade, offering an unparalleled shopping and culinary experience for residents and visitors alike. These iconic destinations showcase an eclectic mix of luxury brands, fine dining establishments, and entertainment venues, creating a vibrant and cosmopolitan ambiance.

Boracay Newcoast

Boracay Newcoast, a 150-hectare integrated tourism development crafted by Megaworld’s subsidiary, Global-Estate Resorts, Inc., is poised to redefine luxury living on the world-renowned island paradise.

In Boracay Newcoast, clusters of upscale residential condominiums adorn the gently rolling terrain, offering residents unparalleled views and luxurious living spaces. Each residential unit is meticulously designed to harmonize with the natural surroundings while providing modern amenities and sophisticated interiors, ensuring a lifestyle of utmost comfort and convenience.

Soon to join these residential offerings are luxury boutique hotels, set to redefine hospitality standards on the island. These boutique hotels will offer personalized service, exclusive amenities, and immersive experiences, catering to the discerning tastes of travelers seeking unparalleled luxury and relaxation.

Additionally, vibrant commercial and retail districts are poised to enhance the lifestyle experience at Boracay Newcoast. The eclectic Shophouse District will feature a diverse array of boutiques, cafes, and artisanal shops, creating a bustling hub of activity where residents and visitors can immerse themselves in the island's vibrant culture.

Twin Lakes

Situated adjacent to the scenic Tagaytay region, Twin Lakes emerges as a premier destination for luxury living and leisure, meticulously developed by Global Estate Resorts, Inc.. Spanning an impressive 1,200 hectares, Twin Lakes stands as the Philippines' foremost vineyard resort community and the epitome of master-planned integrated tourism estates in the country.

Twin Lakes offers an array of residential options, including condominiums and themed residential villages, harmoniously integrated within its expansive landscape. Twin Lakes likewise boasts the Twin Lakes Shopping Village, a bustling retail destination featuring a curated selection of dining establishments and upscale outlets.

At the heart of Twin Lakes lies the acclaimed Twin Lakes Hotel, an architectural marvel reminiscent of Old European elegance. With 122 thoughtfully appointed rooms, each offering panoramic views from private balconies, guests are treated to a luxurious retreat where every comfort is meticulously attended to. From the tranquility of their balconies, guests can enjoy sweeping vistas of Taal Lake and Volcano, as well as the scenic Twin Lakes Vineyard.

Iloilo Business Park

Iloilo Business Park stands as a distinguished 72-hectare township heralding the dawn of a new era in Iloilo's urban landscape. Recognized as the recipient of numerous accolades, including the prestigious title of 'Best Township Development in Asia' by PropertyGuru at the esteemed 2018 Asia Property Awards, this remarkable enclave has solidified its position as Megaworld's most triumphant venture beyond Metro Manila.

At the heart of Iloilo Business Park lies a vibrant central business district, embodying the essence of modernity and progress. Its meticulously crafted urban fabric seamlessly integrates residential condominiums, towering office edifices, and world-class hospitality establishments, including the esteemed Courtyard by Marriott Iloilo, Richmonde Hotel Iloilo, and the forthcoming Belmont Hotel Iloilo.

Complementing its diverse array of offerings is a captivating array of lifestyle destinations, each designed to elevate the urban experience. The acclaimed Festive Walk Mall, renowned as the epitome of architectural elegance in Iloilo, beckons visitors with its allure, while the expansive Festive Walk Parade invites guests to stroll along its 1.1-kilometer thoroughfare lined with boutiques and dining establishments.

Further enhancing the cultural landscape of the township is the esteemed Iloilo Museum of Contemporary Art (ILOMOCA), a bastion of creativity and innovation, alongside the expansive Iloilo Convention Center (ICC), acclaimed as the largest of its kind in Western Visayas.

Suntrust Ecotown

Suntrust Ecotown, spanning an expansive 350 hectares, emerges as a premier environment-friendly development situated in the vibrant locale of Tanza, Cavite.

At the heart of Suntrust Ecotown lies an industrial zone poised to cater to the diverse needs of businesses, complemented by an array of beautiful and affordable residential homes. This dynamic enclave also boasts office developments, open spaces, and green parks, providing residents with ample opportunities for leisure and recreation amidst verdant surroundings. Notable amenities include a golf driving range, educational institutions, a bustling shopping mall, and various lifestyle destinations, ensuring a well-rounded living experience for all residents.

Davao Park District

Within the esteemed confines of the S.P. Dakudao Loop in Lanang, Davao City, the Davao Park District epitomizes Megaworld's strategic venture into Mindanao's real estate sector. Spanning an expansive 11-

hectare parcel, formerly occupied by the Lanang Golf and Country Club, this visionary enclave stands poised to ascend as the preeminent central business district of Mindanao, heralding a new epoch of prosperity and innovation across the region.

At its nucleus, the Davao Park District embodies an intricately crafted amalgamation of residential, commercial, and institutional elements, meticulously curated to meet the diverse exigencies of its discerning denizens and visitors alike. Manifesting this vision are the meticulously curated themed residential condominiums, masterfully conceived by Suntrust Properties, Inc., a distinguished subsidiary of Megaworld renowned for its unwavering commitment to excellence and innovation, offering residents an unparalleled synthesis of opulence and comfort.

In tandem with its residential offerings, the township boasts a distinguished array of commercial and retail establishments, beckoning residents to partake in a multifaceted array of culinary, retail, and leisure pursuits. Serene open parks, tranquil lagoons, and essential institutional amenities, including a hospital, further augment the township’s ethos, fostering a comprehensive and holistic living milieu for its inhabitants.

Within the illustrious confines of the Davao Park District lie notable landmarks, such as the iconic 14-storey Davao Finance Center, serving as an emblem of corporate prowess, and the unveiling of One Lakeshore Drive—a captivating constellation of residential towers—ushering in a new era of refined living in the region.

Southwoods City

Southwoods City stands as a sprawling testament to integrated living, sprawling over 561 hectares at the southern periphery of Metro Manila. It holds the distinction of being the sole township in this region boasting a fully-integrated golf course—the renowned Manila Southwoods Golf and Country Club, meticulously crafted by legendary designer Jack Nicklaus. This expansive mixed-use development transcends the conventional urban landscape with its diverse array of offerings, including a vibrant central business district, a modern shopping mall, educational institutions, places of worship, healthcare facilities, and more.

At the heart of Southwoods City lies Pahara, a picturesque residential village spanning 26 hectares. Named after the Bengali term for hills, Pahara offers over 600 meticulously planned lots, each offering breathtaking vistas of the manicured golf course and the serene expanse of Laguna de Bay. Drawing inspiration from Mediterranean architectural aesthetics, Pahara exudes timeless elegance, with verdant open spaces and meticulously manicured landscapes enhancing its allure.

Developed and managed by Megaworld’s subsidiary, Global-Estate Resorts, Inc., Southwoods City epitomizes the LIVE-WORK-PLAY-LEARN lifestyle concept pioneered by Megaworld. With award-winning developments such as Southwoods Mall and Southwoods Office Towers anchoring its vibrant landscape, Southwoods City sets a new standard for integrated living in the southern reaches of Metro Manila.

Alabang West

Alabang West exemplifies sophistication and luxury within the bustling district of Alabang, strategically positioned adjacent to its vibrant business and commercial hub. Drawing inspiration from the renowned allure of Hollywood's Rodeo Drive, the township is poised to unveil a magnificent 1.3-kilometer commercial and retail row. This extraordinary fusion of upscale boutiques, gourmet dining establishments, and chic cafes promises residents and visitors an unparalleled shopping and dining experience.

Nestled within the dynamic landscape of southern Metro Manila, Alabang West is a meticulously crafted enclave spanning 62 hectares. Developed by Megaworld in collaboration with its subsidiary Global Estate Resorts, Inc., this sprawling community redefines luxury living with its exclusive Alabang West Village. Comprising 785 meticulously crafted residential lots, this enclave offers residents a sanctuary of refined living. The centerpiece of community life is the expansive clubhouse complex, boasting first-class amenities such as badminton and basketball courts, function rooms, cabanas, and a game room. Tranquil pocket gardens and open-space parks provide serene retreats for relaxation and contemplation, while a sparkling lap pool invites residents to unwind amidst the verdant surroundings.

Conveniently nestled amidst Alabang's prestigious communities and renowned golf courses, Alabang West offers unparalleled connectivity to the bustling business districts of Makati and Fort Bonifacio. Accessible via the South Luzon Expressway (SLEX) through either the Filinvest or MCX-Daang Hari exit, residents enjoy seamless connectivity to major urban centers, striking a harmonious balance between urban convenience and suburban tranquility.

ArcoVia City

Envisioned as a pioneering example of eco-conscious urban development, ArcoVia City spans across 12.4 hectares of prime real estate along the bustling C-5 Road in Pasig City.

Setting a new standard for sustainable urban architecture, ArcoVia City embraces the principles of Leadership in Energy and Environmental Design (LEED) in its office developments. Spearheaded by the esteemed architectural firm Skidmore, Owings & Merrill, the township's inaugural office towers exemplify cutting-edge design and environmental consciousness. These LEED-certified structures not only minimize their ecological footprint but also prioritize the well-being of occupants, fostering productivity and vitality within the workplace.

In addition to its tree-planting initiative and sustainable office buildings, ArcoVia City boasts an array of eco-friendly amenities and infrastructure. A state-of-the-art rainwater catchment facility harnesses nature's bounty to sustainably manage water resources, while a network of bicycle lanes encourages eco-friendly modes of transportation and promotes an active lifestyle. Wide, tree-lined sidewalks further enhance the pedestrian experience, creating inviting pathways for leisurely strolls and casual encounters amidst the verdant surroundings.

Beyond its environmental initiatives, ArcoVia City is envisioned as a vibrant, mixed-use community that seamlessly integrates residential, commercial, and recreational elements. From luxurious residential condominiums to a dynamic lifestyle mall, retail and commercial strips, and sprawling open parks, the township offers a holistic living experience that harmonizes with nature while catering to the diverse needs and aspirations of its inhabitants.

The Upper East

Occupying a sprawling 34-hectare expanse in the heart of Bacolod City, The Upper East stands as Megaworld's illustrious second township development in the region, poised to redefine urban living in Negros Occidental.

Taking inspiration from the esteemed Upper East Side of New York City, this visionary enclave heralds Bacolod's inaugural master-planned, mixed-use community, heralding the emergence of a vibrant central business district. Representing the epitome of upscale living, The Upper East seamlessly integrates an array of residential condominiums, lifestyle malls, commercial centers, BPO office towers, and recreational amenities, embodying Megaworld's signature LIVE-WORK-PLAY ethos. Strategically situated within close proximity to key thoroughfares such as Burgos Avenue and Lopez Jaena Street, The Upper East enjoys unparalleled accessibility, setting the stage for Bacolod's premier lifestyle destination.

Northill Gateway

Northill Gateway emerges as a transformative landmark in the northern expanse of Bacolod, tracing its roots along the legendary Sugar Road. Commanding a vast 53-hectare terrain along the newly minted Circumferential Road at the nexus of Talisay City and Bacolod City, this visionary township is strategically poised with direct access to the burgeoning Bacolod-Silay Airport, ensuring seamless connectivity to the region and beyond. Linked by the Circumferential Road, Northill Gateway stands as a vibrant extension of The Upper East, heralding a new era of urban sophistication and vitality.

Envisioned as a dynamic lifestyle enclave, Northill Gateway beckons with a myriad of upscale offerings, including exclusive residential villages, mixed-use office and retail developments, and an array of leisure and recreational amenities. Nestled within this burgeoning district, the Northill Town Center emerges as the pulsating heart of commerce and community, occupying a sprawling 7.5-hectare expanse on the Bacolod side of the township. Comprising a harmonious blend of stand-alone two-story structures housing retail shops and dining establishments, this vibrant commercial hub is enveloped by lush landscaped parks and verdant open spaces, offering a serene retreat amidst the urban bustle.

Sta. Barbara Heights

Sta. Barbara Heights emerges as a sprawling 173-hectare masterpiece of integrated living, meticulously curated by Megaworld's esteemed subsidiary, Global-Estate Resorts, Inc. Nestled amidst the tranquil environs of Sta. Barbara, Iloilo, this visionary township redefines the art of modern living, offering a harmonious blend of natural splendor, historic charm, and contemporary convenience.

At the heart of Sta. Barbara Heights lies the esteemed Sta. Barbara Heights Residential Estates, a prestigious residential community spanning half of the development's expanse. Here, amidst the breathtaking backdrop of rolling hills and the storied Iloilo Golf Course and Country Club, residents are afforded an unparalleled lifestyle of luxury and refinement. Boasting panoramic vistas of a nearby natural lake, each residential lot offers an exclusive vantage point from which to savor the beauty of the surrounding landscape.

Moreover, the Sta. Barbara Heights Residential Estates is complemented by a vibrant Village Center, spanning five hectares of meticulously landscaped grounds. Here, residents are treated to an array of world-class amenities, including a sprawling 260-meter swimming pool, tennis and basketball courts, a children's park, and a serene picnic ground overlooking the tranquil waters of the adjacent lake. Imbued with a sense of timeless elegance and sophistication, Sta. Barbara Heights stands as a testament to Megaworld's unwavering commitment to crafting exceptional living environments that transcend the ordinary and elevate the human experience.

Capital Town

Nestled within the historic confines of Central and Northern Luzon, the 35.6-hectare Capital Town Pampanga stands as a testament to Megaworld's commitment to blending heritage with progress. Once the hallowed grounds of the Pampanga Sugar Development Company (PASUDECO), this iconic township, situated in close proximity to the Pampanga Provincial Capitol, heralds the dawn of a new era—a promising era that promises to usher in the region's latest Central Business District.

As the newest epicenter of commerce, innovation, and community engagement in Central and Northern Luzon, Capital Town Pampanga embodies Megaworld's unwavering commitment to redefining urban living. With its strategic location and thoughtful planning, this township promises to be a dynamic hub where tradition meets innovation, and where the spirit of the past converges with the promise of tomorrow.

Westside City

Expanding upon the visionary landscape of Westside City unveils a mesmerizing tapestry of leisure, entertainment, and luxury nestled within the vibrant heart of Parañaque's Entertainment City. Spanning across 31 hectares, this iconic township stands as the second jewel in the crown of Newport World Resorts, heralding a new era of opulence and extravagance.

Westside City promises to be a dynamic enclave where sophistication meets splendor, boasting an impressive array of international hotels, a luxury mall, and exquisite residential condominiums. Embracing the ethos of integrated urban living, this township marks the culmination of Megaworld's pioneering spirit, symbolizing the company's 20th integrated urban township—a milestone unmatched by any other developer in the country.

At its core, Westside City epitomizes the pinnacle of cosmopolitan living, where every detail is meticulously crafted to elevate the senses and inspire awe. Among its illustrious offerings are international hotel brands managed by Travellers Interational and homegrown local brands operated by Megaworld Hotels and Resorts, collectively offering over 2,000 luxurious rooms, each a sanctuary of comfort and refinement.

Beyond its lavish accommodations, Westside City is poised to become the "Broadway of Asia," with a visionary focus on the performing arts. At its heart lies the Philippines' first Grand Opera House, a majestic venue boasting a total capacity of approximately 3,000 persons—a testament to the township's commitment to cultural enrichment and artistic expression.

Maple Grove

Expanding upon the visionary landscape of Maple Grove unveils a sprawling 140-hectare canvas of boundless possibilities in General Trias, Cavite. Situated at the nexus of urban sophistication and natural splendor, this expansive property is poised to emerge as a world-class mixed-use development, seamlessly blending the tranquility of nature with the vibrancy of urban living.

Conveniently located just 45 minutes away from Makati and other central business districts of Metro Manila via the Coastal Road and Cavitex, Maple Grove serves as the gateway to the burgeoning industrial and residential hub of the Cavite-Batangas corridor. With the company's commitment to excellence, a staggering ₱10-billion investment is earmarked for Maple Grove's development over the next decade, ensuring a transformative evolution into a premier destination of distinction.

Anchored by a 35-hectare Makati-inspired commercial district, Maple Grove beckons with a diverse array of retail, dining, and entertainment options, promising a vibrant tapestry of experiences for discerning individuals. Its strategic accessibility via the Manila–Cavite Expressway (CAVITEX), coupled with future infrastructure projects such as the Sangley Airport, the Cavite-Tagaytay-Batangas Expressway (CTBEx), and the Bataan Cavite-Interlink Bridge, ensures seamless connectivity to key destinations within and beyond the region.

Eastland Heights

Enveloped amidst the picturesque landscape of Antipolo, Rizal, Eastland Heights stands as a testament to Megaworld's commitment to crafting transformative living experiences. Spanning an expansive 640 hectares along Marcos Highway, this integrated lifestyle community, developed by Megaworld's subsidiary Global-Estate Resorts Inc., offers a harmonious fusion of urban convenience and natural splendor.

At the heart of Eastland Heights lies its crown jewel: a majestic 36-hole golf course and country club, gracing approximately 20% of the entire development. Set against the backdrop of the Metro Manila skyline, these iconic amenities redefine the art of leisure, offering residents and guests an unparalleled sanctuary amidst the rolling terrains at the foot of the scenic Sierra Madre Mountain Range.

Beyond the verdant fairways and lush greens, Eastland Heights unveils a tapestry of residential, commercial, and retail components, seamlessly woven together to create a vibrant tapestry of modern living.

The Hamptons Caliraya

Situated amidst the serene landscapes of Lumban-Cavinti, Laguna, overlooking the tranquil waters of Lake Caliraya, The Hamptons Caliraya emerges as a premier 300-hectare development, redefining luxury living in the heart of nature.

This exclusive enclave is poised to offer lakeside residential villages and villas, meticulously designed to harmonize with the breathtaking surroundings. Complementing the residential offerings is a vibrant town center, serving as the bustling hub of community life.

For enthusiasts of the green, The Hamptons Caliraya boasts two meticulously crafted 18-hole golf courses, beckoning aficionados to indulge in leisurely rounds amidst panoramic vistas. The accompanying clubhouse provides a refined retreat, offering a blend of sophistication and relaxation.

Adding to the allure of lakeside living is the Marina Club, where a plethora of water sports activities await, including boating, jet skiing, and kayaking. Meanwhile, the shophouse district and resort hotel district promise a diverse array of retail, dining, and leisure experiences, catering to every desire and preference.

Highland City

Located at the crossroads of Pasig City and Cainta, Rizal, Highland City emerges as a visionary 24-hectare enclave, meticulously crafted by Megaworld in collaboration with its subsidiary, Empire East Land Holdings, Inc.

This groundbreaking township heralds a new era of urban sophistication, as it unveils the concept of the Philippines' first "elevated city." Designed to redefine contemporary living standards, Highland City seamlessly integrates a vibrant mix of amenities and facilities tailored to elevate every aspect of urban life.

Spanning 40 percent of the development, lush green spaces and open expanses provide a refreshing retreat from the bustling cityscape, offering residents a serene oasis amidst the urban sprawl. At the heart of Highland City lies the sprawling Highland Mall, a 58,000-square-meter retail haven that promises unparalleled shopping and dining experiences.

Complementing the retail landscape are meticulously planned residential developments, comprising 38 thoughtfully designed residential towers. Each residence embodies the epitome of modern comfort and luxury, providing residents with an unparalleled living experience that transcends conventional standards.

Moreover, Highland City boasts a diverse array of amenities, including a lifestyle mall, retail arcades, mixed-use towers, a charming church, and an exclusive sports club, catering to the diverse needs and preferences of its discerning residents.

Arden Botanical Estate

Positioned at the confluence of Trece Martires and the municipality of Tanza in Cavite, the Arden Botanical Estate emerges as a visionary 251-hectare enclave, jointly developed by the Company and its subsidiary, Global-Estate Resorts Inc.

Enveloped by the serene embrace of natural rivers, Arden Botanical Estate is poised to redefine contemporary living, offering residents an immersive experience harmonizing nature, leisure, and urban convenience. The expansive development is meticulously curated to engage and stimulate the senses, presenting a diverse array of amenities and facilities designed to cater to every aspect of modern life.

Spanning across the estate, several residential and leisure villages seamlessly blend with commercial areas, sports and adventure parks, and a vibrant mixed-use district. Each component is thoughtfully designed to foster a sense of community and well-being, providing residents with a dynamic and enriching living environment.

Lucky Chinatown

Situated at the heart of Binondo, Manila's historic district, the 5-hectare Lucky Chinatown stands as Megaworld's flagship lifestyle estate, offering a sophisticated gateway to the rich cultural tapestry of the world's oldest Chinatown.

Central to Lucky Chinatown's allure is the prestigious Lucky Chinatown Mall—a sprawling retail emporium distinguished by its diverse array of upscale shops, boutiques, and dining establishments. Serving as the nucleus of activity, this dynamic commercial center epitomizes luxury and sophistication, drawing discerning patrons from far and wide.

Adjacent to the mall, Hotel Lucky Chinatown epitomizes refined hospitality, offering discerning guests an oasis of tranquility amidst the bustling energy of Binondo. Boasting lavish amenities and impeccable service, it sets the standard for luxury accommodation in the heart of the city.

Complementing these offerings is the esteemed Chinatown Museum—a cultural landmark dedicated to preserving and celebrating the storied history of Binondo's Chinatown. Through captivating exhibits and immersive displays, visitors are afforded a deeper appreciation for the rich heritage and enduring legacy of this iconic locale.

Northwin Global City

Located just 20 kilometers north of Metro Manila along the North Luzon Expressway (NLEX), Northwin Global City emerges as a pioneering metropolitan center in Bulacan. Encompassing 85 hectares, this dynamic development is poised to redefine the region's urban landscape, boasting a diverse array of amenities and facilities tailored for both business and lifestyle pursuits.

Anticipated to be Bulacan's global business district, Northwin Global City showcases a meticulously planned environment featuring a themed commercial district, towering residential condominiums, upscale hotels, vibrant malls, versatile mixed-use buildings, esteemed educational institutions, and cutting-edge office towers.

Positioned as a 'global business district,' Northwin Global City embodies Megaworld's commitment to sustainable development, integrating innovative iTownship features. These include eco-friendly initiatives such as solar-powered and LED street lighting, an underground cabling system, fiber optic infrastructure, dedicated bike lanes, a stormwater detention facility to mitigate flood risks, an intermodal transport terminal, and other sustainable amenities fostering enhanced mobility and connectivity.

Paragua Coastown

Paragua Coastown stands as a symbol of sustainable tourism and eco-conscious living. Spanning 462 hectares, this eco-tourism haven nestled in the serene and picturesque beach town of San Vicente, Palawan, is poised to unveil the natural splendor of Palawan's most breathtaking attractions, including the famed Port Barton and the region's second-longest coastline.

Conveniently located just a stone's throw away from the airport, Paragua Coastown beckons discerning travelers, families, and individuals in search of a mindful and eco-friendly lifestyle. With its steadfast dedication to sustainability and seamless integration with nature, it is poised to emerge as a cherished sanctuary for those seeking solace from the frenetic pace of urban life.

Sherwood Hills

Sherwood Hills is an esteemed 340-hectare integrated lifestyle community nestled in the serene landscapes of Trece Martires, Cavite. This premier development offers a harmonious blend of luxury living, recreational amenities, and natural beauty, setting a new standard for sophisticated countryside living.

At the heart of Sherwood Hills lies an acclaimed 18-hole championship golf course designed by the renowned architect Jack Nicklaus. This scenic course provides golf enthusiasts with an exceptional playing experience amidst breathtaking views of the surrounding greenery.

Complementing the golf course are upscale residential enclaves, including the prestigious Prana Garden Villas. Situated within Sherwood Hills, Prana Garden Villas epitomizes a Zen-inspired residential haven, offering residents a tranquil retreat amidst lush landscapes and serene surroundings.

Beyond residential offerings, Sherwood Hills features a diverse array of recreational facilities and lifestyle amenities. From leisurely walks along scenic trails to invigorating laps in swimming pools, residents can enjoy a wealth of activities designed to promote an active and fulfilling lifestyle.

Winford Resort

Positioned adjacent to the storied Chinatown district, within the expansive San Lazaro Tourism and Business Park, lies the illustrious Winford Resort Estate. Spanning a sprawling three hectares of prime real estate, this exceptional development promises to redefine luxury living in the heart of Manila.

Winford Resort Estate is poised to become a vibrant urban oasis, boasting a dynamic mix of residential condominiums, world-class hotels, and bustling commercial establishments, all complemented by the allure of a sophisticated casino complex. Inspired by the timeless charm of 'Old Manila,' the architectural ethos of the estate pays homage to the city's rich heritage, with each structure meticulously crafted to evoke the grandeur of bygone eras.

Baytown Palawan

Nestled along the scenic Puerto Princesa South Road, with captivating vistas of Puerto Princesa Bay, Baytown Palawan stands as Megaworld's 31st township development in the Philippines. This expansive project is poised to redefine urban living in Palawan's capital city, offering a seamless integration of residential condominiums, hotels, and commercial retail establishments.

Suntrust Properties takes the lead in crafting the majority of residential condominium clusters within Baytown Palawan, leveraging its expertise in creating innovative and livable spaces. Complementing this, Megaworld will introduce an upscale and exclusive residential community, further enhancing the allure of the lifestyle estate.

Awards and Recognitions

As the Philippines' leading developer, the Company has transformed hectares of raw land into master-planned townships and large-scale sustainable communities that continue to bring value to the people who live, work and play in them.

Through the years, the Company has been recognized by various local and international award-giving bodies for its accomplishments. It currently has over 200 awards to its name. The Company notched various awards, including citations received by the organization itself, its subsidiaries and its foundation, as well as its executives and leadership team. These awards also encompass distinctions acknowledging Megaworld's institutional initiatives, campaigns and events.

Some of the awards and recognitions bestowed on the Company for the year 2023 are as follows:

FIABCI Property and Real Estate Excellence Awards 2023
GOLD: Belmont Hotel Mactan (Hotel Category)
GOLD: The Upper East (Master Plan Category)
GOLD: Alabang West Parade (Retail Category)
SILVER: One Paseo (Office Category)
SILVER: BMMC Train (Specialized Project/Purpose Built Category)

FIABCI-PHILIPPINES
INTERNATIONAL REAL ESTATE FEDERATION

Anvil Awards 2023
SILVER: Halakhakan 2021 (PR Programs, Specialized PR Program)
SILVER: MEG Foundation website (PR Tools/Multimedia, Website and blog)
SILVER: CEO on the Road (PR Program on a Sustained Basis)
SILVER: Launch of PH's Most Beautiful McDonald's (PR Tools, Special event and exhibit/Launch)
SILVER: MEG Foundation 25th Anniv Coffee Table Book (PR Tools, Publication – Coffee Table Book)
SILVER: Launch of PH's Most Beautiful McDonald's (PR Programs, Specialized PR Program)

ANVIL AWARDS

Asia-Pacific Stevie Awards 2023
GOLD: PH's First Mall-based EV Charging Stations (Innovation, Energy, and Sustainability)
GOLD: Action Hour (Innovation in Customer Service, Management, Planning and Practice – All Other Industries)
GOLD: 'City of Love' Valentine's Day video (Innovation in PR Videos)
BRONZE: PH's Most Beautiful McDonald's (Innovation in Media Relations)
BRONZE: Newport Mall-seum (Innovation in Consumer Events)
BRONZE: Dinagyang 2023 at Festive Walk Iloilo (Innovation in the Use of Events)
BRONZE: Mega Summer Ventures 3.0 (Innovation in the Use of Social Media)

ASIA-PACIFIC STEVIE® AWARDS

IABC Gold Quill 2023
EXCELLENCE: MEG Foundation official music video (Audio/Visual)
MERIT: Zero Close Contacts Creative Giftcards (Creative Design)
MERIT: Mega Summer Ventures 3.0 (Social Media)
MERIT: Megaworld Foundation @ 25 Coffee Table Book (Publications)

GOLD QUILL AWARDS

GLOBAL GOOD GOVERNANCE AWARDS 2023
3G Excellence in Sustainability Performance
3G Leadership in Corporate Governance Reporting

Travel Daily Media – Inspiring Women in Travel (Asia) Awards 2023
Cleo Albiso (2023's Rising Star in Travel)

2023 Travelers Choice" award from TripAdvisor
Belmont Hotel Manila
Hotel Lucky Chinatown
Richmonde Hotel Iloilo
Savoy Hotel Boracay
Savoy Hotel Mactan Newtown
Savoy Hotel Manila
Twin Lakes Hotel

International Dining Awards 2023
Savoy Hotel Manila: Philippines' Best Café and Restaurant

World Business Outlook Awards 2023
Most Innovative Real Estate Company 2023
Most Sustainable Real Estate Company 2023
Best Real Estate Company – Philippines 2023
Real Estate Development of the Year – Philippines 2023 (The Upper East)

Retail Asia Awards 2023
Mall of the Year: Festive Walk Iloilo
Marketing Initiative of the Year Award: #ExtraChristmasAtMegaworld Lifestyle Malls Campaign

HR Asia Awards 2023
Best Companies to Work For in Asia

International Business Awards 2023
GOLD: Park, Charge, Drive (Sustainability Initiative of the Year)
GOLD: Creating Change, Transforming Lives AVP 2022
SILVER: Mega Santa Christmas Initiative
SILVER: Annyeong Iloilo at K-Town (Engaged Community of the Year)
BRONZE: Megaworld Foundation @25: A Silver Lining for Many Filipinos
WINNER: People's Choice Award: Megaworld Foundation

Silver Quill Awards 2023
A Silver Lining for Many Filipinos (MEG Foundation @25 Coffee Table Book)
Mega Summer Ventures 3.0
Creating Change, Transforming Lives AVP 2022

Global CSR & ESG Summit and Awards 2023
GOLD: Beyond Learning: Scholars' Education and Well-being in the New Normal

Bronze Anvil Awards
A Silver Lining for Many Filipinos (Megaworld Foundation @ 25 coffee table book)

International CSR Excellence AWARDS 2023
A Silver Lining for Many Filipinos (Megaworld Foundation @ 25 coffee table book)

2023 World Luxury Hotel Awards
Best Luxury Destination Hotel: Savoy Hotel Boracay

Philippine Daily Inquirer Statista Philippines' Best Employer 2023

INTERNATIONAL TRAVEL AWARDS 2023
Best Airport Hotel: Savoy Hotel Mactan

RESTAURANT GURU 2023
Café Belmont

ATRAM PROGRESS CHAMPION 2023

Marketing and Sales

The Company maintains an in-house marketing and sales division for each of its projects. The marketing and sales division is staffed by a trained group of property consultants who exclusively market the Company's projects. All property consultants are trained prior to selling and the Company also provides a skills enhancement program intended to further develop the sales and marketing staff into high-caliber marketing professionals. Property consultants are required to meet the criteria set by the Company. The Company also works with outside agents who compete directly with the Company's in-house personnel.

The Company also employs marketing services staff whose job is to provide auxiliary services required by the marketing division for its sales and promotional activities. The group is also responsible for monitoring the latest developments in the economy and the real estate property markets as well as conducting market research studies for the marketing division.

In addition, the Company has an international marketing division based in Manila who oversees a global network of sales offices which market the projects of the Company and its affiliates to overseas Filipino professionals and retirees throughout Asia, Europe, North America, the Middle East and Australia. The Company enters into marketing agreements with various brokers based in the different overseas markets, which will then market the Company's projects overseas through their respective marketing networks.

Construction

The Company has its own architectural and engineering teams and engages independent groups to carry out the design of its high-profile development projects. The Company has a team of project managers who work closely with outside contractors in supervising the construction phase of each project. The Company has also established relationships with Philippine and international architectural firms.

The Company has a broad base of construction contractors and suppliers and is not dependent on any one contractor or supplier.

Competition

For over three (3) decades, Megaworld established itself as a game-changer in Philippine real estate industry. Year after year, the Company achieves impressive accomplishments, further solidifying its leadership in the industry. Megaworld differentiates itself from other real estate developers through its live-work-play-learn philosophy. This concept shaped the Company's townships, an approach to real estate that it pioneered.

The Company competes with other property investment, development, leasing, and holding corporations to attract buyers and tenants for its properties in Metro Manila. Location, product, price, financing, execution, completion, construction quality, brand, and service are the major determinants of competition in the real estate development business. Due to the prominent locations of its properties, innovative projects, a reputation for high-quality designs, affordable pre-sales financing, after-sales service, and a consistent track record of completion, the Company believes it has several competitive advantages in each of these categories.

The Company attributes its strong residential sales to two (2) main factors – (i) the popularity of its live-work-play communities in Metro Manila and (ii) the Company's proven track record of delivering more than 700 buildings to its customers over the last two (2) decades.

The Company believes that Ayala Land, Inc. ("ALI") has the potential to be its sole major rival in the market for community township developments. ALI is present in Fort Bonifacio, which is the location of many of the Company's properties, including Forbes Town Center, McKinley Hill, McKinley West, and Uptown Bonifacio. The Company thinks that it has plenty of competition in the market with regard to its office and retail leasing operations from companies like Robinsons Land Corporation ("RLC"), ALI, and SM Prime Holdings, Inc. ("SMPHI").

With respect to high-end and middle income land and condominium sales, ALI claims to compete for buyers primarily on the basis of reputation, reliability, price, quality and location. With respect to its office rental properties, ALI claims to compete for tenants primarily based on the quality and location of the relevant building, reputation of the building's owner, quality of support services provided by the property manager, and rental and other charges. According to its publicly available disclosures, the Total Assets of ALI and subsidiaries for the period ended 31 December 2023 is ₱846.6 billion while their Net Income for the same period is ₱29 billion.

RLC believes that its strength is in its mixed-use, retail, commercial and residential developments. For its commercial center business, RLC claims to compete on the basis of its flexibility in developing malls with different sizes. For its residential business, RLC claims to compete in terms of industry-specific technological know-how, capital, reputation and sales and distribution network. According to its publicly available disclosures, Total Assets of RLC and subsidiaries as of the period ended 31 December 2023 is ₱235.6 billion while their Net Income for the same period is ₱13.3 billion.

SMPHI believes that it has certain significant competitive advantages which include the very good location of its malls, proven successful tenant mix and selection criteria and the presence of SM stores as anchor tenants. According to its publicly available disclosures, Total Assets of SMPHI and subsidiaries as of the period ended 31 December 2023 is ₱943.3 billion while their Net Income for the same period ₱40.9 billion.

Sources and Availability of Raw Materials

The Company has a broad base of suppliers from which it sources its construction materials. The Company is not dependent on any one or a limited number of suppliers. The Company has no plans on being dependent on any one or a limited number of suppliers.

Transactions with and/or Dependence on Related Parties

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with its affiliates through transparent and ethical means. The Company's policy with respect to related party transactions is to ensure that these transactions are in strict adherence to the principle of arm's length dealings and entered into on terms comparable to those available from third parties.

All transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings to ensure that the same are executed at fair market value, with the goal of ensuring fairness, and best interests of the Company's stakeholders, as well as preventing potential conflicts of interest.

Transactions with related parties include investments in and advances granted to or obtained from subsidiaries, associates and other related parties. Other related parties include joint venture partners (See Note 10 to the Audited Financial Statements, Advances to/from Landowners and Joint Operators) and investees which investments are accounted for at cost and other entities which are owned and managed by investors/owners of the Company (See Note 11 to the Audited Financial Statements, Investments in Associates). Advances granted to joint venture partners are in the nature of cash advances made to landowners under agreements covering the development of parcels of land, which are to be used for pre-development expenses such as relocation of existing occupants. Repayment of these advances shall be made upon completion of the project development either in the form of the developed lots corresponding to the landowner's share in saleable lots or in the form of cash to be derived from sales of the landowner's share in the saleable lots and residential and condominium units. The commitment for cash advances under the agreements has been fully granted by the Company.

Advances granted to and obtained from subsidiaries, associates and other related parties are for purposes of working capital requirements. The Company also rendered leasing, marketing and other services to some its subsidiaries including but not limited to management, administrative, accounting, legal, operational and other services. For more information, see Note 27 to the Audited Financial Statements.

The Company avails of marketing services of Eastwood Property and Holdings, Inc. ("EPHI"), a wholly-owned subsidiary of Empire East Land Holdings, Inc. ("EELHI"), Megaworld Newport Property Holdings, Inc. ("MNPHI") and Megaworld Resorts Estate Inc. ("MREI") (see Note 27 to the Audited Financial Statements, Related Party Transactions). As consideration for said marketing services, the Company pays commission based on contracted terms. Commission expenses charged by EPHI, MNPHI and MREI are based on prevailing market rates.

Other than those disclosed in the Company's Financial Statements, the Company has not entered into any other related party transactions.

Intellectual Property

In the Philippines, certificates of registration of trademarks filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

The Company owns the registered trademark over its name and new logo which was registered on 7 November 2019 and is valid until 7 November 2029. While important, the Company does not believe that its operations or its subsidiaries' operations depend on its trademarks or any patent, license franchise, concession or royalty agreement. As of the 31 December 2023, the Company also has 63 registered trademarks over the names of its development projects.

Regulatory and Environmental Matters

Real Estate Business

The Company complies with all relevant laws in relation to its real-estate business.

Presidential Decree No. 957 ("PD 957"), Republic Act No. 4726 ("RA 4726") and Batas Pambansa Blg. 220 ("BP 220") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957, RA 4726 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes.

The Department of Human Settlements and Urban Development ("DHSUD") and the Human Settlements Adjudicatoin Commission ("HSAC"), which were created pursuant to Republic Act No. 11201, are the administrative agencies of the Government which, together with local government units ("LGUs"), enforce the aforesaid laws relating to real estate development and sale, and have jurisdiction to regulate the real estate trade and business and/or adjudicate disputes relating thereto.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with the DHSUD and the pertinent LGU of the area in which the project is situated. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans, which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government body or agency.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit.

The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the DHSUD locational clearance, Department of Environment and Natural Resources ("DENR") permits and Department of Agrarian Reform ("DAR") conversion or exemption orders, as discussed below. A bond equivalent to 10% of the total project cost is required to the posted by the project developer to ensure commencement of the project within one year from the issuance of the development permit.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from the DHSUD. Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD. As a prerequisite for the issuance of a license to sell by the DHSUD, developers are required to file with the DHSUD certain securities to guarantee the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with the applicable laws, rules and regulations.

Project permits and licenses to sell may be suspended, cancelled or revoked for grounds such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyers. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with applicable laws, rules and regulations.

On the other hand, the HSAC, which is an attached agency of the DHSUD, is tasked to adjudicate disputes relating to real estate developments, homeowners associations, and local and regional planning and zoning. The HSAC is vested with exclusive and original jurisdiction to hear and decide cases involving subdivisions, condominiums, memorial parks and similar real estate developments and transactions, homeowners associations, the implementation of the balanced housing development provision of Republic Act No. 7279, as amended, and laws and regulations being implemented by the DHSUD.

In addition to the foregoing, Republic Act No. 9646 or the “Real Estate Service Act of the Philippines” (“RA 9646”) strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs. Real estate dealers, brokers and salesmen are likewise required to register and secure a certificate of registration with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. The certificate of registration is renewed on a yearly basis.

Environmental Matters

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (“ECC”) prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (“EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement (“EIS”) to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“IEE”) to the proper DENR regional office. In case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandated.

The EIS refers to both the document and the study of a project’s environmental impact, including a discussion of scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the projects’ environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification, indicating that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project’s abandonment phase. The ECC also provides for other terms and conditions, any violation of which would result in a fine or the cancellation of the ECC.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund (“EGF”) when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Aside from the EIS and IEE, engineering, geological and geo-hazard assessment are also required for ECC applications covering subdivisions, housing and other development and infrastructure projects.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

The Company observes all environtmental laws in the conduct of its business. The Company likewise incurs expenses for purposes of complying with environmental laws that consist primarily of payments for government regulatory fees. Such fees are standard in the industry and are minimal.

Research and Development

The Company incurs minimal amounts for research and development activities which do not amount to a significant percentage of revenues.

Employees

As of December 31, 2023, the Company has 845 employees. The Company intends to hire additional employees if the present workforce becomes inadequate to handle the Company's operations.

The table below shows the breakdown of employees as of December 31, 2023:

Type	Number
Senior Management	42
Middle Management	379
Staff	424
Total	845

The Company has no collective bargaining agreements with employees and there are no organized labor organizations in the Company. The Company maintains a tax-qualified, non-contributory retirement plan that is being administered by a trustee covering all regular full-time employees.

The Company upholds professional and personal advancement of its employees through the Megaworld Learning Academy ("MLA"). MLA offers a slew of leadership and training workshops that are facilitated by the Company's "Learning Ambassadors", who are all experts in their own fields, or third party consultants. Various programs have been specially designed to enable its employees to upgrade their skills and perform at optimum levels. It endeavours the progress of the Company's workforce by offering training and workshops covering career, management and leadership development.

Risks Associated with the Company's Business

<u>Substantially all of the Company's business activities are conducted in the Philippines and all of its assets are located in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.</u>

Historically, the Company has derived substantially all of its revenues and operating profits from sales of its real estate products in the Philippines, and its business is highly dependent on the state of the Philippine economy. Demand for, and prevailing prices of, developed land, house and lot units are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from overseas Filipino workers ("OFW"). As a result of the Asian financial crisis that began in 1997, the Philippine economy generally, and the Philippine property market specifically, went through a sharp downturn in the late 1990s. This downturn was further exacerbated during 2000 to 2001 by the political crisis resulting from the impeachment proceedings against, and the subsequent resignation of, former President Joseph Estrada. The global financial downturn also resulted in a general slowdown of the global economy in 2008 and 2009, which had a negative effect on the property market as Philippine property sales declined. More recently, the outbreak of COVID-19, which was declared a global pandemic by the World Health Organization, in the first quarter of 2020, severely affected the global economy.

There is no assurance that there will not be a recurrence of an economic slowdown in the Philippines. There is also a degree of uncertainty regarding the economic and political situation in the Philippines. Any deterioration in economic conditions in the Philippines as a result of these or other factors could have a material adverse impact on the Philippine housing and property markets resulting in, among others, lower demand and values for real estate and increased difficulties on the part of tenants in meeting their lease and other financial obligations, which in turn would likely have a material adverse impact on the Company's business, financial condition, results of operations and prospects.

<u>The Company's business may be materially and adversely affected by adverse public health events.</u>

The outbreak of the COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business, financial condition and results of operations. These may include, temporary closures of the Company's premises, hospitalization or quarantine of its employees, delay or suspension of supplies from its suppliers and supply chain generally, disruptions or suspension of its operational and construction activities and labor shortage due to restrictions on its employees' ability to travel. For instance, as a result of the quarantine measures implemented by the Government during the COVID-19 pandemic, the Company's malls were forced to close, resulting in a significant decline in footfall, particularly those located within Metro Manila. The Company has provided rent concessions and waived rental charges of its tenants and retail partners for a certain period, particularly to those who are unable to operate due to quarantine measures, in addition to the concessions that the Company is required to provide pursuant to the Bayanihan Act, such as rent payment deferrals. The Company likewise incurred additional expenses by adopting certain measures to prevent further transmission of COVID-19 such as making hand sanitizers available within its properties, increasing the frequency of disinfection of facilities and providing its employees with personal protective equipment, among others.

As the country begins the recovery from the COVID-19 pandemic, there can also be no assurance that the policies and controls for outbreak prevention and disease recurrence introduced by the government will be successful in preventing disease outbreaks or recurrences or that any actual or suspected resurgence of COVID-19 or other contagious disease affecting the Philippines or elsewhere will not occur. There can also be no assurance that any future outbreak of contagious diseases will not have a material adverse effect on the Company's business, financial condition, and results of operations.

<u>The Company operates in an intensely competitive industry, which could limit the Company's ability to maintain or increase its market share and maintain profitability.</u>

The Company's real estate operations are subject to intense competition, and some competitors may have substantially greater financial and other resources than the Company, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets and in consumer preferences. In addition, the entry of new competitors into the real estate industry could reduce the Company's sales and profit margins. In the real estate development industry, the Company competes against a number of residential and commercial developers and real estate services companies, including ALI for the Company's projects in the Fort Bonifacio area of Metro Manila, and Robinsons Land Corporation, SM Prime Holdings, Inc. and ALI for the Company's retail and office leasing activities. The Company competes for the acquisition of prime land, resources for development and prospective purchasers and tenants. For example, the city governments of Quezon City, Pasay City and Manila are offering land for the development of business districts, particularly to the developers targeting the BPO industry and that may have projects which compete with the Company's current development projects. Increased competition from other real estate developers and real estate services companies may adversely affect the Company's ability to acquire and sell properties or attract and retain tenants.

The Philippine property market is cyclical.

The Company expects to derive a substantial portion of its revenue in the future from its current portfolio of township development projects. Accordingly, it is heavily dependent on the state of the Philippine property market. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth in the Philippines and political and social developments.

Since the second half of 2008, the global financial markets have experienced, and may continue to experience, significant dislocations, which originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. These disruptions and other events, such as rising government deficits and debt levels, the sovereign credit ratings downgrades and ensuing public deficit and debt reduction measures of the United States and certain member states of the European Union, the risk of a partial collapse of the Eurozone, slower rates of growth in the Chinese economy and increasing level of debt in China, and the outbreak of COVID-19 pandemic have had and continue to have a significant adverse effect on the global financial markets.

Demand for new residential projects in the Philippines has also fluctuated in the past as a result of prevailing economic conditions in both the Philippines and in other countries, such as the United States (including overall growth levels and interest rates), the strength of overseas markets (as a substantial portion of demand comes from OFWs and expatriate Filipinos), the political and security situation in the Philippines and other related factors. For example, the global financial crisis in 2008 and 2009 resulted in a generally negative effect on real estate property prices globally, including the Philippines. The Company expects this general cyclical trend to continue, which means that the Company's results of operations may fluctuate from period to period in accordance with fluctuations in the Philippine economy, the Philippine property market and the global property market in general. There can be no assurance that such variances will not have a material adverse effect on the business, financial condition or results of operations of the Company. The Company is subject to significant competition in connection with the acquisition of land for development projects.

The Company is subject to significant competition in connection with the acquisition of land for development projects.

The Company's future growth and development are dependent, in part, on its ability to acquire or enter into agreements to develop additional tracts of land suitable for development projects. As the Company and its competitors attempt to locate sites for development, the Company may experience difficulty in locating parcels of suitable size in locations and at prices acceptable to the Company.

The Company is exposed to geographic portfolio concentration risks.

Properties located in the commercial areas of the Philippines account for a substantial portion of the appraised value of the Company's assets. The Company's current projects are primarily located within or at relatively short distances from the traditional main business districts, particularly in Metro Manila. Due to the concentration of the Company's property portfolio, a decrease in property values in Metro Manila would have a material adverse effect on the business and results of operations of the Company.

The Company faces certain risks related to the cancellation of sales involving its residential projects and in certain circumstances the Company's revenue may be overstated due to cancelled sales.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of its residential sales are cancelled. The Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through instalment payments, including residential condominium units (but excluding industrial and commercial lots). Under the Maceda Law, buyers who have paid at least two years of instalments are granted a grace period of one month for every year of paid instalments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of instalments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of instalments and who default on instalment payments are given a 60-day grace period to pay all unpaid instalments before the sale can be cancelled, but without right of refund. While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations. Even during the COVID-19 pandemic, the Company has not experienced a material number of cancellations beyond the historical rate of cancellations. However, there can be no assurance that the Company will not suffer from substantial cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

<u>The Company operates in a regulated environment and its businesses are affected by the development and application of regulations in the Philippines.</u>

The Company operates its businesses in a regulated environment. Presidential Decree No. 957, as amended, ("PD 957") and Republic Act No. 4726 or the Condominium Act ("RA 4726") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. The Department of Human Settlements and Urban Development ("DHSUD") and the Human Settlements Adjudicatoin Commission ("HSAC"), are the administrative agencies of the Government of the Philippines which, together with local government units, enforce these statutes and have jurisdiction to regulate the real estate trade and business and/or adjudicate disputes relating thereto.

Regulations applicable to the Company's operations include standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal systems, electricity supply, lot sizes, the length of the housing blocks and house construction. All subdivision plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located, while condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit and the DHSUD. There can be no assurance that the Company, its subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will not be revoked.

In addition, owners or dealers of real estate projects are required to obtain licenses to sell before making sales or other disposition of lots or real estate projects. Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD by itself or upon complaint from an interested party and there can be no assurance that the Company, its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended.

<u>Continued compliance with, and any changes in, safety and environmental laws and regulations may adversely affect the Company's results of operations and financial condition.</u>

The operations of the Company's business are subject to a broad range of safety and environmental laws and regulations. These laws and regulations impose controls on the storage, handling, discharge and disposal of waste, and other aspects of the operations of each of the Company's business. The Company has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, the Company has made and expects to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. The discharge of hazardous substances or other pollutants into the air, soil or water that do not comply with relevant health regulations may cause the Company to be liable to third parties, the Government or to the local government units with jurisdiction over the areas where the Company's facilities and real estate developments are located. The Company may be required to incur costs to remedy the damage caused by such action or pay fines or other penalties for non-compliance.

Safety, health and environmental laws and regulations in the Philippines have been increasingly stringent and it is possible that these laws and regulations will become significantly more stringent in the future. The adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations.

Furthermore, if the measures implemented by the Company to comply with these new laws and regulations are not deemed sufficient by the Government, compliance costs may significantly exceed current estimates. If the Company fails to meet safety, health and environmental requirements, it may also be subject to administrative, civil and criminal proceedings initiated by the Government, as well as civil proceedings initiated by environmental groups and other individuals, which could result in substantial fines and penalties against the Company, as well as orders that could limit or halt its operations.

The Company cannot predict what safety, health and environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. There can be no assurance that the Company will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on the Company, its financial condition and results of operations.

<u>The Company may experience difficulty in managing its expected growth.</u>

The Company expects that its operations will continue to grow over the long term as the Philippine real estate market continues to mature. Successful management of this rapid growth in the overall Philippine real estate developments market depends upon, among other things:

- favourable economic conditions and regulatory environment;
- the continued acquisition of land for additional projects of the Company;
- construction and completion of the Company's projects in a timely and cost-efficient manner;
- the ability to continue to attract purchasers to; and
- the availability of sufficient levels of cash flow or necessary financing to support the development of new projects.

The Company may not be able to implement an effective growth strategy in the future to keep pace with the continued development it expects in the Philippine real estate market, and the Company may not be able to complete existing or build additional projects. Any failure by the Company to take advantage of the opportunities presented by a growing market may have a material adverse effect on its financial condition and results of operations. In addition, if the Company is unable to successfully manage the potential difficulties associated with growing its operations or developing additional projects, it may not be able to maintain operating efficiencies. The Company may not be able to meet its internal financial target and debt limit to meet financial objectives. If it is not able to continue to capture scale efficiencies, successfully manage personnel and hiring, improve its systems, continue its cost discipline strategies and grow its project portfolio, the Company may not be able to achieve or maintain its growth or profitability goals.

<u>Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations and result in losses not covered by its insurance.</u>

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects. In particular, damage to the Company's structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers for physical injuries or loss of property. For example, the Taal Volcano eruption in January 2020 affected the Company's Twin Lakes township, which experienced a 24% decline in real estate sales as compared in the previous year. However, during the quarter the township accounted for only 3% of the Company's consolidated real estate sales.

Further, although the Company carries insurance for certain catastrophic events, of types (such as business interruption insurance), in amounts and with deductibles that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur with respect to a particular development project, for instance, the Company could lose all or a portion of the capital invested for such project, as well as the anticipated future turnover, while remaining liable for any project costs or other financial obligations relative to such development. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

<u>The Company faces risks relating to its real estate development projects, including risks relating to project cost and completion.</u>

The real estate development business involves significant risks, including the risk of obtaining required Government approvals and permits which may take substantially more time and resources than anticipated. Construction of projects also may not be completed on schedule and within budget or at all. Real estate development projects require substantial capital expenditures prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take a year or longer before generating positive net cash flow through sales or pre-sales. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. In addition, the time and costs involved in completing the development and construction of residential projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labour disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, the Company may have to incur additional costs to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays, cost overruns, or the termination or imposition of penalties under certain of the Company's joint development agreements and financing agreements, all of which could negatively affect the Company's operating margins. This could also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year.

<u>The Company is exposed to risks that it will be unable to lease its properties in a timely manner or collect rent at profitable rates or at all.</u>

The Company is subject to risk incidental to the ownership and operation of office and related retail properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. In particular, the Company relies on the growth of the BPO business as a continued source of revenue from its rental properties. If the BPO business does not grow as the Company expects or if the Company is not able to continue to attract BPO-based tenants, it may not be able to lease its office space or as a consequence, its retail space, in a timely manner or otherwise at satisfactory rents, which could have a material adverse effect on the Company's operations and financial condition. For example, in order to help the Company's tenants cope with the impact of the COVID-19 pandemic, rental fees were waived for mall tenants for the months covered by the Government's Enhanced Community Quarantine (ECQ) lockdown measures. Since then, mall leasing activities have shifted to rental fees based on a percentage of sales instead of fixed rent and percentage of sales rental fee arrangements. In line with the relevant Government regulations and directives, the Company also provided rent payment deferrals to several mall and office tenants. Although, the Company does not anticipate any challenges in collecting any rent due before the end of the year, there can be no guarantee that the Company will not face challenges collecting rental fees in the future.

<u>Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.</u>

Interest rates, and factors that affect interest rates, such as the Company's fiscal policy, could have a material adverse effect on the Company and on demand for its products. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.
- Because the Company believes that a substantial portion of its customers procure financing to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.
- If the Government significantly increases its borrowing levels in the domestic currency market or imposes new regulations that reduce the limit allowed on the exposure of banks to the real estate sector, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.
- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the Bangko Sentral ng Pilipinas ("BSP") on bank lending. If the Company were to reach the single borrower limit with respect to any bank, the Company may have difficulty obtaining financing with reasonable rates of interest from other banks.
- Increased inflation in the Philippines could result in an increase in the cost of raw materials, which the Company may not be able to pass on to its customers as increased prices.
- A further expansion in the budget deficit of the Government could also result in an increase in interest rates and inflation, which could in turn have a material effect on the ability of the Company to obtain financing at attractive terms, and on the ability of its customers to similarly obtain financing.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

<u>The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.</u>

The Company has an established reputation and brand name in the real estate development business. If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues, natural calamities such as floods or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its other housing and land development projects. For example, the Company is currently developing its projects in several localities in which the Company historically did not have any developments. If the Company encounters specific development issues, such as project delays or local government issues with respect to its new projects in these areas, its business reputation may be negatively affected.

Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its residential development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

<u>Dependence on independent contractors and suppliers of construction materials may impact the Company's ability to complete projects on time, within budget and according to certain quality standards.</u>

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. The Company selects independent contractors principally by conducting tenders and taking into consideration factors such as the contractors' experience, its financial and construction resources, any previous relationship with the Company, its reputation for quality and its track record.

There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget, which could result in cost increases or project delays. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or meet the Company's requirements for quality. Contractors may also experience financial or other difficulties. Any of these factors could delay the completion or increase the cost of certain development projects and could have a material adverse effect on the Company's business, financial condition and results of operations.

<u>The interests of joint development partners for the Company's development projects may differ from the Company's and they may take actions that adversely affect the Company.</u>

The Company obtains a significant portion of its land bank through joint development agreements with landowners, as part of its overall land acquisition strategy and intends to continue to do so.

Under the terms of its joint development agreements, the Company takes responsibility for project development costs and project sales activities, while its joint venture partner typically supplies the project land. A joint venture involves special risks where the venture partner may have economic or business interests or goals inconsistent with or different from those of the Company's. The development partner may also take actions contrary to the Company's instructions or requests, or in direct opposition to the Company's policies or objectives with respect to the real estate investments, or the development partner may not meet its obligations under the joint development arrangement. Disputes between the Company and its joint development partners could arise which could have an effect on the Company's investment in the project.

<u>Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.</u>

Philippine law provides that property developers, such as the Company, warrant the structural integrity of structures that were designed or built by them for a period of 15 years from the date of completion of the structures. The Company may also be held responsible for hidden (that is, latent or non-observable) defects in a structure sold by it when such hidden defects render the structures unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "**Building Code**"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors.

Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

<u>Developments in technology could materially disrupt the Company's operations and affect the commercial and retail developments of the Company.</u>

Changes in technology could materially disrupt the Company's operations and affect the commercial and retail developments of the Company. For example, customers' increased use of e-commerce platform may reduce foot traffic at the Company's malls. The Company has a number of initiatives that utilize technological solutions such as the iTownships or the *E-Concierge* mobile application. Implementing, maintaining and upgrading technology solutions and supports may require significant investment and there can be no guarantee that the Company will be successful in meeting and serving changing consumer demands. Additionally, these technological and digital platforms may be damaged or interrupted by power loss, technological failures, user errors, other forms of sabotage or other force majeure. Although the Company believes it is adequately protected against identified potential risks and that there are sufficient control processes in place, failure by the Company to maintain and keep pace with technology could have a negative effect on the Company's business and results of operations.

The Company depends on its trademarks and proprietary rights and any failure to protect such intellectual property rights could have a material adverse effect on its ability to market certain products and its results of operations.

The Company owns or has pending applications for the registration of, intellectual property rights for various trademarks associated with its projects and corporate names and logos to operate its business. Protection of these intellectual property rights is important to maintaining the distinctive corporate and market identities of the Company. If third parties use counterfeit versions or otherwise look confusingly similar to the Company trademarks, customers and clients may mistake its projects with those, which could negatively affect the brand image and sales of the Company. There is no assurance that third parties will not challenge, invalidate or circumvent any existing or future trademarks issued to, or licensed by, the Company and its subsidiaries. There is also no assurance that the Company will be able to successfully protect its proprietary rights and any failure to protect such proprietary rights could harm its competitive position, which could materially and adversely affect the business, financial condition, results of operations, prospects and reputation of the Company.

The Company may be unable to retain key personnel and attract and retain skilled professionals, such as management, sales staff, architects and engineers.

Any loss of key personnel, the inability to replace such personnel and failure to train and retain replacement personnel could materially and adversely affect the ability of the Company to provide products and services to its customers. In addition, the Company has relied and will continue to rely significantly on the continued individual and collective contributions of its senior management team. If any key personnel, including senior management, are unable or unwilling to continue in their present positions, the Company may not be able to replace them easily, and its business may be significantly disrupted.

The Company’s ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects, engineers and project managers. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of Company to hire and, more importantly, retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

Any deterioration in the Company’s employee relations could materially and adversely affect the Company’s operations.

The Company’s success depends partially on its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company’s employee relations could have a material and adverse effect on the Company’s financial condition and results of operations.

The Company may be involved in legal and other proceedings from time to time.

The Company may, from time to time, be involved in disputes with various parties in the operations of its businesses, including contractual disputes, as well as disputes relating to construction, property development and investigations by regulatory enforcement proceedings. Regardless of the outcome, these disputes and investigations may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management’s attention. In addition, the Company may also have disagreements with regulatory bodies in the course of operations, which may subject the Company to administrative proceedings and unfavourable decisions that may result in penalties or other liabilities. Any of these outcomes could materially and adversely affect the Company’s business, financial condition and results of operations.

The Company enters into transactions with related parties.

In the ordinary course of business, the Company transacts with its related parties, such as its subsidiaries and certain of its associated companies, and joint ventures. These transactions have principally consisted of advances, loans, bank deposits, reimbursement of expenses, lease, purchase and sale of real estate and other properties and services, guarantees, construction contracts and development, management, marketing and administrative service agreements. All transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings to ensure that the same are executed at fair market value, with the goal of ensuring fairness, and best interests of the Company's stakeholders, as well as preventing potential conflicts of interest

However, the Company acknowledges, that under Section 50 of the National Internal Revenue Code, in the case of two or more businesses owned or controlled directly or indirectly by the same interests, the Bureau of Internal Revenue ("BIR") Commissioner is authorised to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income of any such business. There can be no assurance that the BIR may confirm these transactions as arm's length on the basis of the Transfer Pricing Regulations and there can be no assurance that any transfer pricing adjustments by the BIR will not have a material adverse effect on the Company's business, financial condition or results of operations.

<u>Alliance Global Group, Inc. is the single largest shareholder of the Company whose interests may not be the same as those of other shareholders and the shareholders</u>

Alliance Global Group, Inc. is the single largest shareholder of the Company and can exert influence over the policies, management and affairs of the Company. The interests of Alliance Global Group, Inc. may differ from those of the shareholders or of other shareholders of the Company, which may, as a result, adversely affect the interests of the shareholders. There can be no assurance that any conflicts of interest between the other shareholders of the Company and Alliance Global Group, Inc. will be resolved in favour of the shareholders or that Alliance Global Group, Inc. would not cause the Company to take action in manner which might conflict with the interests of shareholders.

<u>Risks relating to political and social instability in the Philippines</u>

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last decade, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents, two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous and current administrations. In addition, a number of officials of the Philippine Government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery or usurpation of authority.

In addition, the Philippine has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists who were inspired by pledged allegiance to the Islamic State of Iraq and Syria. Due to the clash between the Philippine Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion. The martial law in Mindanao was lifted on 01 January 2020. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy. These armed conflict and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country's economy. In addition, the Anti-Terrorism Act of 2020, which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which may be used to target government critics was passed into law.

There can be no assurance that the political environment in the Philippines will be stable or that the current or any future government will adopt economic policies that are conducive to sustained economic growth or which do not materially and adversely impact the current regulatory environment for the telecommunications and other companies. An unstable political or social environment in the Philippines could negatively affect the general economic conditions and business environment in the Philippines which, in turn, could have a materially and adverse impact on the Company's business, financial position and financial performance.

Risks relating to territorial disputes

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes arising from competing and overlapping claims over certain islands and features in the West Philippine Sea. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "ninedash line" and in recent years dramatically expanded its military presence in the sea which has raised tension in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the internal arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the Permanent Court of Arbitration rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Philippine Government, under the Duterte administration, has taken action to de-escalate tensions concerning the territorial dispute with China.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial position and financial performance.

If foreign exchange controls were to be imposed, the Company's ability to meet its foreign currency payment obligations could be adversely affected.

In general, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. However, the Monetary Board of the BSP has statutory authority, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, to:

- suspend temporarily or restrict sales of foreign exchange;
- require licensing of foreign exchange transactions; or
- require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee
- of foreign currency-denominated borrowings.

The Philippine Government has, in the past, instituted restrictions on the conversion of the Philippine peso into foreign currencies and the use of foreign exchange received by Philippine companies to pay foreign currency denominated obligations.

There can be no assurance that foreign exchange controls will not be imposed in the future. If imposed, these restrictions could materially and adversely affect the Company's ability to obtain foreign currency to service its foreign currency obligations.

Strengths

The Company believes that it has the following competitive strengths:

- Leading real estate player with established market position and strong brand recognition.
- High quality and diversified portfolio provide stability to income generation.
- Defensive and recurring income portfolio provides resilience amid economic uncertainty.
- High earnings visibility supported by substantial land bank and proven execution track record.
- Leading real estate player with an established market position and strong brand recognition.
- Experienced management team with robust corporate governance policies.

- Conservative balance sheet supported by diversified funding sources and prudent financial management.

Objectives and Strategies

The Company's objective is to increase its profitability and maintain its leading position as a major property developer in the Philippines, specifically in the middle-income residential condominium market and the market for BPO-related office developments. The Company intends to achieve its objective through the following principal strategies:

- Maximize earnings through integrated community township developments.
- Capitalize on brand and reputation.
- Build on synergies across the Megaworld Group and the larger Alliance Global Group, Inc. Group of Companies.
- Maintain a strong financial position.
- Sustain a diversified development portfolio.
- Capitalize on growing opportunities in tourism development.

ITEM 2. PROPERTIES

Description of Principal Properties

The principal properties of the Company as of 31 December 2023 consist of projects under development, condominium units in completed projects, and land for future development, rental properties and hotels, including the following:

TYPE	LOCATION	OWNED/LEASED/ LIMITATIONS ON OWNERSHIP
A. Condominium Units and Subdivision Lots Under Development		
18 Avenue De Triomphe	Arcovia City, Pasig City	Owned
8 Sunset Boulevard	Westside City, Parañaque City	Joint Venture
Arcovia Palazzo – Altea + Benissa	Arcovia City, Pasig City	Owned
Arcovia Park Place (Arcovia Residential Condo 3	Arcovia City, Pasig City	Owned
Arden Botanical Village	Trece Martires City, Cavite	Joint Venture
Arden Westpark Village	Trece Martires City, Cavite	Joint Venture
Bayshore Residential Resort 2 Ph. 2	Westside City, Parañaque City	Joint Venture
Belmont Hotel Iloilo	Iloilo Business Park, Iloilo City	Owned
Bryant Parklane	Pampanga City	Owned
Chelsea Parkplace	Pampanga City	Owned
Firenze Residences	Iloilo Business Park, Iloilo City	Owned
Gentry Manor	Westside City, Parañaque City	Joint Venture
Grand Westside Hotel	Westside City, Parañaque City	Joint Venture
Herald Parksuites (Two Regis Tower 2)	The Upper East, Bacolod City	Owned
Kingsquare Residence	Sta. Cruz, Manila City	Owned
La Cassia Residences	General Trias City, Cavite	Owned
La Victoria Global Residences	Mactan Newtown, Cebu	Owned
Manhattan Plaza Tower 2	Manhattan Garden City, Quezon City	Joint Venture
Maple Grove Commercial District	General Trias City, Cavite	Owned
Maple Grove Park Village (Lot B)	General Trias City, Cavite	Joint Venture
Montrose Parkview	Pampanga City	Owned
Northwin Main Street 1A	Bulacan	Joint Venture

Northwin Main Street 1B	Bulacan	Joint Venture
One Crown Suites	Manila	Owned
One Manhattan	The Upper East, Bacolod City	Owned
Park Mckinley West (Phase 1)	McKinley West, Fort Bonifacio, Taguig City	Joint Venture
Park Mckinley West (Phase 2)	McKinley West, Fort Bonifacio, Taguig City	Joint Venture
Park Mckinley West (Phase 3)	McKinley West, Fort Bonifacio, Taguig City	Joint Venture
Porto Hotel District and Mercato Shophouse District	Palawan	Owned
Saint Dominique	Iloilo Business Park, Iloilo City	Owned
Savoy Hotel Capital Town	Pampanga City	Owned
Savoy Hotel Palawan	Palawan	Owned
Sunny Coast Residential Resort	Westside City, Parañaque City	Joint Venture
The Pearl Global Residences	Mactan Newtown, Cebu	Owned
The Pinnacle	Iloilo Business Park, Iloilo City	Owned
Two Regis	The Upper East, Bacolod City	Owned
Uptown Arts	Uptown Bonifacio, Fort Bonifacio, Taguig City	Joint Venture
Vion Tower 1	Pasong Tamo corner EDSA, Makati City	Joint Venture
Vion West (Vion Tower 2)	Pasong Tamo corner EDSA, Makati City	Joint Venture

B. Condominium Units in Completed Projects

Greenbelt Radisson	Aguirre St., Legaspi Village, Makati City	Owned
Bayshore Residential Resort 1	Westside City, Parañaque City	Joint Venture
Bayshore Residential Resort 2 Ph. 1	Westside City, Parañaque City	Joint Venture
Belmont Hotel Mactan	The Mactan Newtown	Owned
Cityplace Binondo A & B	Binondo, Manila City	Owned
Noble Place	Binondo, Manila City	Joint Venture
Kentwood Heights	Cubao, Quezon City	Owned
Narra Heights	Cubao, Quezon City	Owned
Eastwood Le Grand 1-3	Eastwood, Quezon City	Owned
Eastwood Parkview 1 & 2	Eastwood, Quezon City	Owned
Eastwood Global Plaza Luxury Residences	Eastwood, Quezon City	Owned
Eastwood Park Residences	Eastwood, Quezon City	Owned
Grand Eastwood Palazzo	Eastwood, Quezon City	Owned
One Central Park	Eastwood, Quezon City	Owned
One Orchard Road 1-3	Eastwood, Quezon City	Owned
The Eastwood Excelsior	Eastwood, Quezon City	Owned
The Eastwood Lafayette 1-3	Eastwood, Quezon City	Owned
One Eastwood Avenue 1	Eastwood, Quezon City	Owned
8 Forbestown Road	Forbestown Center, Fort Bonifacio, Taguig City	Joint Venture
The Bellagio 1-3	Forbestown Center, Fort Bonifacio, Taguig City	Joint Venture
Forbeswood Heights	Forbestown Center, Fort Bonifacio, Taguig City	Joint Venture
Forbeswood Parklane 1 & 2	Forbestown Center, Fort Bonifacio, Taguig City	Joint Venture
Forbeswood Model House 1	Northill Gateway, Bacolod City	Owned
Forbeswood Model House 2	Northill Gateway, Bacolod City	Owned
Kingsford Hotel	Westside City, Parañaque City	Joint Venture
Lafayette Park Square	Iloilo Business Park, Iloilo City	Owned
Salcedo SkySuites	Gil Puyat Ave., Makati City	Owned

One Beverly Place	Greenhills, San Juan City	Joint Venture
One Madison Place 1 - 3	Iloilo Business Park, Iloilo City	Owned
Iloilo Boutique Hotel	Iloilo Business Park, Iloilo City	Owned
Wack Wack Heights	Lee St., Mandaluyong City	Owned
Greenbelt Hamilton 1 & 2	Legaspi St., Legaspi Village, Makati City	Owned
Greenbelt Madison	Legaspi Village, Makati City	Owned
8 Newtown Boulevard	Mactan Newtown, Cebu City	Owned
One Pacific Residence	Mactan Newtown, Cebu City	Owned
One Manchester Place 1 & 2	Mactan Newtown, Cebu City	Owned
Savoy Hotel Mactan Newtown	Mactan Newtown, Cebu City	Owned
One Lafayette Square	Makati City	Owned
Two Lafayette Square	Makati City	Owned
Manhattan Parkway 1-3	Manhattan Garden City, Quezon City	Joint Venture
Manhattan Parkview 1-3	Manhattan Garden City, Quezon City	Joint Venture
Manhattan Parkview Garden	Manhattan Garden City, Quezon City	Joint Venture
Manhattan Plaza	Pedro Gil, Manila	Owned
Manhattan Heights Tower A	Manhattan Garden City, Quezon City	Joint Venture
Manhattan Heights Tower B	Manhattan Garden City, Quezon City	Joint Venture
Manhattan Heights Tower C	Manhattan Garden City, Quezon City	Joint Venture
Manhattan Heights Tower D	Manhattan Garden City, Quezon City	Joint Venture
Manhattan Plaza Tower 1	Manhattan Garden City, Quezon City	Joint Venture
Olympics Heights (1-3)	Eastwood, Quezon City	Owned
One Regis	Bacolod City	Owned
St. Honore	Iloilo Business Park, Iloilo City	Owned
San Antonio Residences	Makati City	Owned
115 Upper McKinley	McKinley Hill, Fort Bonifacio, Taguig City	Joint Venture
McKinley Hill Garden Villas	McKinley Hill, Fort Bonifacio, Taguig City	Joint Venture
Tuscany Private Estate	McKinley Hill, Fort Bonifacio, Taguig City	Joint Venture
Morgan Suites Executive Residences	McKinley Hill, Fort Bonifacio, Taguig City	Owned
Stamford Executive Residences	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Albany Luxuyry Residences-Kingsley	McKinley West, Taguig City	Joint Venture
The Albany Luxuyry Residences-Yorkshire	McKinley West, Taguig City	Joint Venture
The Salcedo Park (1&2)	Makati City	Megaworld Globus
The Venice Luxury Residences – Alessandro	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Venice Luxury Residences – Bellini	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Venice Luxury Residences – Carusso	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Venice Luxury Residences – Domenico	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Venice Luxury Residences – Emanuele	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Venice Luxury Residences – Fiorenzo	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Verdin	Maple Grove, Cavite City	Owned
Viceroy 1-4	McKinley Hill, Fort Bonifacio, Taguig City	Owned
The Florence (1-3)	McKinley Hill, Fort Bonifacio, Taguig City	Owned
McKinley West Subdivision	McKinley West, Taguig City	Joint Venture
St. Moritz Private Estate 1 & 2	McKinley West, Taguig City	Joint Venture
St. Mark Residences (VEN-Giovanni)	McKinley Hill, Taguig City	Owned
The Woodridge 1&2	McKinley Hill, Taguig City	Owned

The Ellis	Makati City	Owned
The Palladium	Iloilo Business Park, Iloilo City	Owned
Brentwood Heights	Multinational Village, Parañaque City	Owned
Sherwood Heights	Multinational Village, Parañaque City	Owned
101 Newport Boulevard	Newport, Pasay City	Joint Venture
150 Newport Boulevard	Newport, Pasay City	Joint Venture
81 Newport Boulevard	Newport, Pasay City	Joint Venture
Palm Tree Villas 1 & 2	Newport, Pasay City	Joint Venture
The Parkside Villas	Newport, Pasay City	Joint Venture
The Residential Resort at Newport	Newport, Pasay City	Joint Venture
Belmont Luxury Hotel	Newport, Pasay City	Joint Venture
Savoy Hotel	Newport, Pasay City	Joint Venture
Golf Hills Terraces	Old Balara, Quezon City	Joint Venture
Golfhill Gardens	Old Balara, Quezon City	Owned
Greenbelt Parkplace	Palanca St., Legaspi Village, Makati City	Owned
Greenbelt Excelsior	Palanca St., Legaspi Village, Makati City	Joint Venture
Marina Square Suites	Pedro Gil, Manila City	Owned
Greenhills Heights	Pinaglabanan, San Juan City	Joint Venture
Greenbelt Chancellor	Rada St., Legaspi Village, Makati City	Owned
Paseo Heights	Salcedo Village, Makati City	Owned
One Central	Sen. Gil Puyat Ave., Makati City	Owned
El Jardin Del Presidente 1 & 2	Sgt. Esguerra Ave., Quezon City	Owned
One Uptown Residence	Uptown Bonifacio, Taguig City	Joint Venture
Uptown Ritz Residence	Uptown Bonifacio, Taguig City	Joint Venture
Uptown Parksuites 1 &2	Uptown Bonifacio, Taguig City	Joint Venture
Paseo Parkview Suites 1& 2	Valero St. Salcedo Village, Makati City	Owned
Two Central	Valero St., Makati City	Owned
Three Central	Valero St., Makati City	Owned
The Manhattan Square	Valero St., Makati City	Joint Venture
8 Wack Wack Road	Wack Wack Road, Mandaluyong City	Owned

C. Rental Properties

Arcovia Parade Retail 1 & 2	Arcovia City, Pasig City	Owned
City Place Retail Mall	Binondo, Manila City	Owned
Hotel Lucky Chinatown	Binondo, Manila City	Owned
Lucky Chinatown Mall	Binondo, Manila City	Owned
Davao Finance Center	Davao Park District, Davao City	Owned
1800 Eastwood Avenue	Eastwood, Quezon City	Owned
1880 Eastwood Avenue	Eastwood, Quezon City	Owned
Cyber Mall	Eastwood, Quezon City	Owned
Cyber One Units	Eastwood, Quezon City	Owned
Eastwood Citywalk	Eastwood, Quezon City	Owned
Eastwood Mall	Eastwood, Quezon City	Owned
Eastwood Richmonde Hotel	Eastwood, Quezon City	Owned
E-Commerce Plaza	Eastwood, Quezon City	Owned
Enterprise One	Iloilo Business Park, Iloilo City	Joint Venture
Enterprise One	Iloilo Business Park, Iloilo City	Owned
International Corporate Plaza	Iloilo Business Park, Iloilo City	Joint Venture
International Finance Center	Uptown Bonifacio, Taguig City	Joint Venture
No. 1 Upper East Avenue	The Upper East, Bacolod City	Owned
No. 5 Upper East Avenue	The Upper East, Bacolod City	Owned
One Corporate Place	Cavite City	Owned

One Republic Plaza	Davao Park District, Davao City	Owned
Pasudeco Tower 1	Pampanga	Owned
Global One	Eastwood, Quezon City	Owned
IBM Plaza	Eastwood, Quezon City	Owned
ICITE	Eastwood, Quezon City	Owned
Techno Plaza 1	Eastwood, Quezon City	Owned
Techno Plaza 2 Units	Eastwood, Quezon City	Joint Venture
Eastwood Global Plaza Corporate Center	Eastwood, Quezon City	Owned
Burgos Circle	Forbestown Center, Fort Bonifacio, Taguig City	Joint Venture
The World Centre	Gil Puyat Ave., Makati City	Owned
One Beverly Place Retail	Greenhills, San Juan City	Owned
Festive Walk Mall	Iloilo Business Park, Iloilo City	Owned
Festive Walk Mall Annex	Iloilo Business Park, Iloilo City	Owned
Festive Walk Parade 2B	Iloilo Business Park, Iloilo City	Owned
Festive Walk Office Tower	Iloilo Business Park, Iloilo City	Owned
One Global Center	Iloilo Business Park, Iloilo City	Owned
One Techno Place	Iloilo Business Park, Iloilo City	Owned
Richmonde Hotel Iloilo & Richmonde Tower	Iloilo Business Park, Iloilo City	Owned
Two Global Center	Iloilo Business Park, Iloilo City	Owned
Three Techno Place	Iloilo Business Park, Iloilo City	Owned
Two Techno Place	Iloilo Business Park, Iloilo City	Owned
One Fintech Place	Iloilo Business Park, Iloilo City	Owned
Two Fintech Place	Iloilo Business Park, Iloilo City	Owned
California Garden Square Retail	Libertad cor. Calbayog, Mandaluyong City	Owned
8 Newtown Boulevard	Mactan Newtown, Cebu	Owned
Mactan Alfresco	Mactan Newtown, Cebu	Owned
One World Center	Mactan Newtown, Cebu	Owned
Tower One Plaza Magellan	Mactan Newtown, Cebu	Owned
Two World Center	Mactan Newtown, Cebu	Owned
Pacific World Tower	Mactan Newtown, Cebu	Owned
The Newtown School of Excellence	Mactan Newtown, Cebu	Owned
8 Campus Place	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
8 Upper McKinley	McKinley Hill, Fort Bonifacio, Taguig City	Owned
Commerce and Industry Plaza	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
Emperador Steel Parking Building	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
McKinley Hill (Phase 3) Lots	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
McKinley Parking Building	McKinley Hill, Fort Bonifacio, Taguig City	Owned
One Campus Place	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
One World Square	McKinley Hill, Fort Bonifacio, Taguig City	Owned
Science Hub Towers	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
Southeast Asian Campus	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
The Venice Canal Mall	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
The Venice Piazza	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
Three World Square	McKinley Hill, Fort Bonifacio, Taguig City	Owned
Tuscany Retail	McKinley Hill, Fort Bonifacio, Taguig City	Joint Venture
Two World Square	McKinley Hill, Fort Bonifacio, Taguig City	Owned
Venice Corporate Center	McKinley Hill, Fort Bonifacio, Taguig City	Ground Lease
Woodridge Residences	McKinley Hill, Fort Bonifacio, Taguig City	Joint Venture
Five West Campus	McKinley West, Taguig City	Joint Venture
One West Campus	McKinley West, Taguig City	Joint Venture
Ten West Campus	McKinley West, Taguig City	Joint Venture
Three West Campus	McKinley West, Taguig City	Joint Venture

Two West Campus	McKinley West, Taguig City	Joint Venture
Six West Campus	McKinley West, Taguig City	Joint Venture
Eight West Campus	McKinley West, Taguig City	Joint Venture
Mckinley West Steel Deck Parking	McKinley West, Taguig City	Joint Venture
One Le Grand Tower	McKinley West, Taguig City	Joint Venture
81 Newport Square	Newport City, Pasay City	Joint Venture
Belmont Luxury Hotel	Newport City, Pasay City	Joint Venture
The Richmonde Hotel	Ortigas, Mandaluyong City	Owned
Paseo Center	Paseo Center, Makati City	Owned
331 Building	Sen. Gil Puyat Ave., Makati City	Owned
Corinthian Hills Retail	Temple Drive, Quezon City	Owned
Uptown Parade	Uptown Bonifacio, Taguig City	Joint Venture
Uptown Place Mall	Uptown Bonifacio, Taguig City	Joint Venture
Uptown Place Towers	Uptown Bonifacio, Taguig City	Joint Venture
World Commerce Place (Uptown Eastgate)	Uptown Bonifacio, Taguig City	Joint Venture

The Company's principal office is located on the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

While the Company has sufficient land for future development, it continuously seeks opportunities to acquire and develop land in prime locations through purchase, joint venture arrangements or otherwise.

There are no mortgages, liens or encumbrances over any of the properties owned by the Company.

ITEM 3. LEGAL PROCEEDINGS

No Material Pending Legal Proceedings

Neither the Company nor any of its subsidiaries or any of their properties are involved in or the subject of any legal proceedings which would have a material adverse effect on the business or financial position of the Company or any of its subsidiaries, or any of its or their properties.

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

No matter was submitted during the fourth quarter of 2023 to a vote of the security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price Information

The common shares of the Company are traded on the PSE under the symbol of MEG. The Company's common stock was first listed on the PSE on June 15, 1994.

The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2022	High	3.41	3.06	2.68	2.33
	Low	2.90	2.15	2.03	1.95
2023	High	2.40	2.13	2.14	2.10
	Low	1.91	1.93	1.96	1.93
2024	High	2.03			
	Low	1.90			
04/01/2024	Close	1.91			

Market price of the Issuer's Shares as at 29 December 2023 was ₱1.97 per share.

Holders

As of 31 December 2023, the Company has 2,379 shareholders of record worldwide. The following table sets forth the 20 largest shareholders of the Company as of 31 December 2023.

	Name of Shareholder	Number of Shares Held	Percent of Total Outstanding Shares
1.	Alliance Global Group, Inc. – Common	15,180,921,058	40.82%
	Preferred	6,000,000,00	16.14%
	Sub-total	21,180,921,058	56.96%
2.	PCD Nominee Corporation (Filipino)	7,190,062,462	19.34%
3.	New Town Land Partners, Inc.	5,668,530,324	15.24%
4.	PCD Nominee Corporation (Non-Filipino)	3,189,006,140	8.58%
5.	First Centro, Inc.	873,012,500	2.35%
6.	Simon Lee Sui Hee	8,845,200	0.02%
7.	OCBC Securities Phils., Inc. FAO: Santiago Tanchan	7,371,000	0.02%
8.	Luisa Co Li	5,525,697	0.01%
9.	Evangeline Abdullah	5,400,000	0.01%
10.	Jasper Karl Tanchan Ong	5,370,300	0.01%
11.	Winston Co	5,180,760	0.01%
12.	Luis U. Ang &/or Teresa W. Ang	4,000,000	0.01%
13.	Luis Ang &/or Lisa Ang	3,785,532	0.01%
14.	Lucio W. Yan	3,780,000	0.01%
15.	Alberto Mendoza &/or Jeanie C. Mendoza	2,587,454	0.01%

16.	Luis U. Ang &/or Liza W. Ang	2,529,345	0.01%
17.	Nelson Ocampo Ku	2,520,000	0.01%
18.	Vicente de Vera	2,098,826	0.01%
19.	Katherine L. Tan	1,891,632	0.01%
20.	Aboitiz Equitiz & Ventures	1,842,750	0.01%

Dividend Policy

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its capital unimpaired, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

Cash dividends amounting to Php2.14 Billion, Php1.96 Billion and Php1.36 Billion were declared on the Company's common shares in 2023, 2022 and 2021, respectively. The dividends were paid in November 2023, November 2022 and December 2021, respectively. Cash dividends were declared on the Company's Series "A" Preferred Shares in 2023, 2022 and 2021 in the amount of Php600,000.00 for each year. The dividends were paid in November 2023, November 2022 and December 2021.

The Company declares cash dividends to shareholders of record usually in the second half of each year. These dividends are paid from unrestricted retained earnings. The Company intends to maintain an annual cash dividend payment ratio of 20% of its net income from the preceding year, subject to the requirements of applicable laws and regulations and the absence of circumstances that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments. The Company's Board of Directors may, at any time, modify its dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent Sales of Unregistered or Exempt Securities

The following securities were issued as exempt from the registration requirements of the Securities Regulation Code (SRC) and therefore have not been registered with the SEC:

(a) In 2013, the Company issued US$250,000,000 worth of corporate notes due in 2023 with a coupon of 4.25%. UBS acted as sole global coordinator and bookrunner for the issue. The corporate notes are listed in the Singapore Exchange Securities Trading Limited.

(b) In 2018, the Company issued US$200,000,000 worth of perpetual bonds with a coupon of 5.375%. JP Morgan acted as Sole Bookrunner. The perpetual bonds are listed in the Singapore Exchange Securities Trading Limited.

(c) In 2020, the Company conducted a US$350,000,000 Reg. S only US-dollar-denominated Senior Unsecured Fixed Rate Notes offering with a 7-year tenor and a coupon rate of 4.125%. The corporate notes are listed in the Singapore Exchange Securities Trading Limited.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

<u>Results of Operations for Year 2023</u>
(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

<u>Review of December 31, 2023 versus December 31, 2022</u>

Megaworld, the country's premier township developer, generated a net income of Php19.40 Billion in 2023, up by 26.19% from Php15.37 Billion in the same period last year, boosted by double-digit revenue growth across all of its business segments. Net income attributable to the parent company stood at Php17.35 Billion.

The Group's consolidated revenues rose by 17.14% to Php69.73 Billion in 2023 from Php59.53 Billion in the same period last year.

	For the years ended December 31		Change year-on-year	
	2023	**2022**	**In Pesos**	**In %**
REVENUES AND INCOME				
Real estate sales	P42,721,115,222	P36,849,992,605	5,871,122,617	15.93%
Rental income	17,854,466,048	15,653,727,970	2,200,738,078	14.06%
Hotel operations	3,807,063,945	2,603,709,878	1,203,354,067	46.22%
Interest and other income – net	5,345,510,276	4,419,826,198	925,684,078	20.94%
	69,728,155,491	59,527,256,651	10,200,898,840	17.14%
COSTS AND EXPENSES				
Real estate sales	21,604,685,140	18,554,755,392	3,049,929,748	16.44%
Hotel operations	2,185,776,633	1,462,451,435	723,325,198	49.46%
Operating expenses	16,959,260,295	14,584,659,156	2,374,601,139	16.28%
Equity share in net losses of associates	65,412,001	155,429,591	(90,017,590)	-57.92%
Interest and other charges – net	5,056,713,055	5,628,116,792	(571,403,737)	-10.15%
Income taxes	4,455,738,864	3,767,557,891	688,180,973	18.27%
	50,327,585,988	44,152,970,257	7,777,072,541	13.98%
NET PROFIT	19,400,569,503	15,374,286,394	4,026,283,109	26.19%
Net profit (loss) attributable to:				
Parent company's shareholders	P17,345,401,623	P13,455,475,825	3,889,925,798	28.91%
Non-controlling interest	2,055,167,880	1,918,810,569	136,357,311	7.11%

Development. The bulk of Megaworld's consolidated revenues were derived from various product portfolios, with a significant 61.27% of total revenues arising from the sale of condominium units and commercial lots. Notably, real estate sales exhibited robust growth, with a year-on-year increase of 15.93%, reaching a total of Php42.72 Billion compared to the previous year's figure of Php36.85 Billion. This surge was largely attributed to increased construction activities throughout the year. A significant portion of the Group's registered sales was attributed to several key projects, including: Gentry Manor, Grand Westside Hotel, Park Mckinley West, Bayshore Residential Resort 2 Phase 2, Park Mckinley West-Towers C & D, Uptown Arts Residences, Belmont Hotel Iloilo, Mactan Belmont Luxury Hotel, Uptown Parksuites Towers 1 & 2, The Florence, One Uptown Residence, The Albany-Yorkshire, Arden Botanical Village, Uptown Ritz Residence, San Antonio Residence, Maple Grove Commercial District, Sunny Coast Residential Resort, Saint Dominique, Vion Tower, Eastwood Global Plaza Luxury Residence, Manhattan Plaza Tower 2 and 18 Avenue De Triomphe.

***Leasing*.** The Group's rental businesses, consisting of office and lifestyle mall leasing, yielded an increase of 14.06%, reaching Php17.85 Billion in 2023 from the previous year's Php15.65 Billion, thereby contributing 25.61% of the total consolidated revenues.

***Hotel Operations*.** The Group's revenues attributable to hotel operations posted a milestone growth of 46.22%, soared to Php3.81 Billion in 2023 compared to Php2.60 Billion from the same period last year.

Total costs and expenses amounted to Php50.33 Billion, an increase of 13.98% from Php44.15 Billion in the same period last year. Interest and other charges – net decreased by 10.15%, amounting to Php5.06 Billion this year from Php5.63 Billion in fourth quarter of 2022. Tax expense in 2023 amounting to Php4.46 Billion resulted in an increase of 18.27% from 2022 reported amount of Php3.77 Billion.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

Financial Condition

	As of December		**Change year-on-year**	
Selected Balance Sheet Data	**2023**	**2022**	**In Pesos**	**In %**
Cash and cash equivalents	P25,115,017,234	P27,754,568,446	(2,639,551,212)	-9.51%
Trade and other receivables	64,684,680,752	56,941,858,393	7,742,822,359	13.60%
Inventories	134,493,092,091	123,451,306,761	11,041,785,330	8.94%
Contract Asset	25,721,450,330	19,619,923,773	6,101,526,557	31.10%
Prepayments and other assets - net	16,503,724,001	14,124,724,216	2,378,999,785	16.84%
Investment properties	135,155,548,880	128,101,844,538	7,053,704,342	5.51%
Total Assets	440,572,718,173	409,211,537,300	31,361,180,873	7.66%
Bonds payable	31,114,591,251	45,239,075,510	(14,124,484,259)	-31.22%
Loans payable	71,780,316,218	49,658,496,220	22,121,819,998	44.55%
Trade and other payables	26,394,004,577	24,158,766,211	2,235,238,366	9.25%
Contract liabilities	7,456,743,395	8,246,421,530	(789,678,135)	-9.58%
Customers' deposits	11,824,823,703	10,680,909,620	1,143,914,083	10.71%
Advances from other related parties	1,247,044,914	2,126,611,006	(879,566,092)	-41.36%
Income tax payable	69,133,848	61,272,502	7,861,346	12.83%
Deferred tax liabilities	14,587,512,527	12,264,107,694	2,323,404,833	18.94%
Retirement benefit obligation	618,205,997	349,574,867	268,631,130	76.85%
Total Liabilities	179,904,872,201	168,191,014,348	11,713,857,853	6.96%
Equity Attributable to the Parent Company's stockholders	227,821,868,243	209,226,173,725	18,595,694,518	8.89%
Non-controlling interests	32,845,977,729	31,794,349,227	1,051,628,502	3.31%
Total Equity	260,667,845,972	241,020,522,952	19,647,323,020	8.15%

The Group maintains a prudent financial policy as it engages in a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at December 31, 2023 amounted to Php440.57 Billion, posting an increase of 7.66% compared to Php409.21 Billion as at December 31, 2022.

The Group shows steady liquid position as at December 31, 2023 as reflected in its current assets at Php238.64 Billion as against its current obligations at Php76.38 Billion. Current assets posted an increase of 6.38% from December 31, 2022 balance of Php224.32 Billion. Current obligations reflected an increase of 1.49% from December 31, 2022 balance of Php75.25 Billion.

Cash and cash equivalents decreased by 9.51% from Php27.75 Billion in 2022 to Php25.12 Billion as at December 31, 2023. Current and non-current trade and other receivables – net increased by 13.60%, amounting to Php64.68 Billion as at December 31, 2023 compared to Php56.94 Billion as at December 31, 2022. Contract assets increased by 31.10%, amounting to Php25.72 Billion as at December 31, 2023 compared to Php19.62 Billion as at December 31, 2022. Inventories increased by 8.94% from Php123.45 Billion in 2022 to Php 134.49 billion as at December 31, 2023. This includes raw land for residential development and property development cost reclassified due to adoption of PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties - net increased by 5.51% amounting to Php135.16 Billion in December 31, 2023 from Php128.10 Billion in December 31, 2022. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php26.39 Billion and Php24.16 Billion as at December 31, 2023 and December 31, 2022, respectively, reflecting an increase of 9.25%. Contract liabilities decreased by 9.58%, amounting to Php7.46 bBllion as at December 31, 2023 compared to Php8.25 Billion as at December 31, 2022. Total current and non-current customers' deposits as at December 31, 2023 amounted to Php11.82 Billion compared to Php10.68 Billion as at December 31, 2022 with 10.71% increase.

The interest-bearing loans and borrowings current and non-current amounted to Php 71.78 billion and Php 49.66 billion for December 31, 2023 and December 31, 2022, respectively, reflecting an increase of 44.55%. Bonds payable decreased by 31.22%, amounting to Php31.11 Billion as at December 31, 2023 compared to Php45.24 Billion as at December 31, 2022.

Total other liabilities amounted to Php14.81 Billion from Php15.41 Billion as at December 31, 2023 and December 31, 2022, respectively, translating to a decrease of 3.85%.

Total Equity (including non-controlling interests) increased by 8.15% from Php241.02 Billion as at December 31, 2022 to Php260.67 Billion as at December 31, 2023.

The top five (5) key performance indicators of the Group are shown below:

	December 31, 2023	December 31, 2022
Current Ratio *1	3.12:1.00	2.98:1.00
Debt to Equity Ratio *2	0.39:1.00	0.39:1.00
Net Debt to Equity Ratio *3	0.30:1.00	0.28:1.00

	December 31, 2023	December 31, 2022
Return on Assets *4	4.57%	3.72%
Return on Equity *5	7.94%	6.99%

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity (Computed using figures attributable only to parent company shareholders)*

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets, and tapping business opportunities.

Material Changes in the Year 2023 Financial Statements

(Increase/decrease of 5% or more versus December 31, 2022)

Statements of Financial Position

9.51% decrease in cash and cash equivalents
Mainly due to capital expenditure, maturity of dollar bonds and operating activities for business expansion

13.60% increase in trade and other receivables – net
Pertains mainly to receivables from sales and rental during the period

31.10% increase in contract assets
Represents excess of progress of work over the right to an amount of consideration

8.94% increase in inventories

Mainly includes residential condominium units for sale, raw land for residential development and property development cost

5.51% increase in investment properties – net
Includes costs of completed and on-going construction of office building, raw land intended to be developed for leasing properties and raw land with undetermined use

16.84% increase in prepayments and other assets-net
Due to higher other current assets

44.55% increase in interest bearing loans and borrowings
Due to availment of new loans

9.58% decrease in contract liabilities
Represents excess of collection over the progress of work

31.22% decrease in bonds payable
Due to maturity of dollar bonds

10.71% increase in customers' deposits
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

41.36% decrease in advances from other related parties
Due to payment of advances from related parties

12.83% increase in income tax payable
Mainly due to higher taxable income

18.94% increase in deferred tax liabilities – net
Pertains to tax effects of taxable and deductible temporary differences

76.85% increase in retirement benefit obligation
Additional accrual of retirement plan of employees and changes in actuarial assumptions

8.15% increase in Equity
Due to the group's continuous profitability

(Increase/decrease of 5% or more versus December 31, 2022)

Statements of Income

15.93% increase in real estate sales
Surge in real estate sales bookings driven by successful completion of projects and accelerated project completion rate

14.06% increase in rental income
Surge in rental income propelled by a boost in occupancy rates, the resumption of fixed rent collections, and enhanced tenant sales

46.22% increase in hotel operations
Mainly due to sustained performance of in-city hotels, increase in food & beverage revenues, and sharp pick-up in tourism and meetings, incentives, conferences, and exhibitions (MICE) activities and opening of new hotel

20.94% increase in interest and other income - net
Primarily due to higher interest recognized for the current year

16.44% increase in cost of real estate sales
Higher sales bookings resulting from increase in percentage of project completion due to acceleration of construction activities

49.46% increase in cost of hotel operations
Represents direct costs attributable to hotel operations

16.28% increase in operating expenses
Mainly due to increase in selling, administrative and other corporate expenses

57.92% decrease in equity share in net losses of associates
Mainly due to higher incurred losses of an associate last year

10.15% decrease in interest and other charges - net
Primarily due to foreign currency losses incurred last year

18.27% increase in income tax expense
Due to higher taxable income and tax effects of deductible temporary differences

There are no other significant changes in the Megaworld Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income, or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at 2023.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statement, the same in the consolidated financial statements as at 2023.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.

Results of Operations for Year 2022
(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of December 31, 2022 versus December 31, 2021

Megaworld, the country's largest developer of integrated urban townships, posted a net income of Php15.37 Billion for the year 2022, up by 6.93% from Php14.38 Billion in 2021, boosted by double-digit revenue growth across all of its business segments. Net income attributable to the parent company stood at Php13.46 Billion.

The Megaworld Group's consolidated revenues grew by 17.29% to Php59.53 Billion for the year 2022 from Php50.75 Billion in the same period in 2021.

	For the years ended December 31		Change year-on-year	
	2022	**2021**	**In Pesos**	**In %**
REVENUES AND INCOME				
Real estate sales	P36,849,992,605	P31,129,417,724	P5,720,574,881	18.38%
Rental income	15,653,727,970	13,319,580,244	2,334,147,726	17.52%
Hotel operations	2,603,709,878	1,928,863,081	674,846,797	34.99%
Interest and other income – net	4,419,826,198	4,376,429,682	43,396,516	0.99%
	59,527,256,651	50,754,290,731	8,772,965,920	17.29%
COSTS AND EXPENSES				
Real estate sales	18,554,755,392	16,874,283,279	1,680,472,113	9.96%
Hotel operations	1,462,451,435	1,086,978,559	375,472,876	34.54%
Operating expenses	14,584,659,156	12,864,632,841	1,720,026,315	13.37%
Equity share in net losses of associates	155,429,591	176,548,383	(21,118,792)	(11.96%)
Interest and other charges – net	5,628,116,792	4,808,537,325	819,579,467	17.04%
Income taxes	3,767,557,891	564,917,329	3,202,640,562	566.92%
	44,152,970,257	36,375,897,716	7,777,072,541	21.38%
NET PROFIT	15,374,286,394	14,378,393,015	995,893,379	6.93%
Net profit (loss) attributable to:				
Parent company's shareholders	P13,455,475,825	P13,434,466,763	P21,009,062	0.16%
Non-controlling interest	1,918,810,569	943,926,252	974,884,317	103.28%

Development. Among product portfolios, the bulk of consolidated revenues came from the sale of condominium units and commercial lots, comprising 61.90% of total revenues. Real estate sales grew by 18.38% year-on-year to Php36.85 Billion from the previous year's Php31.13 Billion as construction activities picked up during the year. The Group's registered sales mostly came from the following projects: Park McKinley West, The Ellis, Uptown Parksuites Tower 1 & 2, Vion Tower, Manhattan Plaza Tower 2, Bayshore Residential Resort 2 & Phase 2, Gentry Manor, San Antonio Residence, Park McKinley West-Tower C, Belmont Hotel Iloilo, St. Mark Residences, Uptown Arts Residences, Grand Westside Hotel, The Albany Luxury Residences-Yorkshire & Kingsley, Maple Grove Commercial District, The Florence, Uptown Ritz Residence, Mactan Belmont Luxury Hotel.

***Leasing*.** The Megaworld Group's rental businesses, consisting of office and lifestyle mall leasing, yielded a 17.52% increase, reaching Php15.65 Billion for the year 2022 from the previous year's Php13.32 Billion, thereby contributing 26.30% of the total consolidated revenues.

***Hotel Operations*.** The Megaworld Group's revenues attributable to hotel operations posted a milestone growth of 34.99%, soared to Php2.60 Billion in 2022 compared to Php1.93 Billion from 2021.

Total costs and expenses amounted to Php44.15 Billion, an increase of 21.38% from Php36.38 Billion in 2021. Interest and other charges – net increased by 17.04%, amounting to Php5.63 Billion this year from Php4.81 Billion in 2021. Tax expense in 2022 amounting to Php3.77 Billion resulted in an increase of 566.92% from 2021 reported amount of Php564.92 Million.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

Financial Condition

Selected Balance Sheet Data	As of December 2022	2021	Change year-on-year In Pesos	In %
Cash and cash equivalents	P27,754,568,446	P43,794,605,919	(P16,040,037,473)	(36.63%)
Trade and other receivables	56,941,858,393	46,972,655,082	9,969,203,311	21.22%
Inventories	123,451,306,761	115,741,508,821	7,709,797,940	6.66%
Advances to landowners and joint ventures	7,896,413,808	7,158,576,223	737,837,585	10.31%
Financial assets at fair value through OCI	5,253,799,848	5,760,368,447	(506,568,599)	(8.79%)
Investment properties	128,101,844,538	119,222,248,947	8,879,595,591	7.45%
Property and equipment	7,196,910,584	6,530,887,796	666,022,788	10.20%
Total Assets	409,211,537,300	397,977,251,108	11,234,286,192	2.82%
Bonds payable	45,239,075,510	41,982,042,246	3,257,033,264	7.76%
Trade and other payables	24,158,766,211	22,875,967,140	1,282,799,071	5.61%
Contract liabilities	8,246,421,530	7,403,695,808	842,725,722	11.38%
Customers' deposits	10,680,909,620	12,153,860,029	(1,472,950,409)	(12.12%)
Advances from other related parties	2,126,611,006	3,243,336,539	(1,116,725,533)	(34.43%)
Income tax payable	61,272,502	55,404,855	5,867,647	10.59%
Other liabilities	15,405,779,188	16,569,059,778	(1,163,280,590)	(7.02%)
Deferred tax liabilities	12,264,107,694	11,541,788,887	722,318,807	6.26%
Retirement benefit obligation	349,574,867	546,802,701	(197,227,834)	(36.07%)
Total Liabilities	168,191,014,348	168,273,260,161	(82,245,813)	(0.05%)
Equity Attributable to the Parent Company's stockholders	209,226,173,725	198,838,867,474	10,387,306,251	5.22%
Non-controlling interests	31,794,349,227	30,865,123,473	929,225,754	3.01%
Total Equity	241,020,522,952	229,703,990,947	11,316,532,005	4.93%

The Megaworld Group maintains a prudent financial policy as it engages in a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at December 31, 2022 amounted to Php409.21 Billion, posting an increase of 2.82% compared to Php397.98 Billion as at December 31, 2021.

The Group shows steady liquid position as at December 31, 2022 as reflected in its current assets at Php224.32 Billion as against its current obligations at Php75.25 Billion. Current assets posted a decrease of 1.54% from December 31, 2021 balance of Php227.83 Billion. Current obligations reflected an increase of 21.56% from December 31, 2021 balance of Php61.91 Billion.

Cash and cash equivalents decreased by 36.63% from Php43.79 Billion in 2021 to Php27.75 Billion as at December 31, 2022. Current and non-current trade and other receivables – net increased by 21.22%, amounting to Php56.94 Billion as at December 31, 2022 compared to Php46.97 Billion as at December 31, 2021. Contract assets decreased by 1.52%, amounting to Php19.62 Billion as at December 31, 2022 compared to Php19.92 Billion as at December 31, 2021. Inventories increased by 6.66% from Php115.74 Billion in 2021 to Php123.45 Billion as at December 31, 2022. This includes raw land for residential development and property development cost reclassified due to adoption of PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 7.45% amounting to Php128.10 Billion in December 31, 2022 from Php119.22 Billion in December 31, 2021. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php24.16 Billion and Php22.88 Billion as at December 31, 2022 and December 31, 2021, respectively, reflecting an increase of 5.61%. Contract liabilities increased by 11.38%, amounting to Php8.25 Billion as at December 31, 2022 compared to Php7.40 Billion as at December 31, 2021. Total current and non-current customers' deposits as at December 31, 2022 amounted to Php10.68 Billion compared to Php12.15 Billion as at December 31, 2021 with 12.12% decrease.

The interest-bearing loans and borrowings current and non-current amounted to Php49.66 Billion and Php51.65 Billion for December 31, 2022 and December 31, 2021, respectively, reflecting a decrease of 3.86%. Bonds payable increased by 7.76%, amounting to Php45.24 Billion as at December 31, 2022 compared to Php41.98 Billion as at December 31, 2021. Total other liabilities amounted to Php15.41 Billion from Php16.57 Billion as at December 31, 2022 and December 31, 2021, respectively, translating to a decrease of 7.02%.

Total Equity (including non-controlling interests) increased by 4.93% from Php229.70 Billion as at December 31, 2021 to Php241.02 Billion as at December 31, 2022.

The top five (5) key performance indicators of the Group are shown below:

	December 31, 2022	December 31, 2021
Current Ratio *1	2.98:1.00	3.68:1.00
Debt to Equity Ratio *2	0.39:1.00	0.41:1.00
Net Debt to Equity Ratio *3	0.28:1.00	0.22:1.00

	December 31, 2022	December 31, 2021
Return on Assets *4	3.81%	3.72%
Return on Equity *5	6.59%	6.99%

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity (Computed using figures attributable only to parent company shareholders)*

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets and tapping business opportunities.

Material Changes in the Year 2022 Financial Statements

(Increase/decrease of 5% or more versus December 31, 2021)

Statements of Financial Position

36.63% decrease in cash and cash equivalents
Mainly due to capital expenditure and operating activities for business expansion

6.66% increase in inventories
Mainly includes residential condominium units for sale and raw land for residential development

21.22% increase in current and noncurrent trade and other receivables – net
Pertains mainly to receivables from sales and rental during the period

10.31% increase in advances to landowners and joint ventures
Due to additional advances made to landowners and co-venturer

8.79% decrease in financial assets at fair value through other comprehensive income
Due to changes in the fair value of shares
7.45% increase in investment properties - net
Includes costs of completed and on-going construction of office buildings and commercial centers for lease and raw land intended to be developed for leasing properties and raw land currently with undetermined use

10.20% increase in property and equipment - net

Mainly includes cost of office machineries and equipment and hotel buildings

7.76% increase in bonds payable
Due to changes in dollar exchange rate

5.61% increase in trade and other payables
Due to higher payables to suppliers and contractors

11.38% increase in contract liabilities
Represents excess of collection over the progress of work

12.12% decrease in customers' deposits
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

34.43% decrease in advances from other related parties
Due to decrease in advances arising from related party transactions

10.59% increase in income tax payable
Mainly due to higher taxable income

7.02% decrease in other current and noncurrent liabilities
Mainly due to payment of commission payable and other liabilities

6.26% increase in deferred tax liabilities - net
Pertains to tax effects of taxable and deductible temporary differences

36.07% decrease in retirement benefit obligation
Due to changes in financial assumptions used to compute for the present value of retirement obligation

(Increase/decrease of 5% or more versus December 31, 2021)

Statements of Income

18.38% increase in sales
Higher sales bookings resulting from improved construction activities and higher completion rate of projects

17.52% increase in rental income
The surge in rental income was driven by a higher occupancy rate, an increase in operational tenants, lower concession and improved tenant sales

34.99% increase in hotel operations
Mainly due to sustained performance of in-city hotels, increase in food & beverage revenues, and sharp pick-up in tourism and meetings, incentives, conferences, and exhibitions (MICE) activities

9.96% increase in cost of sales
Higher sales bookings resulting from increase in percentage of project completion and additional sales from new projects

34.54% increase in cost of hotel operations
Represents direct costs attributable to hotel operations

13.37% increase in operating expenses
Mainly due to increase in selling, administrative and other corporate expenses

11.96% decrease in equity share in net losses of associates
Mainly due to incurred losses of an associate

17.04% increase in interest and other charges - net

Primarily due to higher foreign currency loss, finance costs and other charges incurred during the period

566.92% increase in income tax expense
Due to higher taxable income and tax effects of deductible temporary differences

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at 2022.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statement, the same in the consolidated financial statements as at 2022.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.

Results of Operations for Year 2021
(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of December 31, 2021 versus December 31, 2020

Megaworld, the country's largest developer of integrated urban townships, saw its net income increased by 35.79% to Php14.38 Billion in the fourth quarter of 2021 from Php10.59 Billion during the same period in 2020, just as the Company registered gains in line with the improving business environment.

Net income attributable to parent company stood at Php13.43 Billion, increased by 35.89% from Php9.89 Billion in 2020.

Megaworld's consolidated revenues increased by 16.57% from Php43.54 Billion in the fourth quarter of 2020 to Php50.75 Billion during the same period in 2021.

	For the years ended December 31		Change year-on-year	
	2021	2020	In Pesos	In %
REVENUES AND INCOME				
Real estate sales	P 31,129,417,724	P 24,858,537,303	P 6,270,880,421	25.23%

Rental income	13,319,580,244	12,932,770,278	386,809,966	2.99%
Hotel operations	1,928,863,081	1,482,160,976	446,702,105	30.14%
Interest and other income - net	4,376,429,682	4,267,409,295	109,020,387	2.55%
	50,754,290,731	43,540,877,852	7,213,412,879	16.57%
COSTS AND EXPENSES				
Cost of real estate sales	16,874,283,279	13,790,525,832	3,083,757,447	22.36%
Cost of hotel operations	1,086,978,559	963,104,532	123,874,027	12.86%
Operating expenses	12,864,632,841	11,850,258,972	1,014,373,869	8.56%
Equity share in net losses of associates	176,548,383	69,879,672	106,668,711	152.65%
Interest and other charges – net	4,808,537,325	2,930,637,292	1,877,900,033	64.08%
Tax expense	564,917,329	3,347,906,258	(2,782,988,929)	(83.13%)
	36,375,897,716	32,952,312,558	3.423,585,158	10.39%
NET PROFIT FOR THE YEAR	14,378,393,015	10,558,565,294	3,789,827,721	35.79%
Net profit (loss) attributable to:				
Company's shareholders	P13,434,466,763	P9,885,989,490	P 3,548,477,273	35.89%
Non-controlling interests	943,926,252	702,575,804	241,350,448	34.35%
EPS - Basic	0.422	0.295	0.127	43.05%
EPS - Diluted	0.421	0.294	0.127	43.20%

Development. Among product portfolios, the bulk of consolidated revenues came from the sale of condominium units and commercial lot, comprising 61.33% of total revenues. Real estate sales grew by 25.23% year-on-year to Php31.13 Billion from the previous year's Php24.86 Billion as construction activities picked up during the year. The Megaworld Group's registered sales mostly came from the following projects: Golfhill Gardens, Park McKinley West, One Regis, Eastwood Global Plaza Luxury Residence, Uptown Parksuites Tower 1&2, Bayshore Residential Resort 2 Phase 2, San Antonio Residence, Vion Tower, Grand Westside Hotel, Mactan Belmont Luxury Hotel, The Palladium, The Albany-Yorkshire & Kingsley, Lafayette Park Square, The Ellis, Savoy Hotel Mactan Newtown, Maple Grove Commercial District, Eastwood Le Grand Tower 2, Gentry Manor, The Venice Luxury Residence – St. Marks Residences, Iloilo Boutique Hotel, Manhattan Plaza Tower 1, St. Moritz Private Estate 2 and Saint Dominique.

***Leasing*.** The Megaworld Group's rental businesses, comprising of office and lifestyle mall leasing, registered a 2.99% increase, reaching Php13.32 Billion in the fourth quarter of 2021 from the previous year's Php12.93 Billion. This contributed 26.24% of the total consolidated revenues for the first twelve months of 2020.

***Hotel Operations*.** The Megaworld Group's revenues attributable to hotel operations posted a strong recovery in 2021 to Php1.93 Billion during the fourth quarter of 2021 with an increase of 30.14% from Php1.48 Billion for the same period last year.

Total costs and expenses amounted to Php36.38 Billion, an increase by 10.39% from Php32.95 Billion last year. Interest and other charges – net increased by 64.08%, amounting to Php4.81 Billion this year from Php2.93 Billion in 2020. Tax expense in 2021 amounting to Php565 Million resulted to a decrease of 83.13% from 2020 reported amount of Php3.35 Billion due to lower taxable income.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

Financial Condition

Selected Balance Sheet Data	As of December 2021	As of December 2020	Change year-on-year In Pesos	Change year-on-year In %
Cash and cash equivalents	P43,794,605,919	P40,166,755,908	P3,627,850,011	9.03%
Trade and other receivables - net[1]	46,972,655,082	43,837,353,550	3,135,301,532	7.15%
Inventories	115,741,508,821	106,134,963,211	9,606,545,610	9.05%
Prepayments and other current assets	14,192,511,328	13,466,366,564	726,144,764	5.39%
Financial asset at FVOCI	5,760,368,447	4,174,886,430	1,585,482,017	37.98%
Deferred tax assets	377,447,575	339,876,737	37,570,838	11.05%
Total Assets	397,977,251,108	375,690,419,945	22,286,831,163	5.93%
Interest-bearing loans and borrowings[1]	51,649,704,598	45,578,166,417	6,071,538,181	13.32%
Contract liabilities[1]	7,403,695,808	5,843,629,303	1,560,066,505	26.70%
Customers' deposits	12,153,860,029	14,688,331,474	(2,534,471,445)	(17.25%)
Advances from associates and other related parties	3,243,336,539	2,683,950,114	559,386,425	20.84%
Income tax payable	55,404,855	170,556,697	(115,151,842)	(67.52%)
Retirement benefit obligation	546,802,701	819,755,696	(272,952,995)	(33.30%)
Other non-current liabilities	16,569,059,778	17,694,114,969	(1,125,055,191)	(6.36%)
Total Liabilities	168,273,260,161	163,159,939,748	5,113,320,413	3.13%
Total equity attributable to the Company's shareholders	198,838,867,474	185,464,231,260	13,374,636,214	7.21%
Non-controlling interests	30,865,123,473	27,066,248,937	3,798,874,536	14.04%
Total Equity	229,703,990,947	212,530,480,197	17,173,510,750	8.08%

**1 - Current + Non-current Classification Balances*

The Megaworld Group maintains a prudent financial policy as it engages to a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at December 31, 2021 amounted to Php397.98 Billion, posting an increase of 5.93% compared to Php375.69 Billion as at December 31, 2020.

The Group shows steady liquid position as at December 31, 2021 by having its current assets at Php227.83 Billion as against its current obligations at Php61.91 Billion. Current assets posted an increase of 8.15% from December 31, 2020 balance of Php210.67 Billion. Current obligations reflected a decrease of 14.87% from December 31, 2020 balance of Php72.72 Billion.

Cash and cash equivalents increased by 9.03% from Php40.17 Billion in 2020 to Php43.79 Billion as at December 31, 2021. Current and non-current trade and other receivables – net increased by 7.15%, amounting to Php46.97 Billion as at December 31, 2021 compared to Php43.84 Billion as at December 31, 2020. Contract assets increased by 2.79%, amounting to Php19.92 Billion as at December 31, 2021 compared to Php19.38 Billion as at December 31, 2020. Inventories increased by 9.05% from Php106.13 Billion in 2020 to Php115.74 billion as at December 31, 2021. This includes raw land for residential development and property development cost reclassified due to adoption PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 3.69% amounting to Php119.22 Billion in December 31, 2021 from Php114.98 Billion in December 31, 2020. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php22.88 Billion and Php23.33 billion as at December 31, 2021 and December 31, 2020, respectively, reflecting a decrease of 1.95%. Contract liabilities increased by 26.70%, amounting to Php7.40 Billion as at December 31, 2021 compared to Php5.84 Billion as at December 31, 2020. Total current and non-current customers' deposits as at December 31, 2021 amounted to Php12.15 Billion compared Php14.69 Billion as at December 31, 2020 with 17.25% decrease.

The interest-bearing loans and borrowings current and non-current amounted to Php51.65 Billion and Php45.58 Billion for December 31, 2021 and December 31, 2020, respectively, reflecting an increase of 13.32%. Bonds payable increased by 4.22%, amounting to Php41.98 Billion as at December 31, 2021 compared to Php40.28 Billion as at December 31, 2020. Total other liabilities amounted to Php16.57 Billion from Php17.69 Billion as at December 31, 2021 and December 31, 2020, respectively, translating to a decrease of 6.36%.

Total Equity (including non-controlling interests) increased by 8.08% from Php212.53 Billion as at December 31, 2020 to Php229.70 Billion as at December 31, 2021.

The top five (5) key performance indicators of the Group are shown below:

	December 31, 2021	December 31, 2020
Current Ratio*1	3.68:1.00	2.90:1.00
Debt to Equity Ratio *2	0.41:1.00	0.40:1.00
Net Debt to Equity Ratio *3	0.22:1.00	0.22:1.00

	December 31, 2021	December 31, 2020
Return on Assets *4	4.00%	3.00%
Return on Equity *5	7.00%	5.00%

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity (Computed using figures attributable only to parent company shareholders)*

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets and tapping business opportunities.

Material Changes in the Year 2021 Financial Statements
(Increase/decrease of 5% or more versus December 31, 2020)

Statements of Financial Position

9.03% increase in cash and cash equivalents
Primarily includes the net proceeds from REIT-related transactions and internally generated funds

7.15% increase in current and noncurrent trade and other receivables – net
Pertains mainly to receivables from sales and rental during the period

9.05% increase in inventories
Mainly includes residential condominium units for sale and raw land for residential development and property development cost

5.39% increase in prepayments and other assets
Due to higher other current assets

37.98% increase in financial assets at fair value through other comprehensive income
Due to new investment and changes in the fair value of shares

11.05% increase in deferred tax assets
Due to higher deferred tax assets on taxable temporary differences

13.32% increase in interest-bearing loans and borrowings - net
Due to availment of new loans

26.70% increase in contract liabilities - net
Represents excess of collection over the progress of work

17.25% decrease in customers' deposits
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

67.52% decrease in income tax payable

Mainly due to lower taxable income

6.36% decrease in other current and noncurrent liabilities – net
Mainly due to decrease in derivative liability and commission payable

20.84% increase in advances from other related parties
Due to increase in advances arising from related party transactions

33.30% decrease in retirement benefit obligation
Due to changes in financial assumptions used to compute for the present value of retirement obligation

8.08% increase in equity
Due to the Group's continuous profitability and increase in revaluation reserves resulting from changes in percentage of ownership of a subsidiary

(Increase/decrease of 5% or more versus December 31, 2020)

Statements of Income

25.23% increase in sales
Higher sales bookings resulting from increase in percentage of project completion due to acceleration of construction activities

30.14% increase in hotel operations
Due to consistent performance of the company's in-city hotels and the opening of new hotel

152.65% increase in equity share in net losses of associates
Mainly due to incurred losses of associates

22.36% increase in cost of sales
Higher sales bookings resulting from increase in percentage of project completion due to acceleration of construction activities

12.86% increase in cost of hotel operations
Represents direct costs attributable to hotel operations

64.08% increase in interest and other charges-net
Primarily due to higher finance costs and foreign currency losses incurred during the period

83.13% decrease in income tax expense
Due to lower taxable income and tax effects of deductible temporary differences

8.56% increase in operating expenses
Mainly due to increase in selling, administrative and miscellaneous expenses

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at fourth quarter of 2021.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statement, the same in the consolidated financial statements as at fourth quarter of 2021.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.

ITEM 7. FINANCIAL STATEMENTS

Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as **Exhibit 1** and incorporated herein by reference.

External Audit Fees and Services

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

The external auditors of the Company and its subsidiaries billed the amounts of Php22,049,430.38 in 2023, Php20,757,558 in 2022, and Php24,102,634 in 2021 in fees for professional services rendered for the audit of the Company and its subsidiaries' annual financial statements and other non-audit services, which are in the nature of services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2023, 2022 and 2021.

Except as disclosed above, no other services were rendered or fees billed by the external auditors of the Company for the years 2023, 2022, and 2021.

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

In compliance with SEC Memorandum Circular No. 8, Series of 2003, which was subsequently incorporated in SRC Rule 68, paragraph 3(b)(iv), and the Company's Revised Manual of Corporate Governance, the Company has engaged Punongbayan & Araullo as external auditor, and Mr. John Endel S. Mata was designated as handling partner for the audit of the financial statements of the Company starting the year ending December 31, 2023. Punongbayan & Araullo was also the auditor of the Company for 2022, 2021 and 2020.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board"). Currently, the Board consists of seven (7) members, of which three (3) are independent directors. All of the directors were elected at the Company's annual stockholders meeting on 16 June 2023 and will hold office until their successors have been duly elected and qualified.

The table sets forth each member of the Company's Board as of 31 March 2024.

Name	Age	Citizenship	Position
Andrew L. Tan	74	Filipino	Director, Chairman, President and CEO
Katherine L. Tan	72	Filipino	Director
Kingson U. Sian	62	Filipino	Director and Executive Director
Enrique Santos L. Sy	74	Filipino	Director
Jesus B. Varela	67	Filipino	Lead Independent Director
Cresencio P. Aquino	70	Filipino	Independent Director
Alejo L. Villanueva, Jr.	82	Filipino	Independent Director

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of 31 March 2024.

Name	Age	Citizenship	Position
Lourdes T. Gutierrez-Alfonso	60	Filipino	Chief Operating Officer
Kevin Andrew L. Tan	44	Filipino	Executive Vice President and Chief Strategy Officer
Francisco C. Canuto	66	Filipino	Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer and Chief Audit Executive
Noli D. Hernandez	54	Filipino	Executive Vice President for Sales and Marketing
Giovanni C. Ng	50	Filipino	Senior Vice President and Finance Director
Maria Victoria M. Acosta	62	Filipino	Executive Vice President and Managing Director for International Marketing and Leasing
Maria Carla T. Uykim	47	Filipino	Head of Corporate Advisory and Compliance Division
Rafael Antonio S. Perez	56	Filipino	Head of Human Resources and Corporate Administration Divisoin
Graham M. Coates	59	British	Head of Megaworld Lifestyle Malls
Jennifer L. Romualdez	54	Filipino	Head of Operations Division
Kimberly Hazel A. Sta. Maria	43	Filipino	Assistant Vice President for Corporate Communications and Advertising
Ma. Melody Ibañez-Garcia	48	Filipino	Chief Risk Officer
Lino P. Victorioso, Jr.	44	Filipino	Data Protection Officer
Anna Michelle T. Llovido	45	Filipino	Corporate Secretary
Nelileen S. Baxa	45	Filipino	Assistant Corporate Secretary

Board of Directors

Andrew L. Tan
Chairman of the Board/President

Dr. Tan, 74, Filipino, is the founder of the Company and has served as its Chairman and President since its incorporation in August 1989. He pioneered the live-work-play-learn model in real estate development through the Company's integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He embarked on the development of integrated tourism estates through publicly-listed Alliance Global Group, Inc. and Global-Estate Resorts, Inc., which he both chairs, while continuing to focus on consumer-friendly food and beverage and quick service restaurants. Dr. Tan serves as Chairman of the Board of Empire East Land Holdings, Inc., a publicly-listed subsidiary of the Company, and Suntrust Properties, Inc., a subsidiary engaged in the development and marketing of affordable housing projects. He also serves in the boards of other Megaworld subsidiaries including Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties Inc., Megaworld Bacolod Properties, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Newport Property Holdings, Inc. and Richmonde Hotel Group International Limited. He is also the Chairman of Emperador Inc., a public-listed company which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines. Dr. Tan is Chairman Emeritus of Megaworld Foundation, the Company's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance and environmental conservation. He is a director of Travellers International Hotel Group, Inc., which owns Newport World Resorts Manila, and the food and beverage companies, Emperador Distillers, Inc. Alliance Global Brands, Inc. and Golden Arches Development Corporation. Dr. Tan graduated magna cum laude from the University of the East with a Bachelor of Science degree in Business Administration. In 2011, Dr. Tan was conferred by the University of the East the degree of Doctor of Humanities, honoris causa.

Katherine L. Tan
Director

Ms. Tan, 72, Filipino, has served as Director of the Company since August 1989. She is concurrently a Director and Treasurer of publicly-listed Alliance Global Group, Inc. and Emperador Inc. She has extensive experience in the food and beverage industry and is currently Director and Corporate Secretary of The Bar Beverage, Inc. and Director and President of Andresons Global, Inc., Raffles & Company, Inc., The Andresons Group, Inc. and Choice Gourmet Banquet, Inc. She is also a Director and Treasurer of Alliance Global Brands, Inc. and Emperador Distillers, Inc. Ms. Tan graduated from St. Scholastica's College, Manila, with the degree in Bachelor of Arts in Nutrition on March 9, 1974.

Kingson U. Sian
Director and Executive Director

Mr. Sian, 62, Filipino, has served as Director of the Company since April 13, 2007. He joined the Megaworld Group in September 1995 as Senior Vice President and is currently Executive Director of the Company. He is concurrently Director, President and Chief Operating Officer of publicly-listed Alliance Global Group, Inc., as well as Travellers International Hotel Group, Inc. He is the Senior Vice President of Megaworld Land, Inc. and the Director and President of Eastwood Cyber One Corporation. Mr. Sian was formerly a Vice President of FPB Asia Ltd/First Pacific Bank in Hong Kong from 1990 to 1995. Prior to that, he was connected with Citicorp Real Estate, Inc. in the United States from 1988 to 1990. Mr. Sian graduated from the University of the Philippines in 1982 with the degree of Bachelor of Science in Business Economics. He obtained his Master's Degree in Business Administration for Finance and Business Policy from the University of Chicago in 1988.

Enrique Santos L. Sy
Director

Mr. Sy, 74, Filipino, has served as Director of the Company since July 2009. He was formerly a Vice President for the Corporate Communications & Advertising Division of the Company until his retirement in March 2011. He is concurrently Director of publicly-listed Empire East Land Holdings, Inc. and a Director of Eastin Holdings, Inc. and First Oceanic Property Management Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and Soho Café & Restaurant Group, Inc. and Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc. and Peace Advertising Corporation, and Creative Associate of Adformatix, Inc. Mr. Sy graduated Honorable Mention from the Ateneo de Manila University in 1971 with a degree in Bachelor of Arts in Communication Arts.

Jesus B. Varela
Lead Independent Director

Mr. Varela, 67, Filipino, has served as Director of the Company since June 2016. He concurrently serves as lead independent director in the boards of publicly-listed/public companies, namely, Global-Estate Resorts, Inc., Travellers International Hotel Group, Inc., Suntrust Resorts Holdings and MREIT, Inc. He is also Director General of the International Chamber of Commerce Philippines, a Board Regent of Unibersidad de Manila and a columnist at the Philippine Daily Tribune and President of the Erehwon Art Foundation. Mr. Varela has more than 20 years of experience in the fields of marketing, human resources, international labor affairs, agriculture, and commerce, among others. He has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri- Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. He attended training courses in Labor Administration and Policy Formulation under the International Labor Organization/ARPLA program, the Corporate Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar and other in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines. He was formerly Chairman & Acting CEO of GS1 Philippines, Director of PCCI and Vice President of the Employers Confederation of the Philippines. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University in 1979.

Cresencio P. Aquino
Independent Director

Atty. Aquino, 70, Filipino, currently the Managing Partner of The Law Firm of CP Aquino & Partners, has served as Director of the Company since 02 February 2018. He concurrently serves as independent director in the boards of publicly-listed, Global-Estate Resorts, Inc. and Empire East Land Holdings, Inc. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016., Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government ("DILG") from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines. Atty. Aquino graduated from San Sebastian College Manila with the degree of Bachelor of Arts on 1973. He obtained his Bachelor of Laws from the same institution in 1977.

Alejo L. Villanueva, Jr.
Independent Director

Mr. Villanueva, 82, Filipino, has served as an Independent Director of the Company since June 17, 2022. He is also the Independent Director of MREIT Property Managers, Inc. and Director of Ridgeview Estates Nuvali Homeowners Association, Inc., a non-stock, non-profit corporation. He is a professional consultant who has more than 20 years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consulting work with the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture, Philippine National Railways, International Rice Research Institute, Rustan's Supermarkets, Louis Berger International (USAID-funded projects on Mindanao growth), World Bank (Subic Conversion Program), Ernst & Young (an agricultural productivity project), Chemonics (an agribusiness project of USAID), Price Waterhouse (BOT program, a USAID project), Andersen Consulting (Mindanao 2000, a USAID project), Renardet S.A. (a project on the

Privatization of MWSS, with World Bank funding support), Western Mining Corporation, Phelps Dodge Exploration, and Marubeni Corporation. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude, in 1962. He obtained his master's degree in Philosophy from the University of Hawaii in 1967, under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

Senior Management

Andrew L. Tan
Chief Executive Officer

Profile stated above.

Kingson U. Sian
Executive Director

Profile stated above.

Lourdes T. Gutierrez-Alfonso
Chief Operating Officer

Ms. Alfonso, 60, Filipino, joined the Company in 1990. She is the Company's Chief Operating Officer and is a member of the Company's Management Executive Committee. Ms. Alfonso has extensive experience in real estate and a strong background in finance and marketing. A certified public accountant by profession, she previously held the position of Senior Executive Vice President for Finance and Administration in the Company. Ms. Alfonso is Chairman of the property management company, First Oceanic Property Management, Inc. She serves as director in numerous affiliate companies including publicly-listed Global-Estate Resorts, Inc., as well as Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., Megaworld Oceantown Properties, Inc., Megaworld Bacolod Properties, Inc., Eastwood Cyber One Corporation, Davao Park District Holdings, Inc., and Prestige Hotels & Resorts, Inc. She is currently the Chairman of Belmont Newport Luxury Hotels, Inc., Megaworld Global-Estate, Inc and, Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc. Ms. Alfonso graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting in 1984.

Kevin Andrew L. Tan
Executive Vice President and Chief Strategy Officer

Mr. Tan, 44, Filipino, holds the rank of Executive Vice President and Chief Strategy Officer of the Company. He previously held the position of Senior Vice President for Commercial Division, which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Newport World Resorts Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of public-listed company, Alliance Global Group, Inc., as well as the President and Chief Executive Officer of MREIT, Inc. He is also concurrently a Director of publicly-listed companies, Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc. and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a Chairman of Megaworld Foundation, Inc. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

Francisco C. Canuto
Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer and Chief Audit Executive

Mr. Canuto, 66, Filipino, joined the Company in 1995. He is a Certified Public Accountant and currently holds the rank of Senior Vice President, as well as the positions of Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer and Chief Audit Executive and is Senior Assistant to the Chairman. He is also a member of the Company's Management Executive Committee. He is concurrently Director of Megaworld Global-Estate, Inc. Gilmore Property Marketing Associates, Inc. and Eastwood Property Holdings, Inc., Director and Corporate Secretary of Megaworld Central Properties, Inc. and Director and Treasurer of Megaworld Cebu Properties, Inc., Twin Lakes Corporation, Megaworld Oceantown Properties, Inc., Megaworld Resort Estates, Inc., Megaworld Land, Inc., Megaworld-Daewoo Corporation, and Eastwood Cyber One Corporation. He serves as Chairman and President of Prestige Hotels & Resorts, Inc. Arcovia Properties, Lucky Chinatown Cinemas, Inc., Festive Walk Cinemas, Inc., Southwoods Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc. He is also the President of Megaworld Foundation, Inc. Before joining the Company, he worked as Audit Manager of SGV & Company and Controller of Federal Express Corporation. Mr. Canuto holds a bachelor's degree in Commerce major in Accounting from Polytechnic University of the Philippines in 1978 and a Master's Degree in Business Administration from Ateneo de Manila University in 1986.

Noli D. Hernandez
Executive Vice President for Sales and Marketing

Mr. Hernandez, 54, Filipino, joined the Company in February 1994 as a property consultant. He is currently Executive Vice President for Sales and Marketing. Mr. Hernandez rose from the ranks of the Company, starting out as a property consultant then becoming Sales Manager, Assistant Vice President, Senior Assistant Vice President, Vice President and Senior Vice President for Marketing. Mr. Hernandez graduated from the University of the Philippines with a degree of Bachelor of Science in Political Science. He serves as Director and President of Megaworld Cebu Properties, Inc. and President of the Newtown School of Excellence in the Mactan Newtown development of the Company. Mr. Hernandez graduated from the University of the Philippines with a degree of Bachelor of Science in Political Science.

Giovanni C. Ng
Senior Vice President and Finance Director

Mr. Ng, 50, Filipino, is a Senior Vice President and Finance Director of the Company. He serves as director in Eastwood Property Holdings, Inc., Megaworld Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc., Mactan Oceanview Properties and Holdings, Inc. and New Town Land Partners, Inc. He also serves as Treasurer of publicly-listed Empire East Land Holdings, Inc., Adams Properties, Inc. and Townsquare Development, Inc. He is also a Director and Corporate Secretary of Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Maria Victoria M. Acosta
Executive Vice President and Managing Director for International Marketing

Ms. Acosta, 62, Filipino, is Executive Vice President and Managing Director for International Marketing. She joined the Company in September 1999. Prior to her appointment, she had 20 years of marketing experience in real estate and consumer products with other companies. Ms. Acosta was Executive Vice President and Chief Operating Officer of Empire East Land Holdings, Inc. from 1997 to 1998 and was Executive Director for Marketing from 1996 to 1997. She also served as Senior Vice President and General Manager of Raffles & Co., Inc. She is concurrently Director and Corporate Secretary of Eastwood Property Holdings, Inc. and Corporate Secretary of Gilmore Property Marketing Associates, Inc. Ms. Acosta graduated from the University of the Philippines with the degree of Bachelor of Science in Business Administration major in Marketing and Finance.

Maria Carla T. Uykim
Head of Corporate Advisory and Compliance Division

Atty. Uykim, 47, Filipino, is the head of the Corporate Advisory and Compliance Division of Megaworld Corporation and a member of the Management Executive Committee. She is concurrently the Corporate Secretary of publicly-listed companies, Global-Estate Resorts, Inc. and MREIT, Inc., and serves as Corporate Secretary in various companies such as Asian E-commerce, Inc., Global One Integraged Business Services, Inc., Megaworld Bacolod Properties, Inc., Megaworld San Vicente Coast, Inc., Northwin Properties, Inc., Suntrust Properties, Inc. and Maple Grove Land, Inc. She likewise serves as a Director and Corporate Secretary of various companies, such as Asia Affinity Property Management, Inc., Luxury Global Malls, Inc., Manila Bayshore Property Holdings, Inc., and Megaworld Capital Town, Inc. Atty. Uykim was previously an Associate at Andres Marcelo Padernal Guerrero and Paras law offices from August 2005 to April 2007, where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004, where she practiced immigration law. She also served as Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. Atty. Uykim obtained her Juris Doctor Degree from the Ateneo De Manila School of Law in 2002 and is a graduate of the double degree program of De La Salle University, with a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management in 1997.

Rafael Antonio S. Perez
Head for Human Resources Division and Corporate Administration Division

Mr. Perez, 56, Filipino, joined the Company in June 2008 as head of the Human Resources Division. He is currently the First Vice President for Human Resources & Corporate Administration Division. He is concurrently the President and Managing Director of Global One Integrated Business Services, Inc. and Luxury Global Malls, Inc. He is also the Director of Asia Affinity Property Management, Inc. Mr. Perez graduated Cum Laude from the Philippine Normal University with the degree of Bachelor of Arts in Psychology.

Graham M. Coates
Head of Megaworld Lifestyle Malls

Mr. Coates, 59, is a British national, and has extensive international management experience in numerous culturally diverse locations such as Asia (20 years), Europe (eight years) and the United States (four years). He joined the company in January 2019. Throughout his career, he has demonstrated a record of sustained profitable growth, building world-class organizations and driving change for global, multinational and family-owned corporations and entrepreneurial companies worldwide. Mr. Coates is skilled in P&L, Operations, Merchandising, Marketing, Customer Development, Business Development and Logistics. He brings with him a wealth of experience that cuts through many retail formats and cross functions. He has the unique advantage of being familiar with all retail formats, together with a solid perspective of mall and landlord operations.

Mr. Coates is the President of the Coates Charity Foundation, a non-profit organization set up several years ago to support Christian missionaries, students, fellow church members and others in need. He is the Vice President and board member of HAND Philippines, an offshoot of HAND International, a Christian humanitarian aid organization that uses its resources and efforts on helping the rehabilitation needs of the natural disaster-stricken areas in the Philippines, an example being Typhoon Yolanda victims. Mr. Coates graduated from Bridley Moor High School UK London.

Jennifer L. Romualdez
Senior Vice President and Head for Operations Division

Ms. Romualdez, 54, Filipino, prior to her appointment to her current position in Megaworld in February 2020, served the Company for nine years, from 1995 to 2004, in various capacities in the areas of procurement, contracts, interior design and special projects. She was previously the Senior Vice President of the Operations Division of Global Estate-Resorts, Inc., Megaworld's subsidiary and the country's biggest developer of master-planned integrated lifestyle communities (ILCs) oriented toward tourism. She headed the development of GERI's various projects and ILCs, including Boracay Newcoast in Boracay Island; Twin Lakes in Alfonso, Batangas, near Tagaytay; Southwoods City on the boundaries of Cavite and Laguna; Eastland Heights in Antipolo, Rizal; and Sta. Barbara Heights in Mandurriao, Iloilo. From 2006 to 2011, she served different companies in various roles—Corporate Director for Quantity Surveying and Tender of Ding Feng (Shanghai) Real Estate Development Co., Ltd.; Assistant Director for Marketing - Interior Design and Graphics of Ho Cheng (China) Co., Ltd.; and Consultant for the HCG Beijing Flagship Showroom project. Ms. Romualdez graduated from the University of the Philippines Diliman with a B.S. Architecture degree. She completed and passed the Philippine Licensure Examination for Architects in 1993.

Kimberly Hazel A. Sta. Maria
Assistant Vice President for Corporate Communications and Advertising

Ms. Sta. Maria, 43, Filipino, holds the rank of Assistant Vice President and heads the Corporate Communication and Advertising Division of the Company. She joined the Company in 2002 as Head Writer and is responsible for the creative conceptualization and production of advertising and marketing campaigns and materials for the Company's projects. Ms. Sta. Maria is a *cum laude* graduate of the University of the Philippines Manila and holds a bachelor's degree in Organizational Communication.

Ma. Melody Ibanez- Garcia
Chief Risk Officer

Ms. Garcia, 48, Filipino, was appointed as Chief Risk Officer on June 16, 2023 and currently heads the Opportunity and Risk Management Department. Prior to joining the Company, Ms. Ibañez-Garcia, was an Insurance Manager at DITO Telecommunity Corporation from March 2020 to February 2023, and was in charge of insurance and claims management. She also served as the Head of the Risk Management and Insurance Division of Makati Development Corporation (MDC) from May 2017 to February 2020; Senior Account Officer of Bonifacio Insurance Broker Corporation from November 2015 to May 2017; Head of the Insurance and Claims Department of Bayan Telecommunications Incorporated from July 2002 to October 2015; Marketing/Business Development Officer of Cardno MBK Phils. from January 2001 to July 2002; Insurance Officer at SATURN Autospec, Inc. from January 2000 to January 2001; and Insurance Account Executive at Automotive Management Center Incorporated from April 1996 to January 2000. Ms. Garcia graduated from the Central Colleges of the Philippines in 1996 with a degree of BS Computer Education.

Lino P. Victorioso, Jr.
Data Protection Officer

Mr. Victorioso, Jr., 44 years old, Filipino, is the current Data Protection Officer of the Company and has held this position since 16 June 2023. He also serves as the Chief Financial Officer, Corporate Information Officer and Compliance Officer of Empire East Land Holdings, Inc., a publicly-listed company. Mr. Victorioso previously held the position of Senior Assistant Vice-President and headed the Corporate Financial Services Division of the Company. Prior to joining the Company, he held various CFO roles in the real estate and retail industries. Mr. Victorioso graduated cum laude from the University of the Philippines Diliman with a degree in Business Administration and Accountancy. He is a Certified Public Accountant.

Anna Michelle T. Llovido
Corporate Secretary

Ms. Llovido, 45, Filipino, is the Corporate Secretary of the Company and has held this position since August 2014. She concurrently serves as Senior Corporate Legal Counsel of Emperador Distillers, Inc. Ms. Llovido is an experienced in-house counsel with core practice in labor and intellectual property law. Prior to her employment in Emperador Distillers, Inc., Ms. Llovido was a Manager at Reeves & Associates International Corporation and was charged with the management of its Philippine representative office. She also served as Legal Counsel to Transnational Diversified Group, Inc. from May 2008 to September 2009 where she serviced the legal requirements of over 30 companies engaged in total logistics, ship management, air and travel services, and information and communications technology. She was an Associate Lawyer at Tantoco Villanueva De Guzman & Llamas law offices from April 2006 to April 2008. Ms. Llovido obtained her bachelor's degrees in Laws in 2004 and Hotel and Restaurant Management in 1999 from the University of Santo Tomas.

Nelileen S. Baxa
Assistant Corporate Secretary

Ms. Baxa, 45, Filipino, is the Assistant Corporate Secretary of the Company. She is presently the Senior Accounting Manager of the Company and the Corporate Secretary and Corporate Information Officer of Suntrust Resort Holdings, Inc. and Assistant Corporate Secretary of Alliance Global Group, Inc., Global-Estate Resorts, Inc. and Suntrust Properties, Inc. She is a Certified Public Accountant with over 18 years of experience in the fields of accounting and finance. Ms. Baxa concurrently serves as a Director of Asia Finest Cuisine, Inc., Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc., and Venetian Properties, Inc. Ms. Baxa obtained her Bachelor's Degree in Accountancy from the University of Sto. Tomas.

Significant Employees

While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman, President and CEO, Andrew L. Tan, is married to Director Katherine L. Tan. Their son, Kevin Andrew L. Tan, is presently the Executive Vice President and Chief Strategy Officer of the Company.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Board Attendance at Board and Committee Meetings Held in 2023

The attendance of the directors at the meetings of the Board of Directors for the year 2023 is as follows:

Name	No. of Meetings Held During the Year	No. of Meetings Attended	Percentage of Attendance
Andrew L. Tan	9	9	100%
Katherine L. Tan	9	9	100%
Kingson U. Sian	9	9	100%
Enrique Santos L. Sy	9	9	100%
Jesus B. Varela (Independent Director)	9	9	100%

Cresencio P. Aquino (Independent Director)	9	9	100%
Alejo L. Villanueva, Jr. (Independent Director)	9	9	100%

The attendance of the members of the Audit Committee at Audit Committee meetings for the year 2023 is as follows:

Name	Designation	Meetings Attended	Percentage
Jesus B. Varela (Independent Director)	Chairman	5/5	100%
Alejo L. Villanueva, Jr. (Independent Director)	Member	3/5	60%
Cresencio P. Aquino (Independent Director)	Member	5/5	100%

The attendance of the members of the Corporate Governance Committee at Corporate Governance Committee meetings for the year 2023 is as follows:

Name	Designation	Meetings Attended	Percentage
Jesus B. Varela (Independent Director)	Chairman	2/2	100%
Alejo L. Villanueva, Jr. (Independent Director)	Member	2/2	100%
Cresencio P. Aquino (Independent Director)	Member	2/2	100%

ITEM 10. EXECUTIVE COMPENSATION

The Company follows the guideline that the levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent officers.

The remuneration package of the executive directors, in the performance of their functions as officers of the Company (but not in their capacity as directors of the Company for which they do not receive any compensation), and officers include a fixed pay component, bonuses which are structured based on corporate and individual performance, and, for key individuals, entitlement to the Company's employee stock option plan (ESOP), which is a program designed to motivate officers to continue their efforts in contributing to the long-term success of the Company. The ESOP includes claw back mechanisms, whereby options may be forfeited in the event that the option holder is found guilty of an offense punishable by suspension or dismissal under the Company's Code of Discipline or under applicable laws, including serious misconduct or material misrepresentation.

Summary Compensation Table

Aggregate compensation paid to Megaworld's Chief Executive Officer and the four most highly compensated executive officers as a group for the last two fiscal years and the estimate for the ensuing year are as follows:

Name and Principal Position	Year	Salary	Other Variable Pay	Total Annual Compensation
Andrew L. Tan, President and CEO				
Lourdes T. Gutierrez-Alfonso, Chief Operating Officer				
Francisco C. Canuto, SVP, Treasurer, Chief Finance Officer, Compliance Officer, Corporate Information Officer, Chief Audit Executive				
Giovanni C. Ng, SVP, Finance Director				
Kevin Andrew L.Tan, EVP, Chief Strategy Officer				
President and 4 Most Highly Compensated Officers	Actual 2022	Php92.7 Million	Php24.0 Million	Php116.7 Million
	Actual 2023	Php95.5 Million	Php25.8 Million	Php121.3 Million
	Projected 2024	Php99.2 Million	Php27.8 Million	Php127.0 Million
All Other Officers and Directors as a Group	Actual 2022	Php248.5 Million	Php68.9 Million	Php317.4 Million
	Actual 2023	Php302.5 Million	Php78.2 Million	Php380.7 Million
	Projected 2024	Php364.2 Million	Php92.6 Million	Php456.8 Million

Compensation of Directors

Non-executive and independent members of the Board receive a standard per diem for attendance in Board and Board committee meetings. The Company paid to the non-executive and independent directors per diem amounting to Php700,000 in 2023, Php625,000 in 2022 and Php700,000 in 2021. For 2024, the Company has allocated Php 1,125,000 for the per diem of non-executive and independent directors.

Other than payment of the per diem, there are no arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended December 31, 2023 and the ensuing year, for any service provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

Executive officers are appointed by the Board to their respective offices. The Company does not enter into employment contracts with its executive officers. Other than benefits available under the Company's retirement plan and Employee Stock Option Plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are executive officers of the Company who were granted options to subscribe to common shares of the Company pursuant to the Company's Employee Stock Option Plan approved by the Board and stockholders of the Company in 2012.

Name	**No. of Outstanding Options**	**No. of Options Exercised**	**Date of Grant**	**Exercise Price**	**Market Price at Date of Grant**
President and 4 Most Highly Compensated Officers	60,000,000	0	Various Dates	Php1.773054*	Php2.54*
All Other Officers and Directors as a Group	15,000,000	0	Various Dates	Php2.4173535*	Php3.42*

*Average prices
**As of 31 December 2023

The Company's Employee Stock Option Plan is intended to (i) enable qualified employee who are largely responsible for the further growth and development of the Company to participate in the growth of the Company; (ii) encourage the long-term commitment of such employees; and (iii) motivate such employees to continue their efforts in contributing to the long-term financial success of the Company.

The Company has not adjusted the exercise price of the option since the last grant and issuance on 23 May 2014.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares as of 31 December 2023

Title of Class	**Name, Address of Record Owner and Relationship with Issuer**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**Percent of Class**
Common Preferred	Alliance Global Group, Inc. (AGI)[1] 7/F 1880 Eastwood Avenue, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	Alliance Global Group, Inc.[2]	Filipino	15,180,921,058 6,000,000,000	40.82% 16.14%
Total				21,180,921,058	56.96%
Common	PCD Nominee Corporation (Filipino), G/F MKSE Bldg., 6767 Ayala Ave., Makati City	Participants of the PCD composed of custodian banks and brokers.	Non-Filipino	7,190,062,462	19.34%
Common	New Town Land Partners, Inc. (NTLPI)[3], 6/F The World Centre, Sen. Gil Puyat, Ave., Makati City	New Town Land Partners, Inc.	Filipino	5,668,530,324	15.24%

[1]The Chairman of the Board of AGI, Mr. Andrew L. Tan, is also Chairman of the Board and President of the Company.
[2] The Board of Directors of AGI has voting and investment power over AGI's shares of stock in the Company.
AGI normally authorizes its Chairman, or in his absence, the Chairman of the Meeting, to vote AGI's shares of stock in the Company.
[3] The Board of Directors of NTLPI has voting and investment power over NTLPI's shares of stock in the Company, NTLPI has authorized the Chairman of the Board of the Company, or in his absence the Chairman of the Meeting to vote NTLPI's shares of stock in the Company.

Common	PCD Nominee Corporation (Non-Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati City	Participants of the PCD composed of custodian banks and brokers.	Filipino	3,189,006,140	8.58%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

Security Ownership of Management as of 31 December 2023

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Citizenship	Percent of Class
Directors/Nominees				
Common	Andrew L. Tan	1	Filipino	.00000%
		1,891,632[1]	Filipino	.00607%
		21,180,921,058[2]	Filipino	56.9636%
		5,668,530,324[3]	Filipino	15.2448%
Common	Cresencio P. Aquino	1	Filipino	.00000%
Common	Kingson U. Sian	1	Filipino	.00000%
		612,500[4]	Filipino	.00196%
Common	Katherine L. Tan	1,891,632	Filipino	.00607%
		1[5]	Filipino	.00000%
Common	Jesus B. Varela	1	Filipino	.00000%
Common	Alejo L. Villanueva, Jr.	1	Filipino	.00000%
Common	Enrique Santos L. Sy	80,553	Filipino	.00026%
CEO and Four Most Highly Compensated Officers				
Common	Andrew L. Tan	Same as above		
Common	Lourdes T. Gutierrez-Alfonso	806,271	Filipino	.00312%
		167,973[6]		
Common	Francisco C. Canuto	369,054	Filipino	.00118%
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Kevin Andrew L. Tan	367,205[7]	Filipino	0.0118%
Other Executive Officers				
Common	Noli D. Hernandez	0	Filipino	n/a
Common	Ma. Victoria M. Acosta	0	Filipino	n/a
Common	Maria Carla T. Uykim	0	Filipino	n/a
Common	Rafael Antonio S. Perez	0	Filipino	n/a
Common	Graham M. Coates	0	British	n/a
Common	Jennifer L. Romualdez	0	Filipino	n/a
Common	Ma. Melody Ibañez-Garcia	0	Filipino	n/a
Common	Lino P. Victorioso, Jr.	0	Filipino	n/a
Common	Kimberly Hazel A. Sta. Maria	0	Filipino	n/a

[1] Indirect ownership; shares beneficially owned by spouse Katherine L. Tan.
[2] Indirect ownership; shares held by Alliance Global Group, Inc., which normally authorizes Andrew L. Tan, in his capacity as Chairman of the Company, or in his absence the Chairman of the meeting, to vote AGI's common shares in the Company.
[3] Indirect ownership; shares held by NTLPI which normally authorizes Andrew L. Tan, in his capacity as Chairman of the Company, or in his absence the Chairman of the meeting, to vote NTLPIs common shares in the Company.
[4] Shares are lodged with PCD Nominee Corporation.
[5] Indirect ownership; shares beneficially owned by spouse Andrew L. Tan.
[6] Shares are lodged with PCD Nominee Corporation.
[7] Shares are lodged with PCD Nominee Corporation.

Common	Anna Michelle T. Llovido	0	Filipino	n/a
Common	Nelileen S. Baxa	0	Filipino	n/a
Common	All directors and executive officers as a group	4,295,193		0.0115514%

**all direct ownership unless otherwise specified*

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the Company since it was incorporated in 1989.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

All transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings to ensure that the same are executed at fair market value, with the goal of ensuring fairness, and best interests of the Company's stakeholders, as well as preventing potential conflicts of interest. Please refer to the discussion under Part I – Business - Transactions with and/or Dependence on Related Parties on page 23.

The Megaworld Group's policy on related party transactions is disclosed in Note 27, Page 67 of the Audited Financial Statements.

In Note 1, Pages 1 to 5 of the Audited Financial Statements, the interest of the Company on its subsidiaries and associates as well as other explanatory notes are disclosed. Moreover, Notes 27 to 27.8, Pages 67 to 71, cite the conditions, purpose and types of transactions (i.e., real estate sales and rendering services to related parties, sale and purchase of investment, advances provided to associates and other related parties, advances from associates and other related parties and other accounts). Further, in accordance with PAS 24.18, the Group disclosed the amount of the transactions with its related parties, including the amount of outstanding balances of the reporting dates. With regard to determination of transaction prices, these are determined based on the agreement of the parties involved and are usually based on prevailing market sales.

The Company has no transaction for the covered period with parties that fall outside the definition of "related parties" under PAS 24 but with whom the Company or its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

Megaworld pursues the sustainability of its business as well as shared value for its stakeholders by anchoring its corporate activities on the highest standards of corporate governance. A culture of integrity, transparency and accountability governs the company's operations, driving its move to continuously build on the value it has created for its shareholders, investors, employees and the community.

Pursuant to SEC Memorandum Circular No. 19 series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies ("Code"), the Company's Board of Directors approved the Revised Manual on Corporate Governance dated 31 May 2017 ("Revised Manual"), incorporating corporate governance principles and best practices which guides the Company in the pursuit of its goals.

The Board conducts regular assessment of its performance, including the performance of the Chairman, individual members and committees. It periodically evaluates and monitors the implementation of such policies and strategies, including the business plans and operating budgets, and assesses Management's overall performance based on established performance standards that are consistent with the Company's strategic objectives. This assessment and evaluation includes determining compliance with the corporate governance requirements under the Code, the Revised Manual, and other relevant laws, regulations and standards.

The Company fully complies with the Code and the Manual. There has been no material deviation from the Revised Manual on Corporate Governance. Neither has there been any director or executive officer of the Company who has violated any material provisoin of the same.

Consistently strengthening its corporate governance system and practices is a commitment of Megaworld, as it is aligned with its vision to uplift lives, impact society and help shape the nation.

The Company's Integrated Annual Corporate Governance Report (I-ACGR), embodying the Company's compliance with good corporate governance, will be filed separately.

Enterprise Risk Management

As part of their obligations, as outlined in the Company's Code of Corporate Governance, the Board of Directors analyzes and monitors critical risk areas and performance indicators. The Company identifies, monitors, and mitigates these risks that adversely impact the Company's capability to achieve its business objectives, comply with regulatory requirements, and maximize shareholder value. As required by SEC Memorandum Circular No. 19, series of 2016, the Company developed a strong and effective internal control system and Enterprise Risk Management (ERM) framework to ensure integrity, transparency, and proper governance. The Company has established an ERM process to obtain a focused and disciplined approach to managing risks. This enterprise-wide risk management approach allows the Company to perceive risks by continually identifying, mitigating, controlling, and monitoring risks in partnership with key risk owners, vital support units, and, if necessary, appropriate external organizations.

The Board of Directors reviews on an annual basis the Company's material controls and risk management system. The Board of Directors has found the Company's internal controls and risk management systems to be adequate.

Information Technology (IT) Governance

In the dynamic landscape of Information Technology (IT), the Board ensures that the Company's IT governance process stands as a crucial framework in addressing paramount issues such as disruption, cyber security, and disaster recovery. The Board exercises effective oversight in the day-to-day implementation of such process by the company's Information System Management (ISM) and Risk Management (RM) Units.

Based on fundamental principles, the Company's IT governance process begins with implementing robust physical security measures. Access control and surveillance cameras are meticulously implemented to establish a secure digital perimeter, strategically limiting entry points and maintaining vigilant monitoring to promptly detect and deter any unauthorized activities.

The Company’s dedication to a comprehensive governance process that ensures the resilience of its IT infrastructure amidst evolving challenges is exemplified through the implementation of various verification methods, reflecting the company's commitment to robust digital identity protection. Augmenting this commitment is the strategic use of AI security tools. Advanced tools are in place to analyze network traffic, system logs, and user activities. Hence, Megaworld maintains a state of constant vigilance. The adherence to established cybersecurity frameworks and standards further solidifies this process, providing a structured approach to safeguarding IT assets.

Regular assessments and security updates of the Information Security and Security Operation Center ensure compliance and resilience against emerging threats. The Company’s governance process also embraces cutting-edge IT tools and technologies, including intrusion detection and prevention systems, firewalls, and advanced endpoint protection, forming a multi-layered defense against cyber threats. Integration of threat intelligence feeds and machine learning algorithms enables proactive threat identification, keeping the organization ahead of evolving challenges. In this dynamic environment, the governance process remains adaptive, continuously evaluating and integrating emerging technologies to navigate the ever-changing IT landscape.

In relation to IT-related disasters, processes and procedures are in place to ensure timely response to IT incidents. Moreover, the company maintains an IT Disaster Recovery Policy and Plan which details the measures for protecting and recovering IT infrastructure in the event of a disaster. The Plan also explains how the IT infrastructure will support critical business operations during the recovery period.

As cybersecurity is a holistic risk management concern, the company ensures effective cybersecurity calls for ongoing monitoring and assessment of cyber risks including penetration and vulnerability testing. This involves evaluating the potential repercussions of cyber threats on the organization's operations, financial health, and reputation. Regular cybersecurity training and awareness programs are likewise conducted to employees at all organizational levels as part of the Company’s IT governance process.

Sustainability Report

A copy of the Company’s Sustainability Report for 2023 is attached hereto as **Exhibit 3.**

PART V – EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

Exhibit No.	Description of Exhibit
1	Audited Consolidated Financial Statements as of December 31, 2023 and 2022
1-A	Audited Financial Statements of Megaworld Corporation as of December 31, 2023 and 2022
2	Reinvestment Plan and Progress Reports for 2023
3	Sustainability Report for 2023

Reports on SEC Form 17-C

The Company filed the following current reports (SEC Form 17-C) during the last six-month period covered by this report.

Date	Disclosures
04 July 2023	Press Release: Megaworld Launches 'Smart Home' Condo Tower in Manhattan Garden City
04 July 2023	Material Information/Transactions: Megaworld Launches 'Smart Home' Condo Tower in Manhattan Garden City
05 July 2023	Press Release: Megaworld to Build its First Beachside Residential Condo in San Vicente, Palawan
05 July 2023	Material Information/Transactions: : Megaworld to Build its First Beachside Residential Condo in San Vicente, Palawan
14 July 2023	Press Release: Megaworld Opens PH's First Data Science Lab for a Real Estate Company
14 July 2023	Material Information/Transactions: Megaworld Opens PH's First Data Science Lab for a Real Estate Company
18 July 2023	Press Release: Megaworld to Build P1.5-B Convention Center near the Beach in Mactan
18 July 2023	Material Information/Transactions: Megaworld to Build P1.5-B Convention Center near the Beach in Mactan
21 July 2023	Offering of Megaworld Corporation's 279,400,000 Common Shares in MREIT, Inc. under Block Sale Transaction
21 July 2023	Confirmation of Sale of Megaworld Corporation's 279,400,000 Common Shares in MREIT, Inc. under Block Sale Transaction
24 July 2023	Press Release: PH'S Biggest Hotel Set to Open in Megaworld's Westside City this Year
24 July 2023	Material Information/Transactions: PH'S Biggest Hotel Set to Open in Megaworld's Westside City this Year
25 July 2023	Offering of Megaworld Corporation's 279,400,000 Common Shares in MREIT, Inc. under Block Sale Transaction (As Amended)
27 July 2023	Reinvestment Plan
01 August 2023	Press Release: Megaoworld's Retail Arm Bags Multimillion Deal to Bring Finland's 'SuperPark' to the Philippines
01 August 2023	Material Information/Transactions
04 August 2023	Notice of Analyst's Briefing on August 11, 2023 for MEG First Half 2023 Results Briefing
10 August 2023	Press Release: Megaworld Posts 31% Surge in IH Net
10 August 2023	Material Information/Transactions: Megaworld Posts 31% Surge in IH Net
24 August 2023	Press Release: Megaworld to Build 3rd Residential Condo in Cavite's Maple Grove
24 August 2023	Material Information/Transactions: Megaworld to Build 3rd Residential Condo

	in Cavite's Maple Grove
20 September 2023	Press Release: Megaworld to Build 26-Storey, Two-Tower Residential Condo in Bacolod
20 September 2023	Material Information/Transactions: Megaworld to Build 26-Storey, Two-Tower Residential Condo in Bacolod
26 September 2023	Press Release: Megaworld's New Tower in Uptown BGC to Offer Units with Built-in Appliances, E-Vehicle Charging Facilities
26 September 2023	Material Information/Transactions: Megaworld's New Tower in Uptown BGC to Offer Units with Built-in Appliances, E-Vehicle Charging Facilities
13 October 2023	Cash Dividend Declaration for the year 2023
16 October 2023	Reinvestment Plan
31 October 2023	Notice of Analyst's Briefing on November 9, 2023 for MEG 9M2023 Financial and Operating Results
07 November 2023	Notice of Participation in PSE Star Investor Day 2023
09 November 2023	Press Release: Megaworld's 9M Income Up 39% to P13.5B
09 November 2023	Material Information/Transactions: Megaworld's 9M Income Up 39% to P13.5B
17 November 2023	Clarification on news articles posted in Bilyonaryo.com "Substantiated fraud charges': Court issues freeze order on Megaworld's assets as Datem sues to recover nearly P1 billion in unpaid bills"
17 November 2023	Clarification on news articles posted in Bilyonaryo.com "Legal battle heats up as freeze order hits Andrew Tan's Megaworld and 10 banks in Datem dispute over nearly P1B dues"
28 November 2023	Clarification on news articles posted in Bilyonaryo.com "Legal battle heats up as freeze order hits Andrew Tan's Megaworld and 10 banks in Datem dispute over nearly P1B dues" (As Amended)
04 December 2023	Press Release: Megaworld, Suntrust to Develop New Township in Puerto Princesa, Palawan
04 December 2023	Material Information/Transactions: Megaworld, Suntrust to Develop New Township in Puerto Princesa, Palawan

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized.

MEGAWORLD CORPORATION
Company

By:

ANDREW L. TAN
President
(Principal Executive Officer)

FRANCISCO C. CANUTO
Treasurer
(Principal Financial Officer)

LOURDES T. GUTIERREZ-ALFONSO
Chief Operating Officer
(Principal Operating Officer)

LOURDES O. RAMILO
(Principal Accounting Officer
and Comptroller)

NELILEEN S. BAXA
Assistant Corporate Secretary

15 APR 2024

SUBSCRIBED AND SWORN to before me this ____ day of ____________, affiants exhibiting to me their respective government issued identification cards, as follows:

NAMES	Identification Card Number
Andrew L. Tan	Passport Number P9281984A expiring until October 23, 2028
Francisco C. Canuto	TIN 102-956-483-000
Lourdes T. Gutierrez-Alfonso	Passport Number P5005287B expiring until March 1, 2030
Lourdes O. Ramilo	UMID Number 0003-9283391-4
Nelileen S. Baxa	UMID Number 0033-8300166-8

ATTY RAYMOND A. RAMOS
COMMISSION NO. M-77
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO 374750/12-26-2023/Pasig City
PTR NO MKT 10074525/01-02-2024/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

Doc. No. 58;
Page No. 105;
Book No. 329;
Series of 2024.

Exhibit 1

Audited Consolidated Financial Statements as of December 31, 2023 and 2022

MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
Tels (632) 8946300 / 9052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megaworld Corporation and Subsidiaries** 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ANDREW L. TAN
Chairman and Chief Executive Officer

FRANCISCO C. CANUTO
SVP and Treasurer
(Chief Financial Officer)

Signed this 26th day of February 2024

CERTIFICATION INTERNATIONAL ISO 9001:2015

FEB 26 2024

SUBSCRIBED AND SWORN to before me on this ____ day of ______ at Quezon City ____, Philippines affiants exhibiting to me their Tax Identification Nos. as follows:

Andrew L. Tan	125-960-003-000
Francisco C. Canuto	102-956-483-000

Doc. No. 133;
Page No. 27;
Book No. 29;
Series of 2024

ATTY. OBIL S. DAHAP JR.
NOTARY PUBLIC
ADM NO. NP-011 (2023-2024)
Unit 107 Casman Bldg. Quezon Ave. Quezon City
IBP No. 395485 Q.C. 1/3/2024
PTR No. 5545398D Q.C. 1/4/2024
Roll No. 66677
MCLE Compliance VII-0012229
Until April 14, 2025

P&A Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Megaworld Corporation and Subsidiaries

December 31, 2023, 2022 and 2021

P&A Grant Thornton

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

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Opinion

We have audited the consolidated financial statements of Megaworld 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 income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023 and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

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

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

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales and cost of real estate sales amounted to P42.7 billion or 60.9% of consolidated Revenues and Income and P21.6 billion or 42.6% of consolidated Costs and Expenses, respectively, for the year ended December 31, 2023. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, 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 significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 20 and 21, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition policy and process include tests of design and operating effectiveness of relevant controls over revenue generation and recognition, as well as tests of information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized through examination of real estate sales contracts and other relevant supporting documents of the samples selected and performed overall analytical review of actual results.

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

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

In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of design and operating effectiveness of controls over cost recognition and measurement, including IT general and application controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

(b) Consolidation Process

Description of the Matter

The Group's consolidated financial statements comprise the financial statements of Megaworld Corporation and its subsidiaries, as enumerated in Note 1 to the consolidated financial statements, after the elimination of material intercompany transactions. The Group's consolidation process is significant to our audit because of the complexity of the process. It involves identifying and eliminating voluminous intercompany transactions to properly reflect realization of profits and measurement of controlling and non-controlling interests.

The Group's policy on consolidation process is more fully described in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained understanding of the Group structure and its consolidation process including the procedures for identifying intercompany transactions and reconciling intercompany balances. We tested significant consolidation adjustments which include elimination of intercompany revenues, expenses, receivables, payables and investments, reversal of unrealized fair value adjustments on intercompany investments, and recognition of equity transactions to measure non-controlling interest.

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audits resulting in this independent auditors' report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO

By: **John Endel S. Mata**
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 25,115,017,234**	P 27,754,568,446
Trade and other receivables - net	6	**35,926,522,343**	35,906,287,222
Contract assets	20	**16,725,717,102**	13,613,227,726
Inventories	7	**134,493,092,091**	123,451,306,761
Advances to contractors and suppliers		**12,796,034,554**	13,224,995,447
Prepayments and other current assets	8	**13,580,396,977**	10,365,034,100
Total Current Assets		**238,636,780,301**	224,315,419,702
NON-CURRENT ASSETS			
Trade and other receivables - net	6	**28,758,158,409**	21,035,571,171
Contract assets	20	**8,995,733,228**	6,006,696,047
Advances to contractors and suppliers		**1,796,688,120**	2,112,862,719
Advances to landowners and joint operators	10	**8,160,417,609**	7,896,413,808
Financial assets at fair value through other comprehensive income	9	**5,390,622,368**	5,253,799,848
Investments in associates - net	11	**3,069,422,324**	3,138,183,202
Investment properties - net	12	**135,155,548,880**	128,101,844,538
Property and equipment - net	13	**7,273,195,298**	7,196,910,584
Deferred tax assets - net	26	**412,824,612**	394,145,565
Other non-current assets - net	14	**2,923,327,024**	3,759,690,116
Total Non-current Assets		**201,935,937,872**	184,896,117,598
TOTAL ASSETS		**P 440,572,718,173**	P 409,211,537,300

	Notes	2023	2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**P 16,625,470,088**	P 12,691,010,973
Bonds and notes payable	16	**11,997,992,546**	14,026,453,110
Trade and other payables	17	**26,394,004,577**	24,158,766,211
Contract liabilities	20	**1,763,382,934**	3,392,947,567
Customers' deposits	2	**9,440,841,699**	9,421,120,175
Advances from other related parties	27	**1,247,044,914**	2,126,611,006
Income tax payable		**69,133,848**	61,272,502
Other current liabilities - net	19	**8,837,345,891**	9,375,781,591
Total Current Liabilities		**76,375,216,497**	75,253,963,135
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**55,154,846,130**	36,967,485,247
Bonds and notes payable	16	**19,116,598,705**	31,212,622,400
Contract liabilities	20	**5,693,360,461**	4,853,473,963
Customers' deposits	2	**2,383,982,004**	1,259,789,445
Deferred tax liabilities - net	26	**14,587,512,527**	12,264,107,694
Retirement benefit obligation - net	25	**618,205,997**	349,574,867
Other non-current liabilities - net	19	**5,975,149,880**	6,029,997,597
Total Non-current Liabilities		**103,529,655,704**	92,937,051,213
Total Liabilities		**179,904,872,201**	168,191,014,348
EQUITY	28		
Total equity attributable to the Company's shareholders		**227,821,868,243**	209,226,173,725
Non-controlling interests		**32,845,977,729**	31,794,349,227
Total Equity		**260,667,845,972**	241,020,522,952
TOTAL LIABILITIES AND EQUITY		**P 440,572,718,173**	P 409,211,537,300

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES AND INCOME				
Real estate sales	20	**P 42,721,115,222**	P 36,849,992,605	P 31,129,417,724
Rental income	12	**17,854,466,048**	15,653,727,970	13,319,580,244
Hotel operations	20	**3,807,063,945**	2,603,709,878	1,928,863,081
Interest and other income - net	23	**5,345,510,276**	4,419,826,198	4,376,429,682
		69,728,155,491	59,527,256,651	50,754,290,731
COSTS AND EXPENSES				
Cost of real estate sales	21	**21,604,685,140**	18,554,755,392	16,874,283,279
Cost of hotel operations	21	**2,185,776,633**	1,462,451,435	1,086,978,559
Operating expenses	22	**16,959,260,295**	14,584,659,156	12,864,632,841
Equity share in net losses of associates	11	**65,412,001**	155,429,591	176,548,383
Interest and other charges - net	24	**5,056,713,055**	5,628,116,792	4,808,537,325
Tax expense	26	**4,455,738,864**	3,767,557,891	564,917,329
		50,327,585,988	44,152,970,257	36,375,897,716
NET PROFIT FOR THE YEAR		**P 19,400,569,503**	P 15,374,286,394	P 14,378,393,015
Net profit attributable to:				
Company's shareholders		**P 17,345,401,623**	P 13,455,475,825	P 13,434,466,763
Non-controlling interests		**2,055,167,880**	1,918,810,569	943,926,252
		P 19,400,569,503	P 15,374,286,394	P 14,378,393,015
Earnings Per Share:	29			
Basic		**P 0.560**	P 0.431	P 0.422
Diluted		**P 0.560**	P 0.430	P 0.421

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT FOR THE YEAR		**P 19,400,569,503**	P 15,374,286,394	P 14,378,393,015
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to consolidated profit or loss:				
Actuarial gains (losses) on retirement benefit obligation	25	**(268,851,445)**	219,636,360	325,125,100
Fair value gains (losses) on financial assets at fair value through other comprehesive income	9	**101,480,862**	(579,783,082)	1,347,392,142
Tax income (expense)	25, 26	**65,908,044**	(55,553,033)	(62,880,238)
		(101,462,539)	(415,699,755)	1,609,637,004
Items that will be reclassified subsequently to consolidated profit or loss:				
Exchange difference on translating foreign operations	2	**44,115,901**	106,276,210	47,027,439
Unrealized gains (losses) on cash flow hedge	30	**(34,246,151)**	91,147,189	199,713,502
Share in other comprehensive income (losses) of associates	11	**(3,348,877)**	6,138,277	20,926,197
Tax expense	26	**(20,768,304)**	(34,902,030)	(11,756,858)
		(14,247,431)	168,659,647	255,910,280
Total Other Comprehensive Income (Loss)		**(115,709,970)**	(247,040,108)	1,865,547,284
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 19,284,859,532**	P 15,127,246,286	P 16,243,940,299
Total comprehensive income attributable to:				
Company's shareholders		**P 17,244,878,432**	P 13,196,367,962	P 15,276,423,950
Non-controlling interests		**2,039,981,100**	1,930,878,324	967,516,349
		P 19,284,859,532	P 15,127,246,286	P 16,243,940,299

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Attributable to the Company's Shareholders								
	Capital Stock (See Note 28)	**Additional Paid-in Capital** (See Note 28)	**Treasury Shares - At Cost** (See Note 28)	**Revaluation Reserves** (See Note 28)	**Perpetual Securities** (See Note 28)	**Retained Earnings** (See Note 28)	**Total**	**Non-controlling Interests**	**Total Equity**
Balance at January 1, 2023	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P -	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952
Reissuance of treasury shares	-	333,233,823	515,166,177	-	-	-	848,400,000	-	848,400,000
Changes in percentage of ownership	-	-	-	3,225,985,331	-	-	3,225,985,331	363,803,525	3,589,788,856
Cash dividends	-	-	-	-	-	(2,058,559,594)	(2,058,559,594)	(1,352,156,123)	(3,410,715,717)
Acquisition of treasury shares	-	-	(668,595,880)	-	-	-	(668,595,880)	-	(668,595,880)
Share-based employee compensation	-	-	-	-	-	3,586,229	3,586,229	-	3,586,229
Total comprehensive income (loss) for the year	-	-	-	(100,523,191)	-	17,345,401,623	17,244,878,432	2,039,981,100	19,284,859,532
Balance at December 31, 2023	**P 32,430,865,872**	**P 16,995,980,793**	**(P 2,852,655,275)**	**P 10,494,221,542**	**P -**	**P 170,753,455,312**	**P 227,821,868,243**	**P 32,845,977,729**	**P 260,667,845,972**
Balance at January 1, 2022	P 32,430,865,872	P 16,660,844,347	(P 1,784,028,454)	P 7,627,867,265	P -	P 143,903,318,444	P 198,838,867,474	P 30,865,123,473	P 229,703,990,947
Exercise of stock options	-	1,902,623	902,111	-	-	(1,031,680)	1,773,054	-	1,773,054
Cash dividends	-	-	-	-	-	(1,911,107,946)	(1,911,107,946)	(1,001,652,570)	(2,912,760,516)
Acquisition of treasury shares	-	-	(916,099,229)	-	-	-	(916,099,229)	-	(916,099,229)
Share-based employee compensation	-	-	-	-	-	16,372,411	16,372,411	-	16,372,411
Total comprehensive income (loss) for the year	-	-	-	(259,107,863)	-	13,455,475,825	13,196,367,962	1,930,878,324	15,127,246,286
Balance at December 31, 2022	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P -	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952
Balance at January 1, 2021	P 32,430,865,872	P 16,660,844,347	(P 1,627,041,094)	(P 3,702,510,630)	P 10,237,898,577	P 131,464,174,188	P 185,464,231,260	P 27,066,248,937	P 212,530,480,197
Changes in percentage of ownership	-	-	-	9,488,420,708	-	-	9,488,420,708	3,227,048,107	12,715,468,815
Redemption of perpetual securities	-	-	-	-	(10,237,898,577)	484,257,436	(9,753,641,141)	-	(9,753,641,141)
Cash dividends	-	-	-	-	-	(1,337,820,837)	(1,337,820,837)	(263,692,340)	(1,601,513,177)
Acquisition of treasury shares	-	-	(156,987,360)	-	-	-	(156,987,360)	-	(156,987,360)
Distribution to holders of perpetual securities	-	-	-	-	-	(151,963,438)	(151,963,438)	-	(151,963,438)
Reduction in capital of a subsidiary	-	-	-	-	-	-	-	(141,998,580)	(141,998,580)
Share-based employee compensation	-	-	-	-	-	10,204,332	10,204,332	-	10,204,332
Acquisition of a new subsidiary with non-controlling interest	-	-	-	-	-	-	-	10,001,000	10,001,000
Total comprehensive income for the year	-	-	-	1,841,957,187	-	13,434,466,763	15,276,423,950	967,516,349	16,243,940,299
Balance at December 31, 2021	P 32,430,865,872	P 16,660,844,347	(P 1,784,028,454)	P 7,627,867,265	P -	P 143,903,318,444	P 198,838,867,474	P 30,865,123,473	P 229,703,990,947

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 23,856,308,367**	P 19,141,844,285	P 14,943,310,344
Adjustments for:				
Depreciation and amortization	12, 13, 14	**3,480,324,608**	3,279,686,211	3,467,925,032
Interest expense	24	**2,635,396,341**	2,258,100,909	1,941,630,481
Interest income	23	**(2,540,479,012)**	(2,143,200,870)	(1,566,929,419)
Unrealized foreign currency losses (gains) - net		**(362,380,482)**	2,366,023,638	1,625,333,145
Equity share in net losses of associates	11	**65,412,001**	155,429,591	176,548,383
Dividend income	23, 27	**(36,495,750)**	(21,420,750)	(24,456,757)
Employee share options	25	**3,586,229**	16,372,411	10,204,332
Loss (gain) on sale of property and equipment	13	**302,916**	(66,002)	(1,225,627)
Loss (gain) on sale of investment property	12	**-**	832,805	(136,206,674)
Loss on derecognition of property and equipment	13	**-**	-	43,603,084
Operating profit before working capital changes		**27,101,975,218**	25,053,602,228	20,479,736,324
Increase in trade and other receivables		**(5,401,855,155)**	(6,012,370,613)	(1,835,285,029)
Decrease (increase) in contract assets		**(6,101,526,557)**	302,323,589	(541,521,049)
Increase in inventories		**(9,543,970,288)**	(6,982,569,520)	(8,951,566,293)
Decrease (increase) in advances to contractors and suppliers		**745,135,492**	(321,139,074)	514,205,832
Increase in prepayments and other current assets		**(3,850,451,340)**	(742,381,075)	(1,740,765,114)
Decrease (increase) in advances to landowners and joint operators		**(264,003,801)**	(737,837,585)	354,803,949
Decrease (increase) in other non-current assets		**838,172,118**	846,939,366	(142,656,451)
Increase in trade and other payables		**2,123,214,966**	1,239,593,735	606,265,488
Increase (decrease) in contract liabilities		**(789,678,135)**	842,725,722	1,560,066,505
Increase (decrease) in customers' deposits		**1,143,914,083**	(1,472,950,409)	(2,534,471,445)
Decrease in other liabilities		**(173,959,904)**	(1,649,159,285)	(1,327,724,229)
Cash generated from operations		**5,826,966,697**	10,366,777,079	6,441,088,488
Cash paid for income taxes		**(1,625,121,992)**	(2,636,045,057)	(813,914,179)
Net Cash From Operating Activities		**4,201,844,705**	7,730,732,022	5,627,174,309
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment properties	12	**(10,857,268,275)**	(12,115,399,233)	(7,055,426,460)
Property and equipment	13	**(734,877,887)**	(733,081,802)	(522,659,939)
Interest received		**2,227,691,648**	2,198,139,764	2,052,061,538
Advances to associates and other related parties:	27			
Collected		**112,550,636**	-	89,575,462
Granted		**-**	(1,827,132,491)	(413,989,152)
Dividends received	24	**12,815,280**	21,420,750	24,456,757
Proceeds from sale of property and equipment	13	**32,061,133**	29,374,859	4,739,942
Acquisition and subscription of shares of stock of subsidiaries and associates		**(659,964)**	-	(1,001,843,366)
Additions to financial assets at fair value through other comprehensive income	9	**-**	-	(238,089,875)
Proceeds from sale of investment property	12	**-**	-	136,607,144
Net Cash Used in Investing Activities		**(9,207,687,429)**	(12,426,678,153)	(6,924,567,949)
Balance carried forward		**(P 5,005,842,724)**	(P 4,695,946,131)	(P 1,297,393,640)

	Notes	2023	2022	2021
Balance brought forward		**(P 5,005,842,724)**	(P 4,695,946,131)	(P 1,297,393,640)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of long and short-term liabilities	15, 36	**35,645,523,000**	10,522,520,857	26,643,083,897
Repayments of long and short-term liabilities	36	**(13,836,564,027)**	(12,451,825,598)	(20,982,065,248)
Repayments of bonds payable	36	**(13,607,000,000)**	-	-
Interest paid		**(5,269,232,098)**	(4,200,536,048)	(3,977,876,007)
Proceeds from sale of investment in subsidiary	28	**3,565,448,820**	-	-
Cash dividends paid	28	**(2,058,559,594)**	(1,911,107,946)	(2,515,617,409)
Advances from other related parties:	27, 36			
Paid		**(1,597,199,347)**	(2,433,986,742)	(48,783,694)
Obtained		**717,633,255**	1,317,261,209	608,170,119
Cash dividends declared and paid to non-controlling interest	1	**(1,352,156,123)**	(1,001,652,570)	(263,692,340)
Proceeds from reissuance of treasury shares	28	**848,400,000**	-	-
Acquisition of treasury shares	28	**(668,595,880)**	(916,099,229)	(156,987,360)
Repayments of lease liabilities	19, 36	**(21,406,494)**	(18,840,748)	-
Proceeds from issuance of shares	28	**-**	1,773,053	-
Redemption of preferred shares	18	**-**	(251,597,580)	(251,597,580)
Proceeds from secondary offering of subsidiary's shares	28	**-**	-	14,717,312,432
Payments for redemption of perpetual capital securities		**-**	-	(8,552,741,141)
Distribution to holders of perpetual securities	28	**-**	-	(151,963,438)
Payments for return of capital to non-controlling interest		**-**	-	(141,998,580)
Net Cash From (Used in) Financing Activities		**2,366,291,512**	(11,344,091,342)	4,925,243,651
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,639,551,212)**	(16,040,037,473)	3,627,850,011
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**27,754,568,446**	43,794,605,919	40,166,755,908
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 25,115,017,234**	P 27,754,568,446	P 43,794,605,919

Supplemental Information on Non-cash Investing and Financing Activities:

1) In the normal course of business, the Group enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Other non-cash transactions include transfers of property between Inventories, Property and Equipment, and Investment Properties. These non-cash activities are not reflected in the consolidated statements of cash flows (see Notes 7, 12 and 13).

2) In 2021, the Group recognized right-of-use assets and lease liabilities amounting to P3.6 million (see Notes 13 and 19).

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Parent Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Parent Company is presently engaged in property-related activities such as project design, construction and property management. The Parent Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI or the Ultimate Parent Company) is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses.

The Parent Company and AGI's common shares are publicly-listed at the Philippine Stock Exchange (PSE).

The Parent Company's registered office address, which is also its principal place of business, is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.1 Composition of the Group

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and associates:

	Effective Percentage of Ownership		
Subsidiaries	**2023**	2022	2021
Prestige Hotels and Resorts, Inc. (PHRI)	**100%**	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)	**100%**	100%	100%
Eastwood Cyber One Corporation (ECOC)	**100%**	100%	100%
Megaworld Cebu Properties, Inc. (MCP)	**100%**	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)	**100%**	100%	100%
Megaworld Oceantown Properties, Inc. (formerly: Oceantown Properties, Inc.) (MOPI)	**100%**	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	**100%**	100%	100%
Arcovia Properties, Inc. (API)	**100%**	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership 2023	2022	2021
Mactan Oceanview Properties				
and Holdings, Inc. (MOPHI)	(a)	**100%**	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	**100%**	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		**100%**	100%	100%
Luxury Global Malls, Inc. (LGMI)		**100%**	100%	100%
Davao Park District Holdings, Inc. (DPDHI)		**100%**	100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)		**100%**	100%	100%
Global One Hotel Group, Inc. (GOHGI)		**100%**	100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	**100%**	100%	100%
Megaworld San Vicente Coast, Inc. (formerly:				
San Vicente Coast, Inc.) (MSVCI)		**100%**	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		**100%**	100%	100%
Savoy Hotel Manila, Inc. (SHMI)		**100%**	100%	100%
Savoy Hotel Mactan, Inc. (SHM)		**100%**	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	**100%**	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100%**	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100%**	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	**100%**	100%	100%
MREIT, Inc. (MREIT)	(f)	**55.63%**	62.09%	62.09%
Belmont Hotel Mactan Inc. (BHMI)		**100%**	100%	-
Grand Westside Hotel, Inc. (GWHI)	(k)	**100%**	-	-
Megaworld Bacolod Properties, Inc. (MBPI)		**91.55%**	91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	**76.55%**	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		**76.28%**	76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		**75%**	75%	75%
La Fuerza, Inc. (LFI)		**66.67%**	66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	**60%**	60%	60%
Northwin Properties, Inc. (NWPI)		**60%**	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	**52.14%**	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	**68.03%**	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%	50%
Integrated Town Management Corporation (ITMC)		**50%**	50%	50%
Maple Grove Land, Inc. (MGLI)		**50%**	50%	50%
Megaworld Land, Inc. (MLI)		**100%**	100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	**100%**	100%	100%
Forbestown Commercial Center				
Administration, Inc. (FCCAI)	(e)	**100%**	100%	100%
Paseo Center Building				
Administration, Inc. (PCBAI)	(e)	**100%**	100%	100%
Uptown Commercial Center				
Administration, Inc. (UCCAI)	(e)	**100%**	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	**100%**	100%	100%
Newtown Commercial Center				
Administration, Inc. (NCCAI)	(e)	**100%**	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	**100%**	100%	100%
San Lorenzo Place Commercial Center				
Administration, Inc. (SLPCCAI)	(e)	**100%**	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	**100%**	100%	100%
Cityfront Commercial Center				
Administration, Inc. (CCCAI)	(a)	**100%**	100%	-

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership 2023	2022	2021
Suntrust Properties, Inc. (SPI)		**100%**	100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		**100%**	100%	100%
Governor's Hills Science School, Inc. (GHSSI)		**100%**	100%	100%
Sunrays Property Management, Inc. (SPMI)		**100%**	100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	**100%**	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	**100%**	100%	100%
Stateland, Inc. (STLI)	(h)	**98.41%**	98.41%	98.31%
Global-Estate Resorts, Inc. (GERI)		**82.32%**	82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)		**82.32%**	82.32%	82.32%
Southwoods Mall, Inc. (SMI)		**91.09%**	91.09%	91.09%
Elite Club & Leisure Inc. (ECLI)	(k)	**82.32%**	-	-
Integrated Resorts Property Management Inc. (IRPMI)	(k)	**82.32%**	-	-
Megaworld Global-Estate, Inc. (MGEI)		**89.39%**	89.39%	89.39%
Twin Lakes Corporation (TLC)		**90.99%**	90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)		**90.99%**	90.99%	90.99%
Global-Estate Properties, Inc. (GEPI)		**82.32%**	82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a)	**82.32%**	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a)	**82.32%**	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a)	**82.32%**	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	**82.32%**	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a)	**82.32%**	82.32%	82.32%
La Compaña De Sta. Barbara, Inc. (LCSBI)		**82.32%**	82.32%	82.32%
MCX Corporation (MCX)	(a)	**82.32%**	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a)	**82.32%**	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a)	**82.32%**	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)		**82.32%**	82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	**82.32%**	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	**65.03%**	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		**45.28%**	45.28%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)		**82.32%**	82.32%	82.32%
Golforce, Inc. (Golforce)		**82.32%**	82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		**49.39%**	49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	**49.39%**	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)		**82.32%**	82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a)	**82.32%**	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a)	**82.32%**	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)		**82.32%**	82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)		**82.32%**	82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)		**41.13%**	41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		**81.73%**	81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		**81.73%**	81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	**81.73%**	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	**81.73%**	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	**81.73%**	81.73%	81.73%
20th Century Nylon Shirt, Inc. (20th Century)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	**58.53%**	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	**51%**	51%	51%
Townsquare Development, Inc. (TDI)		**30.60%**	30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		**30.60%**	30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership 2023	2022	2021
Bonifacio West Development Corporation (BWDC)		**46.11%**	46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	**40%**	40%	40%
Suntrust Resort Holdings, Inc., formerly Suntrust Home Developers, Inc. (SUN)		**34%**	34%	34%
SWC Project Management Limited (SWCPML)		**34%**	34%	34%
WC Project Management Limited (WCPML)		**34%**	34%	34%
Suncity WC Hotel Inc. (Suncity WC)		**34%**	34%	34%
GERI				
Fil-Estate Network, Inc. (FENI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	**16.46%**	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		**11.52%**	11.52%	11.52%

Explanatory Notes:

(a) These are entities which have not yet started commercial operations or are non-operating entities as at December 31, 2023.

(b) As at December 31, 2023, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(c) As at December 31, 2023, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.

(d) As at December 31, 2023, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.

(e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Parent Company through MLI, their immediate parent company.

(f) MFMI, MPMI and MREIT are newly incorporated subsidiaries in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act (R.A.) No. 9856*, The Real Estate Investment Trust Act of 2009,* including its implementing rules and regulations, and other applicable laws. The Parent Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the Parent Company disposed certain number of shares resulting to a decrease in ownership to 55.63%.

(g) KHMI was incorporated in 2020 and also engaged in hotel operations.

(h) In 2021, the Parent Company acquired additional common shares of STLI from previous stockholders representing 1.44% direct ownership. As at December 31, 2023, the effective ownership of Parent Company over STLI is 98.41%, consisting of 18.94% direct ownership and 79.47% indirect ownership through SPI.

(i) In 2021, the SEC approved the application of MDC for the decrease of its authorized capital stock. As a result, MDC paid a total of P355.0 million to its current stockholders for the return of capital. The Parent Company's ownership interest over MDC remains at 60%.

(j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Ultimate Parent Company were transferred to the Parent Company, increasing the effective ownership of the Parent Company to 58.53%, which consists of 25.84% direct ownership and 32.69% indirect ownership from EELHI.

(k) Newly incorporated subsidiaries in 2023.

(l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.

All subsidiaries and associates were incorporated and have their principal place of business in the Philippines, except for the following:

- MCII – incorporated and has principal place of business in the Cayman Islands
- RHGI – incorporated and has principal place of business in the British Virgin Islands
- SPML – incorporated and has principal place of business in Hongkong
- WPML – incorporated and has principal place of business in Macau

The Parent Company and its subsidiaries, except for entities which have not yet started commercial operations as at December 31, 2023, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations and marketing services and e-commerce.

There are no significant restrictions on the Parent Company's ability to access or use the assets and settle the liabilities of the Group.

EELHI, GERI, MREIT and SUN are publicly-listed companies in the Philippines.

1.2 Subsidiaries with Material Non-controlling Interest

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

	Interest and Voting Accumulated Rights Held by NCI			Subsidiary's Consolidated Profit (Loss) Allocated to NCI			Accumulated Equity of NCI		
Name	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
GERI	**17.68%**	17.68%	17.68%	**P 444,108**	P 504,135	P 273,591	**P6,836,602**	P 6,465,556	P 5,924,064
EELHI	**18.27%**	18.27%	18.27%	**119,520**	132,014	131,173	**11,199,106**	11,079,586	10,947,572
MCTI	**23.72%**	23.72%	23.72%	**119,873**	61,367	42,215	**1,564,420**	1,540,324	1,478,957
MREIT	**44.37%**	37.91%	37.91%	**942,175**	847,186	218,295	**4,329,357**	4,106,038	4,193,831
MBPHI	**31.97%**	31.97%	31.97%	**241,170**	358,251	134,394	**3,979,512**	3,738,342	3,380,091
LFI	**33.33%**	33.33%	33.33%	**70,067**	50,573	103,742	**1,285,466**	1,315,389	1,331,477
NWPI	**40.00**%	40.00%	40.00%	**(118,125)**	768	(1,040)	**2,423,019**	2,304,894	2,304,126

The summarized balance sheets of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations are shown below.

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2023					
GERI	**P 40,459,590,601**	**P 21,107,842,595**	**P 8,530,655,854**	**P 13,068,472,896**	**P 39,968,304,446**
EELHI	**43,263,011,730**	**6,276,393,402**	**15,120,472,622**	**3,025,040,329**	**31,394,308,990**
MCTI	**6,426,075,428**	**958,427,061**	**632,829,665**	**156,311,163**	**6,595,361,660**
MREIT	**2,261,749,722**	**59,189,370,284**	**1,187,901,989**	**8,124,659,098**	**52,138,558,919**
MBPHI	**21,064,534,374**	**1,795,986,214**	**8,122,965,525**	**4,169,846,245**	**10,567,708,818**
LFI	**480,394,071**	**835,814,337**	**329,085,827**	**66,508,985**	**920,613,596**
NWPI	**5,024,990,012**	**44,333,466**	**273,773,758**	**306,243,335**	**4,489,306,385**
December 31, 2022					
GERI	P 38,958,385,938	P 18,348,102,791	P 8,984,280,250	P 10,125,839,695	P 38,196,368,784
EELHI	42,058,117,920	5,222,214,799	13,511,828,029	3,008,819,453	30,759,685,237
MCTI	6,346,828,725	692,319,537	481,153,103	68,691,537	6,489,303,622
MREIT	1,912,786,391	56,577,530,430	760,062,625	8,212,025,103	49,518,229,093
MBPHI	14,690,371,429	3,066,716,686	6,673,669,427	1,294,732,541	9,788,686,147
LFI	540,692,704	886,754,795	305,593,115	123,987,816	997,866,568
NWPI	3,778,762,779	15,407,016	131,543,651	251,638,417	3,410,987,727

The summarized comprehensive income of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations is shown below.

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2023			
GERI	**P 8,389,466,594**	**P 2,113,325,233**	**(P 8,416,676)**
EELHI	**5,203,131,447**	**788,653,304**	**(154,029,551)**
MCTI	**989,243,868**	**509,841,059**	**-**
MREIT	**4,156,504,467**	**168,343,855**	**-**
MBPHI	**5,176,390,657**	**779,022,671**	**-**
LFI	**428,024,009**	**223,264,780**	**(517,752)**
NWPI	**430,737,444**	**293,266,702**	**-**
2022			
GERI	P 7,330,290,215	P 2,086,560,251	P 38,918,313
EELHI	4,707,066,845	715,376,123	51,178,999
MCTI	581,200,403	254,239,433	-
MREIT	3,648,767,258	176,553,547	-
MBPHI	5,040,895,626	1,036,189,706	-
LFI	304,715,933	149,752,329	(356,140)
NWPI	17,899,291	(1,920,049)	-
2021			
GERI	P 4,986,114,413	P 1,494,693,044	P 24,957,294
EELHI	4,534,838,703	797,089,070	175,090,394
MCTI	422,618,465	173,678,947	-
MREIT	1,460,713,648	2,014,216,186	-
MBPHI	2,431,858,083	420,365,816	-
LFI	554,170,309	311,257,955	2,376,412
NWPI	8,202	(2,599,043)	-

The summarized cash flows of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations are shown below.

	Net Cash From (Used in)		
	Operating Activities	Investing Activities	Financing Activities
2023			
GERI	**P 243,620,711**	**(P 1,749,326,023)**	**(P 87,887,407)**
EELHI	**440,922,303**	**67,140,204**	**(228,380,011)**
MCTI	**(995,779,391)**	**187,254,202**	**-**
MREIT	**3,387,700,668**	**-**	**(3,089,314,682)**
MBPHI	**(4,606,227,279)**	**19,576,963**	**4,712,660,638**
LFI	**319,759,454**	**(5,906,351)**	**(299,784,772)**
NWPI	**(110,930,687)**	**(24,955)**	**785,051,956**
2022			
GERI	P 243,620,711	(P 1,749,326,023)	(P 87,887,407)
EELHI	390,373,664	26,523,351	(368,526,330)
MCTI	(927,266,336)	81,454,652	1,051,104,773
MREIT	2,780,620,961	-	(2,733,900,508)
MBPHI	(2,700,064,579)	(244,043,362)	(367,097,567)
LFI	249,164,549	(153,471)	(199,512,547)
NWPI	285,260,510	(976,240)	1,575,478,709
2021			
GERI	P 296,711,694	(P 23,628,604)	P 1,434,041,992
EELHI	1,294,993,446	5,700,022	(40,997,901)
MCTI	(139,930,008)	(29,105,188)	1,051,104,773
MREIT	1,552,973,207	(9,116,000,000)	6,587,915,869
MBPHI	1,425,208,741	(372,827,723)	(94,039,779)
LFI	149,327,127	23,562,500	(103,912,836)
NWPI	(28,229,018)	-	31,866,113

The summarized dividend declarations of MREIT, LFI, GERI and MCTI paid to NCI are shown below.

	2023	2022
MREIT	**P 1,083,319,430**	P 934,992,570
LFI	**99,990,000**	66,660,000
MCTI	**95,777,333**	-
OPI	**51,056,000**	-
GERI	**22,006,572**	-
ECOC	**6,788**	-
	P 1,352,156,123	P 1,001,652,570

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2023 (including the comparative consolidated financial statements as at December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Group's BOD on February 26, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) *SEC Financial Reporting Reliefs Availed by the Group*

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents a consolidated statement of comprehensive income separate from the consolidated statement of income.

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

(d) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

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

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

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

Discussed below are the relevant information about these pronouncements.

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

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

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

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

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

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

(c) Effective Subsequent to 2023 but not Adopted Early

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

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

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

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

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

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

2.3 Basis of Consolidation

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

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

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

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

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

Acquired investment in associate is subject to the purchase method.

2.4 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Except for MCII and RHGI, which use the United States (U.S.) dollar as their functional currency, the accounting records of the Parent Company and its subsidiaries are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of MCII and RHGI, which are measured using the U.S. dollar, their functional currency, are translated to Philippine peso, the Parent Company's functional currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end reporting period;

(ii) Income and expenses for each profit or loss account are translated at the annual average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in MCII and RHGI are recognized under Exchange Difference on Translating Foreign Operations account in the consolidated statement of comprehensive income. As these entities are wholly owned subsidiaries, the translation adjustments are fully allocated to the Parent Company's shareholders.

The translation of the consolidated financial statements into Philippine Peso should not be construed as a representation that the U.S. dollar amounts could be converted into Philippine Peso amounts at the translation rates or at any other rates of exchange.

2.5 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

Financial assets are categorized into the following categories: financial assets at amortized cost, financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL or if it is a contingent consideration recognized arising from a business combination. Accordingly, the Group has designated equity instruments as at FVOCI.

Financial Assets at Fair Value Through Profit or Loss

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets including those which contain significant financing component. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Note 32.3(b)].

The Group applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk.

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

For other financial assets at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime 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. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(b) Financial Liabilities

Financial liabilities of the Group include interest-bearing loans and borrowings, bonds and notes payable, trade and other payables (except tax-related liabilities), derivative liabilities, redeemable preferred shares, advances from other related parties, commission payable and subscription payable (presented as part of Other Current Liabilities and Other Non-current Liabilities in the consolidated statement of financial position).

2.6 Inventories

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties.

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

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

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

2.7 Property and Equipment

Property and equipment, including land, are carried at acquisition or construction cost less subsequent depreciation and/or amortization for property and equipment, and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. Amortization of office improvements is recognized over the estimated useful lives of improvements or the term of the lease, whichever is shorter.

The depreciation and amortization periods for other property and equipment, based on the above policies, are as follows:

Buildings and improvements	5-25 years
Office improvements	5-20 years
Transportation equipment	5 years
Office furniture, fixtures and equipment	3-5 years

The measurement for right-of-use assets is disclosed in Note 2.10(a).

2.8 Investment Properties

Investment properties include properties held for lease under operating lease agreements, properties intended to be held for lease, and properties held for currently undetermined use. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation.

Depreciation of investment properties, excluding land, is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, property management fees and hotel operations.

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The Group also enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(*b*). Sales cancellations are accounted for as contract modification on the year of forfeiture. Cumulative revenue and costs recognized on cancelled contracts are reversed in the year of cancellation, and any gain or loss is charged to profit or loss.

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

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales on completed real estate properties is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales on completed real estate properties is presented as part of Real Estate Sales under the Revenues and Income section in the consolidated statement of comprehensive income. For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Parent Company, GERI, EELHI, SPI, MBPHI, SEDI, OPI, NWPI, MGLI, SVCI, MCTI and STLI.

(c) *Sale of undeveloped land and golf and resort shares for sale* – Revenues on sale of undeveloped land and golf and resort shares for sale are recognized at a point in time when the control over the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably.

(d) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(e) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(f) *Rendering of services* – Revenues are recognized over time (i.e., time-and-materials basis as the services are provided or based on the actual work done) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include property management, commission and construction income.

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized.

Cost of real estate sales include the acquisition cost of the land, development costs incurred to date, applicable borrowings costs and estimated costs to complete the project, determined based on estimates made by the project engineers.

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as how the Group assesses impairment of its financial assets [see Note 2.5(a)(ii)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sale, consideration received from buyers are presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.10 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

The Group amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

(b) Group as Lessor

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.11 Impairment of Non-financial Assets

The Group's Investments in Associates, Goodwill and Leasehold rights (included as part of Other Non-current Assets), Investment Properties, Property and Equipment, and other non-financial assets are subject to impairment testing. Goodwill and intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.12 Employee Benefits

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

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

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

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

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

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

(ii) Hotel Operations

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

(iii) Food and Beverages, and Others

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, management assesses that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(iv) Forfeited Collections and Deposits

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(v) Property Management Services

The Group determines that its revenue from property management services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers.

The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(c) Estimation of Collection Threshold for Revenue Recognition

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

(d) Determination of ECL on Trade and Other Receivables

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

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). The Group considered the continuing impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. Details about the ECL on the Group's trade and other receivables are disclosed in Note 32.3(b).

(e) Distinction Among Investment Properties and Owner-occupied Properties

The Group determines whether a property should be classified as investment property or owner-occupied property. The Group applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

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

(f) Distinction Between Inventories and Investment Properties

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

(g) Distinction Between Investments in Financial Instruments and Inventories

Being a real estate developer, the Group determines how golf and resort shares shall be accounted for. In determining whether these shares shall be accounted for as either inventories or investments in financial instruments, the Group considers its role in the development of the club and its intent for holding these shares. The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell a developed property together with the club share.

(h) Presentation of Perpetual Debt Securities

The Group exercises judgment in classifying its perpetual debt securities as financial liabilities or equity instruments. In making its judgment, the Group considers the terms of the securities including any restrictions on the Group's ability to defer interest payments. Based on management's assessment, the perpetual debt securities are classified as equity securities as the Group has the ability to defer payments of principal and interest indefinitely (see Note 28.7).

(i) Distinction Between Asset Acquisition and Business Combinations

The Parent Company acquires subsidiaries that own real estate properties. At the time of acquisition, the Parent Company considers whether the acquisition represents acquisition of a business or asset. The Parent Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property,* on ancillary services.

(j) Distinction Between Operating and Finance Leases (as a Lessor)

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

(k) Consolidation of Entities in which the Group Holds 50% or Less of Voting Rights

Management considers that the Group has de facto control over investees even though it effectively holds less than 50% of the ordinary shares and voting rights in those companies when it has the ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors (see Note 1.1).

(l) Significant Influence on Investees Even if the Group Holds Less than 20% of Voting Rights

The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but has no control or joint control of those policies (see Notes 1.1 and 11).

(m) Determination on whether Lease Concessions Granted constitute a Lease Modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group amounted to P1.4 billion in 2022 (nil in 2023).

(n) Share based Employee Remuneration

The Group grants share options to qualified employees of the Group eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date.

(o) Recognition of Provisions and Contingencies

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

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

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 31.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation Satisfied Over Time

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

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 32.3(b).

(c) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate inventory is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the inventories within the next reporting period. In evaluating net realizable value of inventories, recent market conditions and current market prices have been considered. The carrying value of Inventories is disclosed in Note 7.

(d) Fair Value of Share Options

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share options were granted. The estimates and assumptions used are presented in Note 28.6 which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Group's share price and fair value of the Group's common shares. Changes in these factors can affect the fair value of share options at grant date.

The fair value of share options recognized as part of Salaries and employee benefits in 2023, 2022 and 2021 is presented in Note 25.2.

(e) Fair Value Measurement of Investment Properties

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

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 12 and 34.4.

(f) Estimation of Useful Lives of Investment Properties, Property and Equipment, and Leasehold Rights

The Group estimates the useful lives of investment properties, property and equipment, and leasehold rights based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of investment properties and property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

An analysis of the movements in the carrying amount of Investment Properties, Property and Equipment, and Leasehold Rights is presented in Notes 12, 13 and 14, respectively.

(g) Valuation of Financial Assets at Fair Value through Other Comprehensive Income

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, management applies valuation techniques to determine the fair value of financial instruments. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period. Valuation methods used in determining the fair value of these financial assets are disclosed in Note 34.2(a).

The carrying amounts of financial asset at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 9.

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

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

(i) Determination of Realizable Amount of Deferred Tax Assets

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

The carrying amount of the net deferred tax assets as at December 31, 2023 and 2022 is disclosed in Note 26.

(j) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become evident. In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the amount of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the Group's goodwill and other non-financial assets required to be recognized in 2023, 2022 and 2021 based on management's assessment.

(k) Valuation of Retirement Obligation

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

The amount of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 25.3.

(l) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their acquisition date fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee (SSC), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

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

- interest income and costs, and foreign currency gains and losses;
- equity in net earnings of associates, fair value gains, dividend income and foreign currency gains/losses; and,
- gain on sale of investments in associate.

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

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

The tables presented below and in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2023, 2022 and 2021 and certain assets and liabilities information regarding segments as at December 31, 2023 and 2022.

	2023			
	Sale of Goods – Real estate	**Sale of Services – Rental**	**Sale of Services – Hotel Operations**	**Total**
TOTAL REVENUES				
Sales to external customers	P 42,721,115,222	P 17,854,466,048	P 3,807,063,945	P 64,382,645,215
Interest income on real estate sales	1,129,913,991	-	-	1,129,913,991
Intersegment sales	-	688,393,835	-	688,393,835
	43,851,029,213	18,542,859,883	3,807,063,945	66,200,953,041
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	29,797,634,218	2,174,351,445	3,179,787,694	35,151,773,357
Depreciation and amortization	299,788,932	2,847,130,267	183,412,704	3,330,331,903
	30,097,423,150	5,021,481,712	3,363,200,398	38,482,105,260
SEGMENT OPERATING PROFITS	**P 13,753,606,063**	**P 13,521,378,171**	**P 443,863,547**	**P 27,718,847,781**
ASSETS AND LIABILITIES				
Segment assets	**P 270,084,403,031**	**P 145,952,507,542**	**P 6,129,045,419**	**P 422,165,955,992**
Segment liabilities	**P 120,821,155,240**	**P 52,311,008,997**	**P 2,202,470,050**	**P 175,334,634,287**

	2022			
	Sale of Goods – Real estate	Sale of Services – Rental	Sale of Services – Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 36,849,992,605	P 15,653,727,970	P 2,603,709,878	P 55,107,430,453
Interest income on real estate sales	799,056,815	-	-	799,056,815
Intersegment sales	-	532,327,818	-	532,327,818
	37,649,049,420	16,186,055,788	2,603,709,878	56,438,815,086
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	25,712,626,517	1,856,763,898	2,101,359,090	29,670,749,506
Depreciation and amortization	258,051,817	2,731,898,812	144,072,673	3,134,023,302
	25,970,678,334	4,588,662,710	2,245,431,763	32,804,772,808
SEGMENT OPERATING PROFITS	P 11,678,371,086	P 11,597,393,078	P 358,278,115	P 23,634,042,279
ASSETS AND LIABILITIES				
Segment assets	P 249,662,958,994	P 136,205,789,990	P 5,859,552,165	P 391,728,301,149
Segment liabilities	P 112,314,538,777	P 48,232,117,701	P 1,569,242,763	P 162,115,899,242

	2021			
	Sale of Goods –	Sale of Services		
	Real estate	Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 31,129,417,724	P 13,319,580,244	P 1,928,944,451	P 46,377,942,419
Interest income on real estate sales	641,593,186	-	-	641,593,186
Intersegment sales	-	501,620,089	-	501,620,089
	31,771,010,910	13,821,200,333	1,928,944,451	47,521,155,694
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	22,143,407,538	1,718,745,957	1,654,286,432	25,516,439,927
Depreciation and amortization	305,468,041	2,815,266,472	148,945,316	3,269,679,829
	22,448,875,579	4,534,012,429	1,803,231,748	28,786,119,756
SEGMENT OPERATING PROFITS	P 9,322,135,331	P 9,287,187,904	P 125,712,703	P 18,735,035,938
ASSETS AND LIABILITIES				
Segment assets	P 246,748,867,643	P 127,778,100,601	P 4,800,909,509	P 379,327,877,753
Segment liabilities	P 110,574,147,992	P 47,869,814,875	P 1,185,567,816	P 159,629,530,683

The total project and capital expenditures amounted to P50.0 billion, P45.9 billion and P38.2 billion in 2023, 2022 and 2021, respectively.

4.5 Reconciliations

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

	2023	2022	2021
Revenues			
Total segment revenues	**P 66,200,953,041**	P 56,438,815,086	P 47,521,155,694
Unallocated interest and other income	**4,215,596,285**	3,620,769,383	3,734,755,126
Elimination of intersegment sales	**(688,393,835)**	(532,327,818)	(501,620,089)
Revenues as reported in profit or loss	**P 69,728,155,491**	P 59,527,256,651	P 50,754,290,731
Profit or loss			
Segment operating profit	**P 27,718,847,781**	P 23,634,042,279	P 18,735,035,938
Unallocated interest and other income	**4,215,596,285**	3,620,769,383	3,734,755,126
Unallocated interest and other charges	**(5,056,713,054)**	(5,628,116,793)	(4,808,537,325)
Equity share in net losses	**(65,412,001)**	(155,429,591)	(176,548,383)
Other unallocated expenses	**(2,956,010,644)**	(2,329,420,993)	(2,541,395,012)
Profit before tax as reported in profit or loss	**P 23,856,308,367**	P 19,141,844,285	P 14,943,310,344

	2023	2022
Assets		
Segment assets	**P 422,165,955,992**	P 391,728,301,149
Investments in associates	**3,069,422,324**	3,138,183,202
Financial assets at fair value through other comprehensive income	**5,390,622,368**	5,253,799,848
Advances to other related parties	**6,266,708,060**	6,378,875,057
Other unallocated assets	**3,680,009,429**	2,712,378,044
Total assets reported in the consolidated statements of financial position	**P 440,572,718,173**	P 409,211,537,300
Liabilities		
Segment liabilities	**P 175,334,634,287**	P 162,115,899,242
Advances from other related parties	**1,247,044,914**	2,126,611,006
Other unallocated liabilities	**3,323,193,000**	3,948,504,100
Total liabilities reported in the consolidated statements of financial position	**P 179,904,872,201**	P 168,191,014,348

5. CASH AND CASH EQUIVALENTS

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

	2023	2022
Cash on hand and in banks	**P 9,386,227,441**	P 13,217,086,693
Short-term placements	**15,728,789,793**	14,537,481,753
	P 25,115,017,234	P 27,754,568,446

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods between 30 to 60 days and earn effective interest ranging from 0.50% to 6.25% in 2023, 0.50% to 5.70% in 2022, and 0.05% to 4.50% in 2021 (see Note 23).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2023	2022
Current:			
Trade	15.3(h), 27.1	**P 24,672,722,893**	P 25,129,843,967
Allowance for impairment		**(708,270,478)**	(749,340,938)
		23,964,452,415	24,380,503,029
Advances to associates and other related parties	27.2	**6,266,708,060**	6,378,875,057
Others		**5,695,361,868**	5,146,909,136
Balance carried forward		**P 35,926,522,343**	P 35,906,287,222

	Notes	2023	2022
Balance brought forward		**P 35,926,522,343**	P 35,906,287,222
Non-current:			
Trade	15.3(h)	**23,640,010,441**	16,458,299,794
Allowance for impairment		**(12,224,936)**	(12,224,936)
		23,627,785,505	16,446,074,858
Others	27.1	**5,130,372,904**	4,589,496,313
		28,758,158,409	21,035,571,171
		P 64,684,680,752	P 56,941,858,393

Trade receivables mainly pertain to receivables from real estate sales and rental transactions.

The installment period of sales contracts averages one to five years. Noninterest-bearing trade receivables from real estate sales with maturity of more than one year after the end of the reporting period are remeasured at amortized cost using the effective interest rate of similar financial instruments. Interest income recognized amounted to P1,129.9 million, P799.0 million and P641.6 million in 2023, 2022 and 2021, respectively. These amounts are presented as part of Interest income from trade receivables under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

Others include finance lease receivables arising from sublease transaction entered by the Group [see Note 31.1(b)]. As of December 31, 2023 and 2022, the current portion of the finance lease receivables amounted to P2.0 million and P112.2 million, respectively, while non-current portion amounted to P315.1 million and P408.6 million, respectively. Other current receivables include certain advances to condominium associations and other counterparties within the ordinary course of business, which are expected to be realized within 12 months from the end of the reporting periods.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Group considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 32.3(b)].

A reconciliation of the allowance for impairment losses on trade receivables at the beginning and end of 2023 and 2022 is shown below.

	Current	Non-current	Total
December 31, 2023:			
Balance at beginning of year	**P 749,340,938**	**P 12,224,936**	**P 761,565,874**
Reversal of impairment	**(41,070,460)**	**-**	**(41,070,460)**
Balance at end of year	**P 708,270,478**	**P 12,224,936**	**P 720,495,414**
December 31, 2022:			
Balance at beginning of year	P 761,550,836	P 12,224,936	P 773,775,772
Reversal of impairment	(12,147,563)	-	(12,147,563)
Write off	(62,335)	-	(62,335)
Balance at end of year	P 749,340,938	P 12,224,936	P 761,565,874

In 2023 and 2022, based on management's reassessment of recoverability of receivables, the Group reversed a portion of allowance for impairment amounting to P41.1 million and P12.1 million, respectively. The resulting gain on reversal is presented as part of Miscellaneous – net under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

7. INVENTORIES

The composition of this account as at December 31 is shown below.

	2023	2022
Residential and condominium units	**P 109,694,023,497**	P 99,244,736,147
Raw land inventory	**12,396,943,363**	11,823,319,249
Property development costs	**9,480,158,869**	9,509,115,059
Golf and resort shares	**2,921,966,362**	2,874,136,306
	P 134,493,092,091	P 123,451,306,761

Residential and condominium units mainly pertain to the accumulated costs incurred in developing the Group's horizontal and condominium projects and certain integrated-tourism projects.

Property development costs pertain to accumulated costs incurred for properties undergoing development. The relative cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized. The relative costs of units completed prior to sale are reclassified to Residential and condominium units.

Raw land inventory pertains to properties which the Group intends to develop into residential properties to be held for sale.

Golf and resort shares pertain to proprietary or membership shares (landowner resort shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares which is P100 per share.

Borrowing costs capitalized as part of inventories amounted to P541.4 million and P727.2 million in 2023 and 2022, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund its construction projects (see Notes 15 and 16).

None of the Group's inventories are used as collateral for its interest-bearing loans and borrowings.

Based on management's assessment, there is no allowance for inventory write-down is required to be recognized in 2023, 2022 and 2021; hence, inventories are recorded at cost as at December 31, 2023 and 2022.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2023**	2022
Creditable withholding taxes		**P 4,277,169,503**	P 1,949,539,045
Input VAT		**4,248,890,893**	3,620,500,726
Deferred commission	20.3	**2,086,771,425**	1,962,421,561
Prepaid rent and other prepayments		**1,934,512,986**	2,151,545,978
Deposits		**446,777,052**	72,579,834
Derivative asset	30	**62,038,593**	197,431,085
Others		**524,236,525**	411,015,871
		P 13,580,396,977	P10,365,034,100

Others include supplies and food and beverage inventories.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of December 31, financial assets at FVOCI is composed of the following:

	Notes	**2023**	2022
Equity securities:	34.2		
Quoted		**P 3,123,647,415**	P 3,102,154,694
Unquoted		**2,266,974,953**	2,151,645,154
	27.4	**P 5,390,622,368**	P 5,253,799,848

The Group's securities are investments from local entities.

The reconciliation of the carrying amount of financial assets at FVOCI is as follows:

	2023	2022
Balance at beginning of year	**P 5,253,799,848**	P 5,760,368,447
Additions and translation adjustments	**35,341,658**	73,214,483
Fair value gains (losses)	**101,480,862**	(579,783,082)
Balance at end of year	**P 5,390,622,368**	P 5,253,799,848

The quoted equity securities pertain to investments in publicly-listed holding and service companies with fair values determined directly by reference to published prices in the PSE.

Other information about the fair value measurement and disclosures related to the investments in financial assets are presented in Note 34.2.

In 2023, 2022 and 2021, the Group received cash dividends amounting to P36.5 million, P21.4 million and P24.5 million, respectively. The amount of dividends received is presented as Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

10. ADVANCES TO/FROM LANDOWNERS AND JOINT OPERATORS

10.1 Advances to Landowners and Joint Operators

The Group enters into numerous joint arrangements for the joint development of various projects. These are treated as jointly-controlled operations. The joint arrangements stipulate that the Group's co-operator shall contribute parcels of land while the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of residential and condominium units to be constructed on the properties. In addition, there were no separate entities created by these joint arrangements. Costs incurred by the Group on these projects are recorded under the Inventories account in the consolidated statements of financial position (see Note 2.6).

The Group also grants noninterest-bearing secured cash advances to a number of landowners and joint ventures under agreements they entered into with the landowners covering the development of certain parcels of land. Under the terms of the arrangements, the Group, in addition to providing specified portion of total project development costs, also commits to advance mutually agreed-upon amounts to the landowners to be used for pre-development expenses such as the relocation of existing occupants.

The total amount of advances made by the Group less repayments, is presented as part of the Advances to Landowners and Joint Operators account in the consolidated statements of financial position.

As at December 31, 2023 and 2022, management has assessed that the advances to joint ventures are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint agreements.

The net commitment for construction expenditures amounts to:

	2023	2022
Total commitment for construction expenditures	**P63,640,179,854**	P 54,990,686,120
Total expenditures incurred	**(33,633,489,683)**	(36,794,191,122)
Net commitment	**P 30,006,690,171**	P 18,196,494,998

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2023 and 2022. The listing of the Group's jointly-controlled projects are as follows:

Parent Company:
- McKinley West
- Manhattan Garden City
- Uptown Bonifacio
- The Maple Grove
- Vion Tower
- Arden Botanical
- Arden West Park

GERI:
- Alabang West
- Caliraya Spring
- Forest Hills
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- Holland Park
- Sta. Barbara Heights Shophouse District

EELHI:
- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon Projects

SPI:
- Capitol Plaza
- Governor's Hills
- Mandara
- Sta. Rosa Heights
- Sta. Rosa Hills
- Sentosa
- Asmara
- 88 Gibraltar
- One Lakeshore
- Two Lakeshore
- Riva Bella
- Solana
- Gentri Heights
- Fountain Grove
- Palm City
- The Mist Residence

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities as at December 31, 2023 and 2022, and income and expenses for years ended December 31, 2023, 2022 and 2021 related to the Group's interests in joint arrangements are not presented or disclosed in the consolidated financial statements as the joint arrangements in which the Group is involved are not joint ventures.

As at December 31, 2023 and 2022, the Group either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

10.2 Advances from Joint Operators

This account represents the share of joint venture partners in the proceeds from the sale of certain projects in accordance with various joint arrangements entered into by the Group.

The advances from golf share partners and lot owners recognized in 2023 and 2022 amounted to P250.5 million and P348.0 million, respectively, is presented as part of Advances from Other Related Parties account in the consolidated statements of financial position (see Note 27.3).

11. INVESTMENTS IN ASSOCIATES

11.1 Breakdown of Carrying Values

The details of investments in associates, accounted for using the equity method, are as follows:

	2023	2022
Acquisition costs:		
SUN	**P 2,619,800,008**	P 2,619,800,008
NPI	**734,396,528**	734,396,528
BWDC	**199,212,026**	199,212,026
PTHDC	**64,665,000**	64,665,000
	3,618,073,562	3,618,073,562
Accumulated equity in net losses:		
Balance at beginning of year	**(555,149,548)**	(399,719,957)
Equity share in net losses of associates for the year	**(65,412,001)**	(155,429,591)
Balance at end of year	**(620,561,549)**	(555,149,548)
Accumulated equity in other comprehensive income:		
Balance at beginning of year	**75,259,188**	69,120,911
Share in other comprehensive income (loss) of associates	**(3,348,877)**	6,138,277
Balance at end of year	**71,910,311**	75,259,188
	P 3,069,422,324	P 3,138,183,202

The shares of stock of SUN are listed in the PSE which closed at P0.85 and P0.99 per share as of December 31, 2023 and 2022, respectively. The fair values of all other investments in associates are not available as at December 31, 2023 and 2022. The related book values of the Group's holdings in all of the associates exceed or approximate their carrying values; hence, management deemed that the recognition of impairment loss is not necessary.

Investment in SUN

In October 2019, the Parent Company acquired additional 115.0 million shares of SUN at market price, totaling P100.1 million. Subsequently, the Group disposed of a certain number of shares. In December 2019, the Parent Company subscribed to additional 2,177 million shares from SUN at P1.00 par value. The Parent Company paid P1.25 billion out of the P2.20 billion additional subscribed capital, the unpaid portion is presented as Subscription payable under Other Current Liabilities account in the consolidated statements of financial position (see Note 19). In 2023, the Parent Company paid its subscription payable to SUN in full.

11.2 Summarized Financial Information

The aggregated amounts of assets, liabilities, equity, revenues, net profit (loss), other comprehensive income (loss) of the associates are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2023					
SUN	P 7,642,889,468	P 37,572,386,482	P 2,037,311,231	P 33,636,653,715	P 9,541,310,355
NPI	2,605,644	5,597,191,487	1,243,127,835	-	4,355,062,207
BWDC	777,488,167	2,116,168,144	834,439,227	64,984,224	1,994,232,860
PTHDC	1,135,127,795	60,591	1,010,586,772	-	124,601,614
	P 9,558,111,074	**P 45,285,806,704**	**P 5,029,397,037**	**P 33,701,637,939**	**P 16,015,207,036**
December 31, 2022					
SUN	P 2,398,121,447	P 29,009,661,526	P 1,205,652,756	P 21,687,136,439	P 8,514,993,778
NPI	255,482,161	5,411,008,680	1,317,011,624	-	4,349,490,845
BWDC	1,164,689,219	1,561,088,561	882,400,998	49,000,000	1,794,376,782
PTHDC	1,134,973,333	107,914	1,010,203,132	-	124,878,115
	P 4,953,266,160	P 35,981,866,681	P 4,415,268,510	P 21,736,136,439	P 14,783,739,520

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2023			
SUN	P 99,759	(P 348,051,058)	(P 13,132,855)
NPI	473	(3,263,442)	-
BWDC	211,774,598	116,865,673	-
PTHDC	16,461	(168,602)	-
	P 211,891,291	**(P 234,617,429)**	**(P 13,132,855)**
2022			
SUN	P 13,196	(P 557,052,537)	P 24,071,676
NPI	-	-	-
BWDC	150,838,321	73,823,084	-
PTHDC	5,978	(178,880)	-
	P 150,857,495	(P 483,408,333)	P 24,071,676
2021			
SUN	P 358,988	(P 504,878,084)	P 61,547,638
NPI	-	-	-
BWDC	75,876,205	(10,380,773)	-
PTHDC	1,354	(258,146)	-
	P 76,236,547	(P 515,517,003)	P 61,547,638

The reconciliation of the above summarized financial information to the carrying amount of the interest in associates are as follows:

	SUN	BWDC	NPI	PTHDC	Total
2023					
Net assets at end of year	P 9,541,310,355	P 1,994,232,860	P 4,355,062,207	P 124,601,614	P 16,014,208,481
Equity ownership interest	34%	46%	12%	40%	
	3,244,045,521	919,540,772	501,703,166	49,840,645	4,822,955,849
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,20	290,706341
Share in bond option reserves	(1,905,493,167)	(87,305,678)	-	-	(1,994,232,860)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	(472,126,368)	38,266,834	-	-	(510,393,202)
Total carrying amount	**P 1,466,023,690**	**P 806,833,453**	**P 732,082,333**	**P 64,482,848**	**P 3,069,422,324**

	SUN	BWDC	NPI	PTHDC	Total
2022					
Net assets at end of year	P 8,514,994,278	P 1,794,376,782	P 4,349,490,845	P 124,878,115	P 14,783,728,392
Equity ownership interest	34%	46%	12%	40%	
	2,895,098,055	827,387,134	501,061,345	49,951,246	4,381,363,525
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	290,706,341
Share in bond option reserves	(1,905,473,167)	(87,305,678)	-	-	(1,994,232,860)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	-	-	-	-	-
Total carrying amount	P 1,589,202,592	P 752,946,649	P 731,440,512	P 64,593,448	P 3,138,183,202

12. INVESTMENT PROPERTIES

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

	Land	Buildings	Total
December 31, 2023			
Cost	P 29,983,203,130	P 128,457,161,423	P 158,440,364,553
Accumulated depreciation	-	(23,284,815,673)	(23,284,815,673)
Net carrying amount	**P 29,983,203,130**	**P 105,172,345,750**	**P 135,155,548,880**
December 31, 2022			
Cost	P 29,987,225,960	P 118,552,303,984	P 148,539,529,944
Accumulated depreciation	-	(20,437,685,406)	(20,437,685,406)
Net carrying amount	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
January 1, 2022			
Cost	P 27,587,597,724	P 109,340,437,817	P 136,928,035,541
Accumulated depreciation	-	(17,705,786,594)	(17,705,786,594)
Net carrying amount	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947

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

	Land	Buildings	Total
Balance at January 1, 2023, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
Additions	497,371,630	10,359,896,645	10,857,268,275
Transfer to inventories	(501,394,460)	(455,039,206)	(956,433,666)
Depreciation charges for the year	-	(2,847,130,267)	(2,847,130,267)
Balance at December 31, 2023, net of accumulated depreciation	**P 29,983,203,130**	**P 105,172,345,750**	**P 135,155,548,880**
Balance at January 1, 2022, net of accumulated depreciation	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947
Additions	2,400,461,041	9,714,938,191	12,115,399,232
Transfer to property and equipment	-	(503,072,024)	(503,072,024)
Disposal	(832,805)	-	(832,805)
Depreciation charges for the year	-	(2,731,898,812)	(2,731,898,812)
Balance at December 31, 2022, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
Balance at January 1, 2021, net of accumulated depreciation	P 27,000,062,823	P 87,982,426,606	P 114,982,489,429
Additions	587,935,371	6,467,491,089	7,055,426,460
Disposal	(400,470)	-	(400,470)
Depreciation charges for the year	-	(2,815,266,472)	(2,815,266,472)
Balance at December 31, 2021, net of accumulated depreciation	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947

Rental income earned from these properties arising from the Group's operating leases amounted to P17,854.5 million, P15,653.7 million and P13,319.6 million in 2023, 2022 and 2021, respectively, and is shown as Rental Income in the consolidated statements of income. There is no rental income arising from finance lease in 2023, 2022 and 2021. The direct operating costs, exclusive of depreciation incurred by the Group relating to these investment properties amounted to P1,016.2 million in 2023, P937.0 million in 2022, and P802.7 million in 2021. On the other hand, the direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2023, 2022 and 2021 amounted to P28.2 million, P32.6 million, and P29.6 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 31.1.

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

	2023	2022	2021
Fixed	**P17,025,278,807**	P 15,183,208,932	P 12,872,766,092
Variable	**829,187,241**	470,519,038	446,814,152
	P17,854,466,048	P 15,653,727,970	P 13,319,580,244

In 2021, the Group sold certain parcels of land with a total carrying value of P0.4 million for a total consideration of P136.6 million to a related party under common ownership (see Note 27.9). The related gain on disposal amounting to P136.2 million is presented as Gain on sale of properties under Interest and Other Income – net in the 2021 consolidated statement of income (see Note 23).

Borrowing costs that are capitalized as part of investment properties amounted to P2,421.6 million and P1,383.3 million in 2023 and 2022, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund their construction projects (see Notes 15 and 16).

Depreciation of investment properties is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

The fair market values of the properties that generated rental income in 2023 and 2022 are P481.5 billion and P464.8 billion as at December 31, 2023 and 2022, respectively, while the fair market value of idle land is P55.5 billion both as of December 31, 2023 and 2022. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 34.4.

As of December 31, 2023 and 2022, the Group does not have any contractual commitments for acquisition of investment properties.

None of the Group's investment properties are used as collateral for its interest-bearing loans and borrowings.

13. PROPERTY AND EQUIPMENT

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

	Buildings & Improvements	Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
December 31, 2023							
Cost	P8,511,950,486	P 2,352,636,135	P 574,301,053	P 667,293,977	P 245,672,573	P 486,793,141	P 12,838,647,365
Accumulated depreciation and amortization	(2,390,453,076)	(1,775,114,346)	(472,681,812)	(599,479,075)	-	(327,723,758)	(5,565,452,067)
Net carrying amount	**P 6,121,497,410**	**P 577,521,789**	**P 101,619,241**	**P 67,814,902**	**P 245,672,573**	**P 159,069,383**	**P 7,273,195,298**
December 31, 2022							
Cost	P8,124,859,537	P 2,102,841,166	P 550,897,630	P 625,069,481	P 245,672,573	P 486,793,141	P 12,136,133,528
Accumulated depreciation and amortization	(2,081,008,650)	(1,580,869,769)	(405,958,248)	(570,229,582)	-	(301,156,695)	(4,939,222,944)
Net carrying amount	P6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
January 1, 2022							
Cost	P7,382,669,895	P 1,772,495,392	P 465,326,962	P 576,330,596	P 245,672,575	P 286,374,169	P 10,728,869,587
Accumulated depreciation and amortization	(1,830,502,734)	(1,404,967,191)	(358,856,827)	(529,501,166)	-	(74,153,873)	(4,197,981,791)
Net carrying amount	P 5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,575	P 212,220,296	P 6,530,887,796

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022 and 2021, of property and equipment is shown below.

	Buildings & Improvements	Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
Additions	387,090,949	278,118,891	27,064,086	42,603,961	-	-	734,877,887
Disposals	-	(28,323,922)	(3,660,663)	(379,464)	-	-	(32,364,049)
Depreciation charges For the year	(309,444,426)	(194,244,577)	(66,723,564)	(29,249,494)	-	(26,567,063)	(626,229,124)
Balance at December 31, 2023, net of accumulated depreciation	**P6,121,497,410**	**P 577,521,789**	**P 101,619,241**	**P 67,814,902**	**P 245,672,573**	**P 159,069,383**	**P 7,273,195,298**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,573	P 212,220,296	P 6,530,887,796
Additions	239,117,618	351,338,233	86,571,155	56,054,796	-	-	733,081,802
Transfer from Investment property	503,072,024	-	-	-	-	-	503,072,024
Disposals	-	(20,992,459)	(1,000,487)	(7,315,911)	-	-	(29,308,857)
Depreciation charges for the year	(250,505,916)	(175,902,578)	(47,101,421)	(40,728,416)	-	(26,583,850)	(540,822,182)
Balance at December 31, 2022, net of accumulated depreciation	P6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
Balance at January 1, 2021, net of accumulated depreciation and amortization	P5,561,112,958	P 461,715,312	P 122,440,750	P 76,713,128	P 245,672,573	P 251,945,284	P 6,719,600,005
Additions	311,632,036	153,516,424	32,451,000	21,499,502	-	3,560,977	522,659,939
Derecognition	-	(47,388,166)	-	-	-	(14,776,324)	(62,164,490)
Disposals	-	(2,551,136)	-	(963,179)	-	-	(3,514,315)
Depreciation charges for the year	(320,577,833)	(197,764,233)	(48,421,615)	(50,420,021)	-	(28,509,641)	(645,693,343)
Balance at December 31, 2021, net of accumulated depreciation	P5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,573	P 212,220,296	P 6,530,887,796

Depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the statement of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
2023					
Offices	**6**	**1 – 12 years**	**3 years**	**3**	**1**
Commercial lot	**4**	**1 – 24 years**	**15 years**	**2**	**1**
2022					
Offices	6	1 – 12 years	4 years	3	1
Commercial lot	4	1 – 25 years	16 years	2	1

The breakdown of the Group's right-of-use assets as at December 31, 2023 and 2022 and the movements during the years are shown below.

	Offices	Commercial Lot	Total
Balance at January 1, 2023	P 7,979,187	P 177,657,259	P 185,636,446
Depreciation and amortization	(3,504,461)	(23,062,602)	(26,567,063)
Balance at December 31, 2023	**P 4,474,726**	**P 154,594,657**	**P 159,069,383**
Balance at January 1, 2022	P 11,501,347	P 200,718,949	P 212,220,296
Depreciation and amortization	(3,522,160)	(23,061,690)	(26,583,850)
Balance at December 31, 2022	P 7,979,187	P 177,657,259	P 185,636,446
Balance at January 1, 2021	P 28,163,734	P 223,781,550	P 251,945,284
Additions	3,560,977	-	3,560,977
Derecognition	(14,776,324)	-	(14,776,324)
Depreciation and amortization	(5,447,040)	(23,062,601)	(28,509,641)
Balance at December 31, 2021	P 11,501,347	P 200,718,949	P 212,220,296

As of December 31, 2023 and 2022, the Group does not have any contractual commitments for acquisition of property and equipment.

None of the Group's property and equipment are used as collateral for its interest-bearing loans and borrowings.

14. OTHER NON-CURRENT ASSETS

This account consists of:

	Note	**2023**	2022
Goodwill		**P 1,385,124,597**	P 1,385,124,597
Guarantee and other deposits		**890,420,128**	1,050,101,840
Deferred commission	20.3	**310,502,008**	1,034,827,696
Leasehold rights – net		**76,617,383**	83,582,600
Miscellaneous		**260,662,908**	206,053,383
		P 2,923,327,024	P3,759,690,116

Goodwill primarily relates to growth expectations arising from operational efficiencies that will be achieved by combining the resources, skills and expertise of the Parent Company and its subsidiaries. Significant portion of the total goodwill is allocated to GERI, MLI, and STLI amounting to P947.1 million, P255.1 million and P94.9 million, respectively. The remaining P88.0 million is allocated to other subsidiaries.

The recoverable amounts of the cash generating units assigned to GERI, MLI and STLI are P83.9 billion, P565.6 million and P5.6 billion, respectively, at end of 2023 and P76.6 billion, P445.5 million and P2.9 billion, respectively, respectively, at end of 2022. These were computed using cash flows projections covering a five-year period and extrapolating cash flows using a conservative steady growth rate of 3.0% in 2023 and 2.6% in 2022. The aggregate recoverable amounts of the cash generating units assigned to other subsidiaries is P100.3 million and P96.6 million in 2023 and 2022, respectively, while the average growth rate used in extrapolating cash flows covering five-year projections is 5%. The average discount rates applied in determining the present value of future cash flows is 6.8% in 2023 and 8.2% in 2022.

The discount rates and growth rates are the key assumptions used by management in determining the value in use of the cash generating units. Based on management's analysis, no impairment is required to be recognized on goodwill. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying value of the cash generating units to exceed their respective value in use.

Goodwill is subject to annual impairment testing while leasehold rights is subject to testing whenever there is an indication of impairment. No impairment losses were recognized in 2023, 2022 and 2021 as the recoverable amounts of the intangible assets determined by management are higher than their carrying values.

Leasehold rights represent separately identifiable asset recognized from the acquisition of GPARC and is amortized over a period of 20 years. Leasehold rights amortization amounted to P7.0 million each in 2023, 2022 and 2021, and is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

Guarantee deposits mainly pertain to payments made for compliance with construction requirements in relation to the Group's real estate projects.

Miscellaneous assets include certain intangible and other assets, which are expected to be realized for more than 12 months from the end of the reporting periods.

15. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing Loans and Borrowings account represents the following loans of the Group as at December 31:

	2023	2022
Parent Company:		
Php-denominated	**P 37,290,817,319**	P 31,382,744,047
U.S. dollar-denominated	**12,043,982,455**	2,341,894,555
	49,334,799,774	33,724,638,602
Subsidiaries –		
Php-denominated	**22,445,516,444**	15,933,857,618
	P 71,780,316,218	P 49,658,496,220

The current and non-current classification of the Group's Interest-bearing Loans and Borrowings is shown below.

	2023	2022
Current	**P 16,625,470,088**	P 12,691,010,973
Non-current	**55,154,846,130**	36,967,485,247
	P 71,780,316,218	P 49,658,496,220

The Group is required to maintain certain financial ratios to comply with its debt covenants with local banks. These include maintaining a minimum debt to equity ratio, current ratio and debt service coverage ratio. The Group is compliant with its debt covenants.

Finance costs arising from interest-bearing loans that are mainly and directly attributable to construction of the Group's projects are capitalized as part of Inventories and Investment Properties accounts. The remaining interest costs are expensed outright.

The total finance costs attributable to all the loans of the Group amounted to P3,774.9 million, P2,104.2 million and P2,251.7 million in 2023, 2022 and 2021, respectively. Of these amounts, portion charged as expense amounted to P1,454.1 million, P833.9 million and P788.9 million in 2023, 2022 and 2021, respectively, and are presented as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 24). Interest capitalized in 2023, 2022 and 2021 amounted to P2,320.7 million, P1,270.3 million and P1,462.8 million, respectively. The outstanding interest payable as of December 31, 2023 and 2022 is presented as part of Accrued Interests under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Capitalization rate used in determining the amount of interest charges qualified for capitalization is 3.23%, 3.11% and 3.01% in 2023, 2022 and 2021, respectively.

The reconciliation of the unamortized loans issue costs is presented below.

	2023	2022	2021
Balance at beginning of year	**P 153,325,001**	P 151,754,133	P 106,676,331
Additions	**242,727,000**	75,000,000	120,000,000
Amortization	**(83,128,993)**	(73,429,132)	(74,922,198)
Balance at end of year	**P 312,923,008**	P 153,325,001	P 151,754,133

The amortization of loans issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

15.1 Parent Company

(a) Philippine Peso, five-year loan due 2023

In December 2018, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in March 2021 and interest is paid quarterly based on a fixed 7.85% annual interest rate which was further negotiated to 6.3% effective September 4, 2020. In 2023, the Parent Company has paid in full its outstanding loan balance.

(b) U.S. Dollar, five-year loan due 2024

In September 2019, the Parent Company obtained an unsecured long-term loan from a local bank amounting to U.S. $95.62 million. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and a floating interest is paid quarterly based on a 3-month LIBOR plus a certain spread. The Parent Company entered into across-currency swap transaction to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 27).

(c) Philippine Peso, five-year loan due 2024

In December 2019, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and interest is paid quarterly based on the higher of 4.75% fixed rate and floating rate plus certain spread. The interest rate is subject for review beginning on the fourth year.

(d) Philippine Peso, five-year loan due 2025

In March 2020, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in June 2022 and a floating interest is paid quarterly based on a 5-day average reference rate plus a certain spread.

(e) *Philippine Peso, five-year loan due 2026*

In March 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in March 2022. Interest on the loan is fixed at 4.00% payable quarterly.

(f) *Philippine Peso, five-year loan due 2026*

In May 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P6.0 billion. The loan is payable quarterly beginning August 2022. The interest is payable quarterly at a floating rate.

(g) *Philippine Peso, five-year loan due 2026*

In August 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(h) *Philippine Peso, five-year loan due 2027*

In September 2022, the Parent Company obtained an unsecured P10.0 billion loan from a local bank. Principal is payable in quarterly installments at the end of the 5th quarter from the drawdown date. The loan is payable quarterly beginning December 2023. The interest is payable quarterly at a floating rate.

(i) *Philippine Peso, five-year loan due 2028*

In March 2023, the Parent Company obtained a loan of P5.0 billion from a local bank. Principal of the loan is payable quarterly starting from the drawdown date for a period of five years. Interest on the loan is payable semi-annually for the first 184 days with 6.35% per annum inclusive of gross receipt tax which is subject to semi-annual repricing interest rate. The loan is payable quarterly for a term of five years with the first principal payment due in June 2024. The interest is payable semi-annually at a floating rate.

(j) *Philippine Peso, five-year loan due 2028*

In June 2023, the Parent Company obtained a P10.0 billion loan from a local bank. The loan is payable quarterly for a term of five years with twelve month grace period. Interest of the loan is payable quarterly on a floating rate.

(k) *U.S Dollar, five-year loan due 2028*

In April 2023, the Parent Company obtained a loan from a local bank amounting to $200.0 million. The loan shall be paid in sixteen equal or nearly equal consecutive installments commencing at the end of the fifth quarter from the date of borrowing on a repayment date. Each installment shall be paid on a repayment date with floating interest rate.

15.2 EELHI

Philippine Peso, seven-year loan due in 2028

In 2021, EELHI obtained an unsecured interest-bearing, seven-year, P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate of 3.5% per annum. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.

15.3 SPI

(a) Philippine Peso, five-year loan due in 2025

In 2018, SPI obtained an unsecured long-term loan from a local bank amounting to P2.2 billion. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loan bears 4.50% floating interest subject to repricing every 30 to 180 days and will mature in 2025. The proceeds of the loan were used to fund the acquisition of STLI in 2018.

(b) Philippine peso, seven-year loan due in 2027

In 2020, SPI obtained an unsecured long-term loan from a local bank amounting to P300.0 million. The loan bears fixed interest of 4.50%. The principal amount is payable on a monthly basis after a grace period of two years from the date of availment.

(c) Philippine peso, six-month loan

In 2021, SPI obtained an unsecured loan from a local bank amounting to P500.0 million. The loan bears fixed interest of 4.0%. The principal amount is payable at maturity date.

(d) Philippine Peso, various six-year loans due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P400.0 million and P200.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bear fixed interest rates of 4.38% and 4.50%, respectively.

(e) Philippine Peso, six-year loan due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P100.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bears floating interest rate of 4.38% subject to quarterly repricing.

(f) *Philippine Peso, seven-year loan due in 2029*

In 2022, SPI obtained an unsecured long-term loan from a local bank amounting to P500.0 million. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 5%.

(g) *Philippine Peso, various six-year loan due in 2029*

In 2023, SPI obtained two unsecured long-term loans from a local bank amounting to P1.0 billion and P0.5 billion. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 7.13% for both loans.

(h) *Philippine Peso, various short-term loans*

SPI obtained various unsecured short-term loans from different local banks. The loans bear fixed and floating interest ranging from 4.0% to 6.25%. There are no outstanding balance as of December 31, 2023 due to the repayments made by the Company.

(i) *Philippine Peso, liability on assigned receivables*

In 2023 and prior years, SPI obtained various loans from a local bank through assignment of trade receivables with recourse (see Note 6). The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding loan balances. The loans bear floating interests ranging from 5.50% to 15.00%. The loans and interests are being paid as the receivables are collected. The outstanding balance pertaining to these loans as of December 31, 2023 and 2022 amounted to P0.3 billion and P0.4 billion, respectively.

The assigned trade receivables have an average term between 10 to 15 years and bear interests between 10% to 15%. The carrying value of assigned receivables is equal to the outstanding balance of the loan as of December 31, 2023 and 2022 and none were found to be impaired.

15.4 GERI

(a) *Philippine Peso, five-year loan due 2024*

In 2019, GERI obtained an unsecured long-term loan from a local bank amounting to P2.0 billion, payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(b) *Philippine Peso, five-year loan due 2027*

In December 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating interest rate and is payable quarterly in arrears.

(c) Philippine Peso, seven-year loan due 2027

In March 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of two years upon availment. The loan bears a floating interest rate and is payable quarterly in arrears.

(d) Philippine Peso, four-year loan due 2025

In July 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of four years commencing at the beginning of the fifth quarter from the date of availment. The loan bears a fixed interest rate of 5.37% and is payable quarterly in arrears.

(e) Philippine Peso, five-year loan due 2025

In September 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years commencing on the beginning of the ninth quarter from the date of availment. The loan bears a fixed interest rate of 5.26% and is payable quarterly in arrears.

(f) Philippine Peso, five-year loan due 2028

In May 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(g) Philippine Peso, five-year loan due 2028

In October 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(h) Philippine Peso, five-year loan due 2028

In December 2023, GERI obtained an unsecured long-term loan facility from a local bank amounting to P2.0 billion, in which P1.5 billion have already been availed as of period date. The loan is payable quarterly for a term of five years, bears a floating interest rate and is payable quarterly in arrears.

15.5 TLC

(a) Philippine Peso, five-year loan due 2024

In August and November 2019, TLC obtained an unsecured and interest-bearing loans from a local commercial bank amounting to P300.0 million and P200.0 million, respectively, for funding requirements of the construction of a project. The loans bear floating interest rates and are payable in quarterly installments commencing in November 2020 until the loans are fully-settled.

In March 2020, TLC obtained additional interest-bearing loan amounting to P500.0 million. The loans bear floating interest rates ranging from 5.0% to 5.3% subject to 30 to 180 days repricing. Quarterly installments beginning in November 2020 are due until the loan is fully settled in 2024 for all interest-bearing loans.

(b) Philippine Peso, five-year loan due 2028

In June 2023, TLC obtained unsecured interest-bearing loans from a local commercial bank amounting to P1.5 billion to finance capital expenditure related to various on-going real estate development projects. The loan bears a floating interest rates with a floor rate of 6.75%. Quarterly installments commencing at the 5th quarter from the date of the initial drawdown.

15.6 MREIT

Philippine Peso, ten-year loan due 2031

In December 2021, MREIT obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties from the Parent Company. The principal is payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing on December 2024.

15.7 MBPHI

Philippine Peso, five-year loan due 2028

In 2023, MBPHI obtained an unsecured long-term peso loan from a local commercial bank to support its funding requirements of the construction of various projects, which amounted to P 3.0 billion. The principal amount is payable equal quarterly amortization over the next four years after a grace period of one year. The loan is subject to a fixed interest rate of 7.15%.

16. BONDS AND NOTES PAYABLE

This account is composed of the following:

	2023	2022
Philippine peso	**P 11,997,992,546**	P 11,989,962,729
U.S. dollar	**19,116,598,705**	33,249,112,781
	P 31,114,591,251	P 45,239,075,510

The current and non-current classification of the Group's Bonds and Notes Payable is shown below.

	2023	2022
Current	**P 11,997,992,546**	P 14,026,453,110
Non-current	**19,116,598,705**	31,212,622,400
	P 31,114,591,251	P 45,239,075,510

(a) U.S. Dollar, seven-year senior unsecured notes due 2027

On July 30, 2020, the Parent Company issued seven-year senior unsecured notes totaling to U.S. $350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes shall mature on July 30, 2027. The notes are listed in the Singapore Exchange Securities Trading Limited (SGX-ST).

(b) Philippine Peso, seven-year bonds due 2024

On March 28, 2017, the Parent Company issued seven-year term bonds totaling P12.0 billion. The bond carries a coupon rate of 5.35% payable semi-annually in arrears every March 28 and September 28. The bonds shall mature on March 28, 2024. The bonds are listed Philippine Dealing & Exchange Corp. (PDEx).

(c) U.S. Dollar, ten-year bonds due 2023

On April 17, 2013, the Parent Company issued ten-year term bonds totaling U.S. $250 million. The bond carries a coupon rate of 4.25% per annum and interest is payable semi-annually in arrears every April 17 and October 17. The proceeds of the bond issuance are being used by the Parent Company for general corporate purposes. The bonds are listed in the SGX-ST. In 2023, the Parent Company has paid in full its outstanding balance.

The Parent Company has complied with bond covenants including maintaining certain financial ratios at the end of the reporting periods.

The total interest incurred on these bonds amounted to P1,692.7 million, P2,139.4 million and P1,983.9 million in 2023, 2022 and 2021, respectively. Of these amounts, the portion charged as expense amounted to P954.7 million, P1,209.5 million and P1,103.1 million in 2023, 2022 and 2021, respectively, and are presented as part of Interest expense under Interest and Other Charges account in the consolidated statements of income (see Note 24). The outstanding interest payable as at December 31, 2023 and 2022 is presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Unrealized foreign currency gains in relation to these foreign bonds are presented as part of Foreign currency gains – net under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

Interest capitalized amounted to P642.3 million, P840.2 million and P799.4 million in 2023, 2022 and 2021, respectively. Capitalization rate used in determining the amount of interest charges qualified for capitalization is 2.98% in 2023, 3.89% in 2022 and 3.87% in 2021.

The reconciliation of the unamortized bonds issue costs is presented below.

	2023	2022	2021
Balance at beginning of year	**P 367,603,203**	P 457,320,770	P 538,744,014
Amortization	**(95,763,174)**	(89,717,567)	(81,423,244)
Balance at end of year	**P 271,840,029**	P 367,603,203	P 457,320,770

The amortization of bonds issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

17. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2023	2022
Trade payables		**P 16,702,654,130**	P 14,927,714,758
Retention payable		**5,787,205,813**	5,198,564,149
Refund liability		**1,798,517,011**	1,495,318,078
Accrued interest	15, 16	**877,966,708**	765,943,568
Miscellaneous		**1,227,660,915**	1,771,225,658
		P 26,394,004,577	P 24,158,766,211

Trade payables mainly represent obligations to subcontractors and suppliers of construction materials for the Group's projects.

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are returned to the contractors. The non-current portion of Retention payable is presented as under Other Non-Current Liabilities in the consolidated statements of financial position (see Note 19).

Refund liability pertains to amounts payable to customers due to sales cancellation in respect of installment sales contracts as covered by the R.A. No. 6552, *Realty Installment Buyer Protection Act,* otherwise known as the Maceda Law.

Miscellaneous payables include withholding taxes payable and accrual of salaries, wages and utilities.

18. REDEEMABLE PREFERRED SHARES

On September 4, 2012, TLC's BOD approved the additional subscriptions to 1,258.0 million preferred shares out of TLC's authorized capital stock as partial payment for certain parcels of land with total fair value of P1,338.2 million. The SEC approved the issuance through the exchange of certain parcels of land on April 17, 2013.

Generally non-voting, these preferred shares earn dividends at a fixed annual rate of 2.5% subject to the existence of TLC's unrestricted retained earnings. The accrued dividends on these preferred shares amounting to P0.5 million as at December 31, 2021(nil in 2022) are presented as part of Other payables under Other Non-current Liabilities account in the 2021 consolidated statement of financial position (see Note 19).

The related interest expense recognized amounting to P11.1 million and P16.9 million in 2022 and 2021, respectively, (nil in 2023) is presented as part of Interest expense under the Interest and Other Charges – Net account in the consolidated statements of income (see Note 24). The preferred shares have a maturity of 10 years and shall be redeemed on every anniversary date beginning on the sixth anniversary date until expiration of the ten-year period. Only 1/5 of the aggregate face value of preferred shares may be redeemed per year during such redemption period, with all remaining shares to be redeemed on the 10th anniversary date.

The preferred shares are considered as financial liabilities. Accordingly, the redeemable preferred shares are recognized at fair value on the date of issuance. The par value of the redeemable preferred shares on the date of issuance approximate their fair value.

All preferred shares were redeemed in full in 2022.

19. OTHER LIABILITIES

This account consists of:

	Notes	**2023**	2022
Current:			
Unearned income		**P 3,514,353,439**	P 3,242,781,577
Advances from customer		**2,305,827,573**	1,912,385,149
Commission payable		**1,807,973,948**	2,077,980,412
Lease liabilities		**38,638,823**	104,635,874
Subscription payable	11.1	**-**	1,114,665,008
Other payables		**1,170,552,108**	923,333,571
		8,837,345,891	9,375,781,591
Non-current:			
Deferred rent - net		**2,715,015,663**	3,160,203,687
Retention payable	17	**1,917,882,592**	1,676,303,061
Lease liabilities		**453,412,304**	506,110,406
Other payables		**888,839,321**	687,380,443
		5,975,149,880	6,029,997,597
		P 14,812,495,771	P 15,405,779,188

Unearned income includes the current portion of deferred rent and advance payment for other services.

Deferred rental income refers to the rental payments advanced by the lessee at the inception of the lease which will be applied to the remaining payments at the end of the lease term.

Other current payables mainly pertain to guest deposits from hotels and due to unit owners. Other non-current payables include certain liabilities to various counterparties within the ordinary course of business, which are expected to be settled beyond 12 months from the end of the reporting periods.

The total cash outflows relating to lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

	Note	2023	2022
Principal of lease liability		**P 21,406,494**	P 18,840,748
Interest on lease liability	24	**37,792,646**	38,577,068
		P 59,199,140	P 57,417,816

The maturity analysis of lease liabilities as at December 31 is presented as follows:

	Lease Payment	Finance Charges	Net Present Value
2023			
Within one year	P 77,555,288	(P 38,916,465)	P 38,638,823
After one year but not more than two years	53,384,598	(36,681,883)	16,702,715
After two years but not more than three years	54,566,197	(34,882,487)	19,683,710
After three years but not more than four years	54,665,429	(32,964,810)	21,700,619
After four years but not more than five years	60,304,272	(31,722,948)	28,581,324
More than five years	710,613,250	(343,869,314)	366,743,936
	P 1,011,089,034	**(P 519,037,907)**	**P 492,051,127**
2022			
Within one year	P 142,501,798	(P 37,865,924)	P 104,635,874
After one year but not more than two years	63,285,257	(36,173,595)	27,111,662
After two years but not more than three years	62,139,250	(34,454,513)	27,684,737
After three years but not more than four years	63,142,885	(32,679,378)	30,463,507
After four years but not more than five years	63,380,461	(30,872,412)	32,508,049
More than five years	750,707,596	(362,365,145)	388,342,451
	P 1,145,157,247	(P 534,410,967)	P 610,746,280

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

The expenses relating to short term leases amounting to P134.2 million, P177.3 million and P77.0 million in 2023, 2022 and 2021, respectively, presented as Rent under Operating Expenses under Cost and Expenses in the statements of income (see Note 22).

20. REVENUES

20.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and hotel operations. An analysis of the Group's major sources of revenues and the types of products and services is presented below.

	Segments		
	Real Estate	Hotel Operations	Total
2023			
Residential and office units	P 35,284,062,846	P -	P 35,284,062,846
Lots only	7,437,052,376	-	7,437,052,376
Room accommodation	-	2,438,940,536	2,438,940,536
Food and beverages	-	1,206,195,298	1,206,195,298
Other hotel services	-	161,928,111	161,928,111
	P 42,721,115,222	**P 3,807,063,945**	**P 46,528,179,167**
2022			
Residential and office units	P 31,476,429,945	P -	P 31,476,429,945
Lots only	5,373,562,660	-	5,373,562,660
Room accommodation	-	1,697,907,158	1,697,907,158
Food and beverages	-	828,253,238	828,253,238
Other hotel services	-	77,549,482	77,549,482
	P 36,849,992,605	P 2,603,709,878	P 39,453,702,483
2021			
Residential and office units	P 27,349,657,783	P -	P 27,349,657,783
Lots only	3,779,759,941	-	3,779,759,941
Room accommodation	-	1,427,615,363	1,427,615,363
Food and beverages	-	471,620,410	471,620,410
Other hotel services	-	29,627,308	29,627,308
	P 31,129,417,724	P 1,928,863,081	P 33,058,280,805

20.2 Contract Accounts

The significant changes in the contract assets and contract liabilities balances as of December 31 are as follows:

	2023		2022	
	Contract Assets	**Contract Liabilities**	Contract Assets	Contract Liabilities
Balance at beginning of year	**P19,619,923,773**	**P 8,246,421,530**	P19,922,247,362	P 7,403,695,808
Transfers from contract assets recognized at the beginning of year to trade receivables	**(4,330,225,952)**	**-**	(8,200,052,415)	-
Increase due to satisfaction of performance obligation over time, net of cash collections	**10,431,752,509**	**-**	7,789,728,826	-
Revenue recognized that was included in contract liability at the beginning of year	**-**	**(1,220,251,787)**	-	(3,679,150,615)
Increase due to cash received in excess of performance to date	**-**	**430,573,652**	-	4,521,876,337
Balance at end of year	**P25,721,450,330**	**P 7,456,743,395**	P19,619,923,773	P 8,246,421,530

The current and non-current classification of the Group's Contract Assets account as presented in the statements of financial position is shown below.

	2023	2022
Current	**P 16,725,717,102**	P 13,613,227,726
Non-current	**8,995,733,228**	6,006,696,047
	P 25,721,450,330	P 19,619,923,773

The current and non-current classification of the Group's Contract Liabilities account as presented in the statements of financial position is shown below.

	2023	2022
Current	**P 1,763,382,934**	P 3,392,947,567
Non-current	**5,693,360,461**	4,853,473,963
	P 7,456,743,395	P 8,246,421,530

The outstanding balance of trade receivables arising from real estate sales and hotel operations presented as part of Trade Receivables under Trade and Other Receivables account in the consolidated statements of financial position, amounted to P36.4 billion and P31.8 billion as of December 31, 2023 and 2022, respectively (see Note 6).

20.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization is presented as part of Commission under Operating Expenses (see Note 22).

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

	2023	2022
Balance at beginning of year	**P 2,997,249,257**	P 3,574,921,741
Additional capitalized costs net of sales cancellations	**569,185,899**	743,317,115
Amortization for the year	**(1,321,420,162)**	(1,320,989,599)
Balance at end of year	**P 2,245,014,994**	P 2,997,249,257

Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets, and Other Non-current Asset accounts in the consolidated statements of financial position as shown in succeeding page.

	Notes	2023	2022
Current	8	**P 2,086,771,425**	P 1,962,421,561
Non-current	14	**310,502,008**	1,034,827,696
		P 2,397,273,433	P 2,997,249,257

20.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P31.3 billion and P43.7 billion as of December 31, 2023 and 2022, respectively, which the Group expects to recognize as follows:

	2023	2022
Within a year	**P 19,043,732,745**	P23,100,331,580
More than one year to three years	**8,490,547,169**	16,480,982,363
More than three to five years	**3,754,899,478**	4,155,242,262
	P 31,289,179,392	P43,736,556,205

21. DIRECT COSTS

21.1 Cost of Real Estate Sales

The nature of the cost of real estate sales for the years ended December 31 are as follows:

	2023	2022	2021
Contracted services	**P 17,641,717,864**	P 15,157,644,269	P 13,921,991,148
Land cost	**2,840,510,272**	2,423,993,776	1,870,060,652
Borrowing cost	**810,171,996**	722,695,142	792,405,811
Other costs	**312,285,008**	250,422,205	289,825,668
	P 21,604,685,140	P18,554,755,392	P16,874,283,279

21.2 Cost of Hotel Operations

The nature of the cost of hotel operations for the years ended December 31 are as follows:

	Note	2023	2022	2021
Salaries and employee benefits	25.1	**P 565,144,533**	P 401,131,662	P 272,425,884
Rent		**453,268,304**	271,757,384	251,186,534
Food and beverage		**415,911,229**	320,804,080	191,503,125
Utilities		**356,013,260**	199,361,040	246,934,596
Hotel operating supplies		**256,512,988**	172,987,985	74,716,451
Outside services		**44,998,529**	47,380,779	7,071,957
Miscellaneous		**93,927,790**	49,028,505	43,140,012
		P 2,185,776,633	P 1,462,451,435	P 1,086,978,559

22. OPERATING EXPENSES

Presented below are the details of this account.

	Notes	2023	2022	2021
Salaries and employee benefits	25.1	**P 4,316,413,028**	P 3,462,970,100	P 2,878,758,053
Depreciation and amortization	12, 13, 14	**3,480,324,608**	3,279,686,211	3,467,925,032
Commission	20.3	**2,043,672,808**	1,782,224,386	1,220,192,387
Taxes and licenses		**1,197,933,191**	1,078,623,548	1,192,439,947
Utilities and supplies		**1,127,498,084**	808,326,783	494,027,066
Outside services		**1,090,409,464**	894,576,529	826,990,607
Advertising and promotions		**1,094,882,795**	959,749,002	764,372,156
Professional fees		**697,028,979**	616,959,535	594,801,585
Association dues		**493,227,240**	402,711,876	365,873,255
Transportation		**368,403,510**	294,644,206	194,751,215
Rent	19	**134,276,561**	177,257,360	76,988,707
Donation		**104,414,421**	100,524,798	149,743,170
Miscellaneous	11.2	**810,775,606**	726,404,822	637,769,661
		P 16,959,260,295	P 14,584,659,156	P 12,864,632,841

Miscellaneous operating expenses include repairs and maintenance, insurance expense, and training and development expense.

23. INTEREST AND OTHER INCOME

Presented below are the details of this account.

	Notes	2023	2022	2021
Interest income	5, 6, 27.1	**P 3,670,393,006**	P 2,942,288,364	P 2,104,896,268
Property management, commission and construction income		**1,118,911,091**	1,049,617,328	1,617,611,176
Foreign currency gains - net	5, 15, 16	**257,434,915**	-	-
Dividend income	9, 27.4	**36,495,750**	21,420,750	24,456,757
Gain on sale of property		**-**	-	136,206,674
Miscellaneous – net	6	**262,275,514**	406,499,756	493,258,807
		P 5,345,510,276	P 4,419,826,198	P 4,376,429,682

24. INTEREST AND OTHER CHARGES

Presented below are the details of this account.

	Notes	2023	2022	2021
Interest expense	10.2 15, 16 18, 25.3	**P 2,635,396,341**	P 2,258,100,909	P 1,941,630,481
Other charges:				
Impairment and other losses	6	**976,656,527**	777,544,878	682,473,797
Day one loss	6	**923,414,356**	543,289,914	483,265,727
Foreign currency losses-net	15, 16	**-**	1,738,714,911	1,265,498,741
Miscellaneous – net		**521,245,831**	310,466,180	435,668,579
		P 5,056,713,055	P 5,628,116,792	P 4,808,537,325

Impairment and other losses include net losses from backout sales and impairment losses from trade receivables.

Miscellaneous charges pertain to amortization of discounts on security deposits, bank charges and other related fees.

25. EMPLOYEE BENEFITS

25.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2023	2022	2021
Short-term benefits		**P 4,824,606,429**	P 3,764,816,906	P 3,010,286,233
Employee share option benefit	25.2, 28.6	**3,586,229**	16,372,411	10,204,332
Post-employment benefits	25.3	**53,364,903**	82,912,445	130,693,372
		P 4,881,557,561	P 3,864,101,762	P 3,151,183,937

Salaries and employee benefits are presented in the statements of income as follows.

	Notes	2023	2022	2021
Cost of hotel operations	21.2	**P 565,144,533**	P 401,131,662	P 272,425,884
Operating expenses	22	**4,316,413,028**	3,462,970,100	2,878,758,053
	21, 22	**P 4,881,557,561**	P 3,864,101,762	P 3,151,183,937

25.2 Employee Share Option Plan (ESOP)

The Group's share option benefit expense includes the amounts recognized by the Parent Company and GERI over the vesting period granted by them. As at December 31, 2023 and 2022, all 400.0 million shares of GERI's options were fully vested, but none of these have been exercised by any of the option holders.

As at December 31, 2023, 2022, and 2021, 95.0 million, 60.0 million, and 50.0 million, respectively, of the Parent Company's shares options were fully vested.

Employee option benefits expense, included as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income, amounted to P3.6 million, P16.4 million and P10.2 million in 2023, 2022 and 2021, respectively (see Note 25.1).

25.3 Post-employment Defined Benefit Plan

(a) Characteristics of Defined Benefit Plan

The Group maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by trustee banks. The post-employment plan covers all regular full-time employees.

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

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries in 2023 and 2022.

The amounts of retirement benefit obligation, presented as non-current liability in the consolidated statements of financial position, are as follows:

	2023	2022
Present value of the obligation	**P 1,288,064,758**	P 972,939,970
Fair value of plan assets	**(669,858,761)**	(623,365,103)
Net defined benefit liability	**P 618,205,997**	P 349,574,867

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2023	2022
Balance at beginning of year	**P 972,939,970**	P 1,121,810,503
Interest costs	**61,162,432**	53,408,462
Current service costs	**53,364,903**	82,912,445
Remeasurements –		
Actuarial gains		
arising from changes in:		
Financial assumptions	**244,515,099**	(139,502,189)
Experience adjustments	**16,007,819**	(98,910,242)
Benefits paid	**(59,925,456)**	(46,779,009)
Balance at end of year	**P 1,288,064,758**	P 972,939,970

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

	2023	2022
Balance at beginning of year	**P 623,365,103**	P 575,007,802
Interest income	**95,953,356**	12,696,272
Contribution received	**24,455,493**	74,967,204
Benefits paid	**(65,586,664)**	(20,260,104)
Loss on plan assets (excluding amount included in net interest cost)	**(8,328,527)**	(18,776,071)
Balance at end of year	**P 669,858,761**	P 623,365,103

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

	2023	2022
Cash and cash equivalents	**P 537.7**	P 283.7
Investment in marketable securities		
Equity securities	**30.1**	51.0
Debt securities	**102.1**	289.7
	P 669.9	P 623.4

Debt securities pertain to corporate and government securities while equity securities consist of investments in publicly listed corporations.

As of December 31, 2023 and 2022, the funds include investments in securities of its related parties (see Note 27).

The plan assets include investments in debt securities issued by entities within the Group with carrying amount and fair value as of December 31, 2023 of P102.1 million and P101.7 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P99.1 million and P98.7 million, respectively. Unrealized fair value losses on these securities as of December 31, 2023 and 2022 both amounted to P0.9 million.

The plan assets include investments in equity securities issued by entities within the Group with carrying amount and fair value as of December 31, 2023 of P40.0 million and P30.1 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P40.0 million and P36.0 million, respectively. Unrealized fair value losses on these securities as of December 31, 2023 and 2022 amounted to P9.4 million and P 4.0 million, respectively.

The contributions to the retirement plan are made annually by the Group. The amount of contributions to the retirement plan is determined based on the expected benefit payments that the Group will incur within five years.

Actual return on plan assets were P87.6 million, P34.6 million and P9.6 million in 2023, 2022 and 2021, respectively.

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

	Notes	**2023**	2022	2021
Reported in consolidated statements of income:				
Current service costs	25.1	**P 53,364,903**	P 82,912,445	P 130,693,372
Net interest costs	24	**13,761,597**	24,843,870	28,965,294
		P 67,126,500	P 107,756,315	P 159,658,666
Reported in consolidated statements of comprehensive income:				
Actuarial gains (losses) arising from changes in:				
Experience adjustments		**(P 16,007,819)**	P 98,910,242	P 202,235,817
Financial assumptions		**(244,515,099)**	139,502,189	134,104,864
Loss on plan assets (excluding amounts included in net interest expense)		**(8,328,527)**	(18,776,071)	(11,215,581)
		(268,851,445)	219,636,360	325,125,100
Tax expense	26	**65,908,044**	(55,553,033)	(62,880,238)
		(P202,943,401)	P164,083,327	P 262,244,862

Current service costs are presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 22 and 25.1). The net interest costs are included as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 24).

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

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

	2023	2022	2021
Discount rates	**5.20% - 7.00%**	3.60% - 7.54%	3.58% - 5.20%
Expected rate of salary increases	**3.00% - 10.00%**	1.00% - 4.00%	3.00% - 7.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25 years for both males and females. These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

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

(i) Investment and Interest Rate Risks

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

(ii) Longevity and Salary Risks

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

(d) Other Information

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

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as at December 31, 2023 and 2022:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2023			
Discount rate	**0.50% - 1.00%**	(P 71,022,764)	P 82,919,065
Salary increase rate	**1.00%**	119,827,903	(104,567,417)
December 31, 2022			
Discount rate	0.50% - 1.00%	(P 179,345,797)	P 194,947,571
Salary increase rate	1.00%	262,581,405	(207,885,450)

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

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

(ii) Asset-liability Matching Strategies

The Group, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategies to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

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

(iii) Funding Arrangements and Expected Contributions

The Group's objective is to maintain a level of funding sufficient to cover the projected retirement benefit obligation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 25 years' time when a significant number of employees is expected to retire.

The Group expects to make contributions of P153.9 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	2023	2022
Within one year	**P 192,512,528**	P 188,858,699
More than one year to 5 years	**88,646,511**	125,565,313
More than 5 years to 10 years	**247,762,336**	236,059,745
More than 10 years to 15 years	**511,765,574**	399,266,717
More than 15 years to 20 years	**1,060,881,067**	777,949,467
More than 20 years	**4,844,855,091**	3,716,837,078
	P 6,946,423,107	P 5,444,537,019

The weighted average duration of the DBO at the end of the reporting period range from 7 to 18 years.

26. TAXES

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group:

- regular corporate income tax (RCIT) rate was reduced from 30% to 20% or 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023 and starting July 1, 2023, the MCIT will return to its previous 2% rate; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

The components of tax expense as reported in the consolidated statements of income and consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Reported in consolidated statements of income:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%, 20% and 10% in 2023, 2022 and 2021	**P1,461,727,558**	P 2,543,749,490	P 847,820,456
Adjustment in 2020 income taxes due to change in income tax rate	**-**	-	(188,097,109)
Final tax at 15% and 7.5%	**162,179,213**	92,864,680	38,763,811
Minimum corporate income tax (MCIT) at 1.5% in 2023, 1% in 2022 and 2021 and, 2% in 2020	**4,887,056**	7,855,985	275,179
Application of MCIT	**-**	(6,637,583)	-
Preferential tax rate	**4,189,512**	4,080,128	-
	1,632,983,339	2,641,912,700	698,762,337
Deferred tax expense relating to:			
Effect of the change in income tax rate	**-**	-	(1,893,077,651)
Origination and reversal of temporary differences	**2,822,755,525**	1,125,645,191	1,759,232,643
	P 4,455,738,864	P 3,767,557,891	P 564,917,329

	2023	2022	2021
Reported in consolidated statements of comprehensive income –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**(P 45,139,740)**	P 90,455,063	P 93,038,135
Effect of the change in income tax rate	**-**	-	(18,401,039)
	(P 45,139,740)	P 90,455,063	P 74,637,096

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

	2023	2022	2021
Tax on pretax profit at 25%	**P 5,964,077,092**	P 4,785,461,071	P 3,735,827,587
Effect of change in income tax rate	**-**	-	(2,081,174,760)
Adjustment for income subjected to lower income tax rates	**(68,149,843)**	(36,561,436)	(185,194,162)
Tax effects of:			
Non-taxable income	**(2,355,358,056)**	(1,467,666,976)	(1,156,058,029)
Non-deductible expenses	**975,073,954**	361,822,583	203,836,087
Unrecognized deferred tax assets (liabilities) on temporary differences	**(4,786,883)**	(11,501,508)	64,569,571
Miscellaneous	**(55,117,397)**	136,004,157	(16,888,965)
	P 4,455,738,864	P 3,767,557,891	P 564,917,329

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

	2023	2022
Deferred tax assets – net:		
NOLCO	**P 246,939,798**	P 212,416,830
Difference between the fair value and carrying value of net assets acquired	**-**	114,104,045
MCIT	**46,785,726**	33,950,887
Retirement benefit obligation	**37,583,157**	24,540,446
Allowance for impairment of receivables	**11,919,308**	11,923,309
Allowance for property development costs	**7,689,776**	7,689,776
Others	**61,906,848**	(10,479,728)
	P 412,824,612	P 394,145,565
Deferred tax liabilities – net:		
Uncollected gross profit	**P 8,871,116,571**	P 7,635,045,037
Capitalized interest	**4,724,790,047**	4,739,118,374
Difference between the tax reporting base and financial reporting base of rental income	**994,723,091**	1,280,542,497
Bond issuance costs	**114,788,964**	124,819,699
Uncollected rental income	**69,409,723**	79,275,569
Unrealized foreign currency losses – net	**(613,505,725)**	(1,906,553,539)
Share options	**(55,890,442)**	(54,993,884)
Retirement benefit obligation	**(87,943,703)**	(16,976,614)
Others	**570,024,001**	383,830,555
	P 14,587,512,527	P 12,264,107,694

No deferred tax liability has been recognized on the accumulated equity in net earnings of associates. The Group has no liability for tax should the amounts be declared as dividends since dividend income received from domestic corporation is not subject to income tax.

Some of the entities within the Group are subject to MCIT which is computed at 1.5% in 2023 and 1% in 2022 of gross income, net of allowable deductions as defined under the tax regulations.

The details of the Group's MCIT that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2023	P 15,626,138	2026
2022	14,584,217	2025
2021	17,464,096	2026
	P 47,674,451	

The details of the Group's NOLCO that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2023	P 102,362,581	2026
2022	241,844,778	2025
2021	156,313,788	2026
2020	80,505,896	2025
	P 581,027,043	

Certain subsidiaries within the Group did not recognize the deferred tax assets on their MCIT and NOLCO as realization of such amounts is uncertain.

Except for certain subsidiaries, management has assessed that the net losses incurred, as well as the related NOLCO, can be recovered through future operations and are not significant to the overall financial condition and financial performance of the Group.

In 2023, 2022 and 2021, the Group opted to continue claiming itemized deductions, except for MDC, NWPI, LFI, MFMI, MGLI, SVCI and MCTI which opted to use optional standard deduction (OSD) in computing for income tax dues.

MREIT is registered as a real estate investment trust entity under R.A. 9846 which enjoys certain income tax-free incentives, including deductibility of dividend distribution (subject to certain conditions) and exemption from MCIT.

ECOC and SEDI are registered with the Philippine Economic Zone Authority (PEZA) pursuant to Presidential Proclamation No. 191 dated October 6, 1999. As PEZA-registered entities, ECOC and SEDI are entitled to a preferential tax rate of 5% on gross income earned from registered activities, in lieu of all local and national taxes, and to other tax privileges.

SPI's The Regal Homes project has qualified in the definition of socialized housing under Section 3(r) of R.A. 7279, *Urban Development and Housing Act of 1992*. Under Section 20 of R.A. 7279, private sector participating in socialized housing shall be exempted from the payment of project-related income taxes, capital gains tax on raw lands use for the project, VAT for the project concerned, transfer tax for both raw and completed projects, and donor's tax for both lands certified by the local government units to have been donated for socialized housing purposes.

27. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, associates, the Group's key management and other related parties under common ownership as described below.

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

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

The summary of the Group's transactions with its related parties as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021 are as follows:

Related Party Category	Notes	Amount of Transactions 2023	2022	2021	Outstanding Investment/ Receivable (Payable) 2023	2022
Ultimate Parent Company:						
Dividends paid	27.5	**(P 996,805,764)**	(P 887,481,897)	(P 609,361,023)	**P -**	P -
Investments in equity securities	27.4	**(97,879,276)**	15,786,980	563,303,640	**1,780,771,344**	1,878,650,620
Dividend income	27.4	**23,680,470**	21,413,262	10,127,290	**23,680,470**	-
Advances granted	27.2	**-**	-	-	**930,000,000**	930,000,000
Associates:						
Advances granted (collected)	27.2	**383,639**	155,104	(89,575,460)	**1,010,276,576**	1,009,892,937
Subscription payable	19	**(1,114,655,508)**	-	-	-	(1,114,655,008)
Related Parties Under Common Ownership:						
Reimbursement of construction costs	27.1	**-**	-	-	**3,056,180,769**	3,056,180,769
Advances availed (paid)	27.3	**(879,566,092)**	(1,116,725,533)	739,639,479	**(1,247,044,914)**	(2,126,611,006)
Rendering of services	27.1	**238,329,478**	261,499,284	137,222,809	**262,845,102**	127,460,076
Advances granted (collected)	27.2	**(112,550,636)**	1,827,132,491	413,989,151	**4,326,431,484**	4,438,982,120
Dividend income	27.4	**-**	-	13,538,826	**-**	-

Related Party Category	Notes	Amount of Transactions 2023	2022	2021	Outstanding Investment/ Receivable (Payable) 2023	2022
Investments in equity securities	27.4	**P 207,774,649**	(P 494,554,541)	P 992,357,068	**P 3,572,528,203**	P 3,364,753,554
Key Management Personnel – Compensation	27.6	**370,730,492**	377,635,099	316,686,607	**-**	-
Retirement plan Investments in equity and debt securities	25.3(b)	**-**	-	-	**100,175,334**	134,696,111

None of the companies within the Group is a joint venture. The Group is not subject to joint control and none of its related parties exercise significant influence over it.

27.1 Real Estate Sales and Rendering of Services to Related Parties

The Group renders services to its related parties on a cost-plus basis, allowing a certain margin agreed upon by the parties at arm's length.

The Group leases some of its investment properties to its associates and other related parties under common ownership with rental payments mutually agreed generally before the commencement of the lease. Most of the leases have terms ranging from one to 25 years, with renewal options, and include annual escalation rates of 3% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental Income in the consolidated statements of income (see Note 12). The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Parent Company and a related party under common ownership are parties to a management agreement whereby the former provides management services for the overall administration of the latter's leasing operations for a fee, which is based on certain rates of collections plus commission. Further, there are other management services provided to related parties under common ownership related to management of construction and development activities.

Unless otherwise indicated, the Group's outstanding receivables from related parties arising from the above transactions are unsecured, noninterest-bearing, and collectible in cash under normal credit terms or through offsetting arrangements.

There were no impairment losses recognized on the Group's receivables from related parties in 2023, 2022 and 2021.

In 2018, the Parent Company agreed with a related party under common ownership to turn over a certain property under terms that the related party will reimburse the construction cost incurred by the Parent Company amounting to P4.0 billion (see Note 12). The outstanding balance, which is collectible on demand, interest-bearing and unsecured, amounted to P3.1 billion as of both December 31, 2023 and 2022, and is presented under non-current Other Trade Receivables in the consolidated statements of financial position (see Note 6).

27.2 Advances to Ultimate Parent, Associates and Other Related Parties

The ultimate parent Company, associates and other related parties under common ownership are granted noninterest-bearing, unsecured and collectible on demand advances by the Parent Company and other entities within the Group with no definite repayment terms for working capital purposes. These are generally collectible in cash or through offsetting arrangements with the related parties.

The outstanding balances of Advances to associates and other related parties shown as part of Trade and Other Receivables account under Current Assets section in the consolidated statements of financial position are shown below (see Note 6).

	2023	2022
Advances to ultimate parent	**P 930,000,000**	P 930,000,000
Advances to associates	**1,010,276,576**	1,009,892,937
Advances to other related parties	**4,326,431,484**	4,438,982,120
	P6,266,708,060	P6,378,875,057

The movements in advances to associates are as follows:

	2023	2022
Balance at beginning of year	**P1,009,892,937**	P1,009,737,833
Advances granted	**383,639**	155,104
Balance at end of year	**P1,010,276,576**	P1,009,892,937

The movements in advances to other related parties under common ownership are as follows:

	2023	2022
Balance at beginning of year	**P4,438,982,120**	P2,611,849,629
Advances granted	**-**	1,827,132,491
Advances collected	**(112,550,636)**	-
Balance at end of year	**P4,326,431,484**	P4,438,982,120

Advances to other related parties pertain to advances granted to entities under common ownership of the Parent Company. No impairment losses on the advances to ultimate parent Company, associates and other related parties were recognized in 2023, 2022 and 2021 based on management's assessment.

27.3 Advances from Other Related Parties

Certain expenses of the entities within the Group are paid by other related parties on behalf of the former. The Group also received cash advances from a certain related party under common ownership, for the development of a certain entertainment site which is an integrated tourism project planned by the Philippine Amusement and Gaming Corporation. The advances are noninterest-bearing, unsecured and with no repayment terms and are generally payable in cash upon demand or through offsetting arrangements with the related parties.

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Advances from Other Related Parties under Current Liabilities Section account in the consolidated statements of financial position.

The movements in advances from other related parties are as follows:

	2023	2022
Balance at beginning of year	**P 2,126,611,006**	P 3,243,336,539
Advances paid	**(1,597,199,347)**	(2,433,986,742)
Advances availed	**717,633,255**	1,317,261,209
Balance at end of year	**P1,247,044,914**	P2,126,611,006

27.4 Investments in Equity Securities

The Group's equity securities include investment in shares of the Ultimate Parent Company and related parties under common ownership. The fair values of these securities have been determined directly by reference to published prices in an active market, except for the investment in shares of a related party under common ownership which was delisted in the stock exchange in 2019 and was subsequently measured using the discounted cash flows valuation technique [see Note 34.2(a)]. Movements and the related fair value gains or losses on these investments are shown and discussed in Note 9. Also, the Group received dividend income from these investments, presented as part of Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

27.5 Dividends Paid to the Ultimate Parent Company

The Ultimate Parent Company received dividends from the Parent Company amounting to P1.0 billion, P0.9 billion and P0.6 billion in 2023, 2022 and 2021, respectively. There were no outstanding liabilities relating to this transaction as of December 31, 2023 and 2022 (see Note 28.4).

27.6 Key Management Personnel Compensation

The Group's key management personnel compensation includes the following:

	2023	2022	2021
Short-term benefits	**P 325,769,489**	P 276,491,249	P 258,281,464
Post-employment benefits	**41,374,775**	84,771,439	48,200,811
Employee share option benefit	**3,586,228**	16,372,411	10,204,332
	P 370,730,492	P 377,635,099	P 316,686,607

27.7 Post-employment Plan

The Group has formal retirement plans established separately for the Parent Company and each of the significant subsidiaries, particularly GERI, EELHI and PHRI. The Group's retirement funds for its post-employment defined benefit plan are administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2023 and 2022 are presented in Note 25.3.

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

The retirement funds neither provide any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

The retirement funds include investments in equity and debt securities of the Group (see Note 25.3)

27.8 Sale of Investment Properties

In 2021, the Group sold certain parcels of land classified as investment properties for a total consideration of P136.6 million to a related party under common ownership. No similar transaction occurred in 2023 and 2022.

28. EQUITY

Capital stock of the Parent Company consists of:

	Shares			Amount		
	2023	2022	2021	**2023**	2022	2021
Preferred shares Series "A"- P0.01 par value						
Authorized	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Issued and outstanding	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Common shares – P1 par value						
Authorized	**40,140,000,000**	40,140,000,000	40,140,000,000	**P 40,140,000,000**	P 40,140,000,000	P 40,140,000,000
Issued	**32,370,865,872**	32,370,865,872	32,370,865,872	**P 32,370,865,872**	P 32,370,865,872	P 32,370,865,872
Treasury shares:						
Balance at beginning of year	**(885,626,000)**	(513,795,000)	(471,552,000)	**(2,184,059,395)**	(1,268,862,277)	(1,111,874,917)
Acquisitions during the year	**(301,988,000)**	(372,831,000)	(42,243,000)	**(668,595,880)**	(916,099,229)	(156,987,360)
Issuances during the year	**-**	1,000,000	-	**-**	902,111	-
Balance at end of year	**(1,187,614,000)**	(885,626,000)	(513,795,000)	**(2,852,655,275)**	(2,184,059,395)	(1,268,862,277)
Issued and outstanding	**31,183,251,872**	31,485,239,872	31,857,070,872	**P 29,518,210,597**	P 30,186,806,477	P 31,102,003,595
Total issued and outstanding shares	**31,183,251,872**	31,485,239,872	31,857,070,872	**P 29,578,210,597**	P 30,246,806,477	P 31,162,003,595

On June 15, 1994, the SEC approved the listing of the Parent Company's common shares totaling 140,333,333. The shares were initially issued at an offer price of P4.80 per common share. As of December 31, 2023, there are 2,379 holders of the listed shares, which closed at P1.97 per share as of that date. As of December 31, 2022, there are 2,395 holders of the listed shares, which closed at P2.0 per share as of that date.

The following also illustrates the additional listings made by the Parent Company (in shares): May 23, 1996 – 1.6 billion; January 8, 1997 – 2.1 billion; November 23, 1998 – 2.0 billion; August 19, 1999 – 3.0 billion; October 12, 2005 – 5.5 billion; November 21, 2006 –10.0 billion and July 17, 2007 – 3.9 billion and 2012 – 3.1 billion. The Parent Company also listed 700.0 million shares in 2013, 300.0 million shares in 2014, and 8.0 million shares in 2015. There were no additional issuance of shares in the succeeding years.

As of December 31, 2022 and 2021, RHGI holds certain number of the Parent Company's common shares with costs of P515.2 million, which are treated as treasury shares on the Group's consolidated financial statements. On 2023, such shares were reissued and reversed as treasury shares, which resulted to APIC of P333.2 million (see Notes 28.3 and 28.5).

28.1 Preferred Shares Series "A"

The preferred shares are voting, cumulative, non-participating, non-convertible and non-redeemable with a par value of P0.01 per share. The shares earn dividends at 1% of par value per annum cumulative from date of issue. Dividends paid on cumulative preferred shares amounted to P0.6 million in 2023, 2022 and 2021 (see Note 28.4).

28.2 Common Shares

On May 23, 2013, the Parent Company's BOD approved a P10.0 billion increase in authorized capital stock (ACS) consisting of 10.0 billion shares with par value of P1.00 per share. On November 20, 2013, the SEC approved the P10.0 billion increase in ACS, of which 2.5 billion shares were subscribed and paid by the Parent Company at a price of P4.29 per share for a total subscription price of P10.7 billion.

In 2009, 5,127,556,725 common shares were subscribed and issued through pre-emptive share rights offering. Moreover, shareholders were given four additional share warrants for every five share rights subscribed. For every share warrant, shareholders can avail of one common share at P1.00 per share.

Relative to the share subscription, 4,102,045,364 share warrants were issued of which 4,101,662,246 warrants were exercised while the remaining 383,118 have expired.

28.3 Additional Paid-in Capital

The APIC pertains to the excess of the total proceeds received from the Parent Company's shareholders over the total par value of the common shares. In 2023, an additional APIC of P333.2 million was recognized from the transactions with RHGI. In 2022, APIC amounting to P1.9 million, was recognized by the Parent Company from the exercise of 1,000,000 stock options. There were no movements in the Parent Company's APIC accounts in 2021.

28.4 Cash Dividends

The details of the Parent Company's cash dividend declarations, both for preferred and common shares, are as follows:

	2023	2022	2021
Declaration date/date of approval by BOD	**October 13, 2023**	October 17, 2022	November 10, 2021
Date of record	**October 27, 2023**	October 31, 2022	November 24, 2021
Date of payment	**November 14, 2023**	November 14, 2022	December 10, 2021
Amounts declared			
Common	**P 2,057,959,600**	P 1,910,507,946	P 1,337,220,837
Preferred	**600,000**	600,000	600,000
	P 2,058,559,600	P 1,911,107,946	P 1,337,820,837
Dividends per share:			
Common	**P 0.07**	P 0.06	P 0.04
Preferred	**P 0.01**	P 0.01	P 0.01

28.5 Treasury Shares

As of December 31, 2022 and 2021, this account also includes the Parent Company's common shares held and acquired by RHGI which was reissued in 2023.

In 2023 and 2022, the Parent Company reacquired 302.0 million and 371.8 million shares costing P668.6 million and P916.1 million, respectively. The amount of treasury common shares aggregated to P2,852.7 million and P2,699.2 million as at December 31, 2023 and 2022, respectively.

The changes in market values of these shares held by RHGI, recognized as fair value gains or losses by the subsidiary, were eliminated in full and not recognized in the consolidated financial statements.

In 2022, the Parent Company has reissued 1,000,000 treasury shares as a result of exercise of the same number of stock options (see Note 28.6). There was no similar transaction in 2023 and 2021.

A portion of the Parent Company's retained earnings is restricted for dividend declaration up to the cost of treasury shares as of the end of the reporting period.

28.6 ESOP

A total of P3.6 million, P16.4 million and P10.2 million share option benefits expense in 2023, 2022 and 2021, respectively, is recognized and presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 22 and 25.2).

(a) Parent Company

In 2012, the Parent Company's BOD approved and the shareholders adopted an ESOP for the Parent Company's key executive officers.

The options shall generally vest on the 60th birthday of the option holder and may be exercised up to five years from the date of vesting of the option. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Parent Company's shares for nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2012, the Parent Company granted share options to certain key executives to subscribe to 235.0 million common shares of the Parent Company, at an exercise price of P1.77 per share.

In 2013, additional share options were granted to certain key executives to subscribe to 20 million common shares of the Parent Company at an exercise price of P2.33 per share. Additional 40 million share options were granted in 2014 at an average exercise price of P3.00 per share. In 2019, additional 10 million share options were granted at an exercise price of P1.77. There were no additional share options granted in 2023, 2022 and 2021.

In 2023, 10.0 million share options were forfeited due to resignation of certain key executive officers. There was no forfeiture due to resignation in 2022.

A total of 35.0 million, 10.0 million and 10.0 million share options have vested in 2023, 2022 and 2021, respectively.

A total of 1.0 million share options were exercised at a price of P1.77 per share in 2022. There was no similar transaction in 2021 and 2023.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Option life	6.08 to 30.17 years
Share price at grant date	P 2.54 to P 4.52
Exercise price at grant date	P 1.77 to P 3.23
Fair value at grant date	P 0.98 to P 2.15
Average standard deviation of share price return	10.98 %
Average dividend yield	0.82 %
Average risk-free investment rate	3.93 %

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

The Parent Company recognized a total of P3.6 million, P16.4 million and P10.2 million share-based executive compensation in 2023, 2022 and 2021, respectively, as part of Salaries and employee benefits and a corresponding credit in Retained Earnings (see Note 25.2).

(b) *GERI*

In 2011, the BOD of GERI approved and the stockholders adopted an ESOP for its key executive officers.

Under the ESOP, GERI shall initially reserve for exercise of share options up to 500.0 million common shares of the GERI's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant.

The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The exercise price shall be at a 15% discount from the volume weighted average closing price of the GERI's shares for twelve months immediately preceding the date of grant.

As of December 31, 2023, pursuant to this ESOP, GERI has granted the option to its key company executives to subscribe to 400.0 million shares of GERI. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All 400.0 million options were fully vested as of December 31, 2019, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods. As at December 31, 2023, there are no remaining share options that can be exercised.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	7 years
Share price at grant date	P1.02 to P2.10
Exercise price at grant date	P1.00 to P1.93
Fair value at grant date	P0.24 to P2.27
Standard deviation of share price return	12.16% to 57.10%
Risk-free investment rate	2.14% to 2.59%

The underlying expected volatility was determined by reference to historical date of the GERI's shares over a period of time consistent with the option life.

There was no share-based compensation recognized in 2023, 2022 and 2021 since all the options fully vested as of December 31, 2019.

28.7 Perpetual Capital Securities

On April 11, 2018, the Group issued bonds amounting $200.0 million. The bonds were issued with a nominal interest of 5.375% per annum and interest is payable semi-annually in arrears every April 11 and October 11. The bonds are currently listed in the SGX-ST. The financial instruments are treated as equity securities. These bonds may be voluntarily redeemed by the Parent Company on April 11, 2023 or on any distribution date thereafter [see Note 3.1(h)].

In 2021, the Group fully redeemed its perpetual capital securities for P9.8 billion resulting in a gain on redemption amounting to P484.3 million. The gain was directly credited to the consolidated retained earnings as presented in the 2021 consolidated statement of changes in equity.

28.8 Revaluation Reserves

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

	Financial Assets at FVOCI (Note 9)	Retirement Benefit Obligation (Note 25.3)	Translation Reserves (Note 2)	Cross Currency Swaps (Note 30)	Equity Reserves (Note 1)	Total
Balance as of January 1, 2023	(P 1,725,993,007)	P 690,094,340	(P 259,538,921)	P 37,604,713	P 8,626,592,277	P 7,368,759,402
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	(268,851,445)	-	-	-	(268,851,445)
Fair value losses on financial assets at FVOCI	101,480,862	-	-	-	-	101,480,862
Fair value gain on cash flow hedge	-	-	-	(34,246,151)	-	(34,246,151)
Share of non-controlling interest	12,756,703	2,430,076	-	-	-	15,186,779
Share in OCI of associates	-	-	(3,348,878)	-	-	(3,348,878)
Changes in percentage of ownership	-	-	-	-	3,225,985,331	3,225,985,331
Exchange difference on translating foreign operations	-	-	44,115,901	-	-	44,115,901
Other comprehensive income (loss) before tax	114,237,565	(266,421,369)	40,767,023	(34,246,151)	3,225,985,331	3,080,322,399
Tax income (expense)	-	65,908,044	(20,768,304)	-	-	45,139,740
Other comprehensive income (loss) after tax	114,237,565	(200,513,325)	19,998,716	(34,246,151)	3,225,985,331	3,125,462,140
Balance as of December 31, 2023	**(P 1,611,755,442)**	**P 489,581,015**	**(P 239,540,202)**	**P 3,358,562**	**P11,852,577,608**	**P10,494,221,541**
Balance as of January 1, 2022	(P 1,144,152,392)	P 536,021,236	(P 337,051,379)	(P 53,542,477)	P 8,626,592,277	P 7,627,867,265
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	219,636,360	-	-	-	219,636,360
Fair value losses on financial assets at FVOCI	(579,783,082)	-	-	-	-	(579,783,082)
Fair value gain on cash flow hedge	-	-	-	91,147,190	-	91,147,190
Share of non-controlling interest	(2,057,533)	(10,010,223)	-	-	-	(12,067,756)
Share in OCI of associates	-	-	6,138,277	-	-	6,138,277
Exchange difference on translating foreign operations	-	-	106,276,211	-	-	106,276,211
Other comprehensive income (loss) before tax	(581,840,615)	209,626,137	114,460,580	91,147,190	-	(166,606,708)
Tax income (expense)	-	(55,553,033)	(34,902,030)	-	-	(92,501,155)
Other comprehensive income (loss) after tax	(581,840,615)	154,073,104	77,512,458	91,147,190	-	(259,107,863)
Balance as of December 31, 2022	(P 1,725,993,007)	P 690,094,340	(P 259,538,921)	P 37,604,713	P 8,626,592,277	P 7,368,759,402
Balance as of January 1, 2021	(P 2,466,854,141)	P 272,676,077	(P 393,248,156)	(P 253,255,979)	(P 861,828,431)	(P 3,702,510,630)
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	325,125,100	-	-	-	325,125,100
Fair value losses on financial assets at FVOCI	1,347,392,142	-	-	-	-	1,347,392,142
Fair value losses on cash flow hedge	-	-	-	199,713,502	-	199,713,502
Share of non-controlling interest	(24,690,393)	1,100,297	-	-	-	(23,590,096)
Share in OCI of associates	-	-	20,926,197	-	-	20,926,197
Exchange difference on translating foreign operations	-	-	47,027,439	-	-	47,027,439
Other comprehensive income (loss) before tax	1,322,701,749	326,225,397	67,953,636	199,713,502	-	1,916,594,284
Tax income (expense)	-	(62,880,238)	(11,756,859)	-	-	(74,637,097)
Other comprehensive income (loss) after tax	1,332,701,749	263,345,159	56,196,777	199,713,502	-	1,841,957,187
Effect of change in percentage of ownership	-	-	-	-	9,488,420,708	9,488,420,708
Balance as of December 31, 2021	(P 1,144,152,392)	P 536,021,236	(P 337,051,379)	(P 53,542,477)	P 8,626,592,277	P 7,627,867,265

In 2021, MREIT offered and sold 949,837,500 shares or 37.51% ownership interest held by the Parent Company, through an initial public offering for P16.10 per share or P14.7 billion. The sale of shares did not result in Parent Company's loss of control over MREIT. The difference between the proportionate net book value and the consideration received amounting to P10.5 billion is credited to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

Also in 2021, the Parent Company acquired additional shares of PCMI and STLI for P2.0 billion and P1.8 million, respectively. The difference between the proportionate net book value and the consideration received of PCMI and STLI resulted in P1.1 billion debit and P29.6 million credit, respectively, to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

In 2023, the Parent Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the company disposed 279,400,000 common shares with a par value of P1.00 per share with net proceeds of P3.6 billion resulting to a decrease in ownership to 55.63%.

29. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2023	2022	2021
Net profit attributable to the Parent Company's shareholders	**P17,345,401,623**	P 13,455,475,825	P 13,434,466,763
Dividends on cumulative preferred shares Series "A"	**(600,000)**	(600,000)	(600,000)
Distribution to holders of perpetual securities	**-**	-	(151,963,438)
Profit available to the Parent Company's common shareholders	**P17,344,801,623**	P 13,454,875,825	P 13,281,903,325
Divided by weighted average number of outstanding common shares	**30,967,574,247**	31,241,230,149	31,447,978,960
Basic EPS	**P 0.560**	P 0.431	P 0.422
Divided by weighted average number of outstanding common shares and potential dilutive shares	**30,975,626,107**	31,297,654,542	31,544,782,959
Diluted EPS	**P 0.560**	P 0.430	P 0.421

Unexercised share warrants have already expired; hence, were no longer included in the computation. In addition, the potentially dilutive outstanding share options totaling 220.0 million in 2023, 232.5 million in 2022, and 233.5 million in 2021 were also considered in the computations (see Note 28.6).

30. CROSS CURRENCY SWAPS

In 2019, another cross currency swap was also agreed upon with the same bank. The Parent Company shall receive $95.62 million to be paid on a quarterly basis beginning December 2020 up to September 2024 plus interest based on three-month LIBOR plus a certain spread. The Parent Company shall make fixed quarterly payments in Philippine peso plus a fixed interest of 4.82%.

The Parent Company designated the cross currency swaps as hedging instruments to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates [see Notes 15.1(a) and 15.1(k)].

The table below sets out information about the Group's hedging instruments and the related carrying amounts as of December 31:

	USD Notional Amount	Derivative Assets
2023		
Cash flow hedge – Cross currency swaps	**$ 17,928,858**	**P 62,038,593**
2022		
Cash flow hedge – Cross currency swaps	$ 41,834,003	P 197,431,085

The hedging instruments have a positive fair value of P62.0 million in 2023 and P197.4 million in 2022. These are presented as Derivative assets under Other Current Assets in the consolidated statements of financial position (see Note 8). The Parent Company recognized a total of P34.2 million and P91.1 million unrealized losses and gains on cash flow hedges in 2023 and 2022, respectively. These are presented as part of other comprehensive income in the consolidated statements of comprehensive income.

As of December 31, 2023 and 2022, the Parent Company has assessed that the cross currency swaps designated as cash flow hedges will continue to be highly effective over the term of the agreement; hence, the Parent Company expects to continuously use hedge accounting on the hedging relationship of its cross currency swaps and on its interest-bearing loans.

31. COMMITMENTS AND CONTINGENCIES

31.1 Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Group may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Unearned income under Other Current Liabilities and Deferred rent under Other Non-current Liabilities in the consolidated statements of financial position (see Note 19).

(a) Operating Leases

The Group is a lessor under several non-cancellable operating leases covering office, commercial and properties for a period of two to ten years with annual escalation rates between 5% to 10% (see Note 12).

Future minimum lease receivables under these agreements are as follows:

	2023	2022	2021
Within one year	**P 16,524,807,397**	P 16,954,000,233	P 15,346,826,374
After one year but not more than two years	**19,998,956,604**	18,969,350,475	19,794,874,132
After two years but not more than three years	**20,787,467,598**	20,073,548,227	20,409,706,265
After three years but not more than four years	**21,565,435,685**	20,902,530,811	22,140,397,894
After four years but not more than five years	**23,134,430,186**	22,417,321,069	22,902,976,810
More than five years	**28,326,544,473**	28,155,620,943	28,951,568,529
	P130,337,641,943	P 127,472,371,758	P129,546,350,004

(b) Finance Lease

In 2019, the Group, through GERI, subleased its development rights over the undivided portions of a land co-terminus with the term of its head lease. Finance lease receivable arising from the transaction is presented as part Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). Interest income on the finance lease amounted to P34.3 million, P38.4 million and P42.1 million in 2023, 2022 and 2021, respectively, and is presented as part of Interest and Other Income account in the consolidated statements of income.

The maturity analysis of finance lease receivable at December 31 is as follows:

	Lease Collection	**Interest Income**	**Net Present Value**
2023			
Within one year	P 26,846,871	(P 24,829,545)	P 2,017,326
After one year but not more than two years	27,514,054	(24,641,019)	2,873,035
After two years but not more than three years	26,281,499	(24,407,402)	1,874,097
After three years but not more than four years	24,301,659	(24,373,209)	(71,550)
After four years but not more than five years	25,030,708	(24,352,433)	678,275
More than five years	629,817,781	(320,057,121)	309,760,660
	P 759,792,572	**(P 442,660,729)**	**P 317,131,843**

	Lease Collection	Interest Income	Present Value
2022			
Within one year	P 146,533,703	(P 34,355,508)	P 112,178,195
After one year but not more than two years	89,346,871	(29,909,018)	59,437,853
After two years but not more than three years	90,014,054	(25,047,216)	64,966,838
After three years but not more than four years	26,281,499	(24,407,402)	1,874,097
After four years but not more than five years	24,301,659	(24,373,209)	(71,550)
More than five years	654,848,489	(344,409,554)	310,438,935
	P 1,031,326,275	(P 482,501,907)	P 548,824,368

31.2 Others

As at December 31, 2023 and 2022, the Group has unused long-term credit facilities amounting to P35.0 billion and P30.0 billion, respectively. In addition, the Group is committed to certain project and capital expenditures as disclosed in Note 4.4. There are other commitments and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVOCI, interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes.

32.1 Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable, which have been used to fund new projects and to refinance certain indebtedness for general corporate purposes.

As of December 31, 2023 and 2022, net foreign currency-denominated financial liabilities in U.S. dollar, translated into Philippine Peso at the closing rate, amounted to P28.7 billion and P27.9 billion, respectively.

Management assessed that the reasonably possible change in exchange rates of Philippine Peso to U.S. dollar, based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at 68% confidence level is 5.38% and 6.29% in 2023 and 2022, respectively. If the exchange rate increased or decreased by such percentages, the profit before tax in 2023 and 2022 would have changed by P1,489.3 million and P1,609.0 million, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

32.2 Interest Rate Sensitivity

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets subject to variable interest rates.

The Group's ratio of fixed to floating rate debt stood at 1.05:1.00 and 1.44:1.00 as of December 31, 2023 and 2022, respectively.

The sensitivity of the consolidated net results in 2023 and 2022 to a reasonably possible change of 1.0% in floating rates is P380.7 million and P364.8 million, respectively. The sensitivity of the consolidated equity in 2023 and 2022 to a reasonably possible change of 1.0% in floating rates is P285.5 million and P273.6 million, respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

32.3 Credit Risk

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of rentals, advance payments are received to mitigate credit risk.

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

	Notes	**2023**	2022
Cash and cash equivalents	5	**P 25,115,017,234**	P 27,754,568,446
Trade receivables	6	**39,818,559,661**	35,581,092,269
Rent receivables	6	**7,773,678,259**	5,245,485,618
Other receivables	6	**10,825,734,772**	9,736,405,449
Advances to associates and other related parties	6	**6,266,708,060**	6,378,875,057
Contract assets	20.2	**25,721,450,330**	19,619,923,773
Guarantee and other deposits	14	**890,420,128**	1,050,101,840
		P116,411,568,444	P105,366,452,452

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables

The Parent Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Parent Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting periods, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. The total loss allowance based on the provision matrix is P720.5 million and P761.6 million as of December 31, 2023 and 2022, respectively.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are typically required to issue post-dated checks, which provide additional credit enhancement. The estimated fair value of collateral and other security enhancements held against trade receivables are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2023			
Real estate sales receivables	**P 41,328,385,170**	**P 45,327,170,657**	**P -**
Contract assets	**16,725,717,102**	**40,812,445,170**	**-**
Rental receivables	**7,773,678,259**	**26,677,795,493**	**-**
	P 65,827,780,531	**P 112,817,411,320**	**P -**
2022			
Real estate sales receivables	P 35,581,092,269	P 54,507,205,178	P -
Contract assets	19,619,923,773	34,329,119,184	-
Rental receivables	5,245,485,618	26,120,508,183	-
	P 60,446,501,660	P 114,956,832,545	P -

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2023	2022
Current (not past due)	**P 61,314,660,549**	P 53,887,281,080
Past due but not impaired:		
More than one month but not more than 3 months	**995,776,342**	954,754,703
More than 3 months but not more than 6 months	**660,635,291**	586,514,889
More than 6 months but not more than one year	**1,043,424,434**	880,683,667
More than one year	**670,184,136**	632,624,054
	P 64,684,680,752	P 56,941,858,393

(c) *Advances to Associates and Other Related Parties*

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

The Parent Company does not consider any significant risks in the advances to related parties as these are entities whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2023 and 2022, impairment allowance is not material.

(d) *Guarantee and Other Deposits*

The credit risk for guarantee and other deposits is considered negligible as the Group has ongoing transactions with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

32.4 Liquidity Risk

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

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

As at December 31, 2023 and 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Notes	Within 1 Year	1 to 5 Years	More than 5 Years
2023:				
Interest-bearing loans and borrowings*	15	**P 18,440,812,490**	**P 49,019,402,123**	**P 7,132,187,500**
Trade and other payables	17	**25,394,004,577**	**-**	**-**
Bonds and notes payable*	16	**14,164,524,941**	**24,543,746,338**	**-**
Advances from other related parties	27.3	**1,247,044,914**	**-**	**-**
Other liabilities	19	**1,807,973,948**	**1,209,190,931**	**-**
		P 61,054,360,870	**P 74,772,339,392**	**P 7,132,187,500**
2022:				
Interest-bearing loans and borrowings*	15	P 13,998,449,902	P 31,701,384,571	P 10,023,845,002
Trade and other payables	17	23,874,659,281	-	-
Bonds and notes payable*	16	15,524,839,931	35,204,540,481	-
Advances from other related parties	27.3	2,126,611,006	-	-
Subscription payable	19	1,114,665,008	-	-
Other liabilities	19	2,077,980,412	1,676,303,061	-
		P 58,717,205,540	P 68,582,228,113	P 10,023,845,002

**Inclusive of future interest costs*

The contractual maturities in the above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

32.5 Other Price Risk Sensitivity

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

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value is determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. Their impact on the Group's consolidated net profit and consolidated equity as at December 31, 2023 and 2022 are summarized below.

	Observed Volatility Rates	Impact on Equity Increase	Impact on Equity Decrease
2023			
Investment in equity securities:			
Holding company	**+/-5.44%**	**P 72,997,948**	**(P 72,997,948)**
Manufacturing	**+/-1.84%**	**16,911,584**	**(16,911,584)**
2022			
Investment in equity securities:			
Holding company	+/-6.41%	P 90,320,305	(P 90,320,305)
Manufacturing	+/-7.55%	68,653,600	(68,653,600)

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is also exposed to other price risk in respect of its derivative financial assets and liabilities arising from foreign exchange margins trading spot and forward, and interest rate changes. These financial instruments will continue to be measured at fair value based on net present value computation.

33. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

33.1 Carrying Amounts and Fair Values by Category

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

	Notes	**2023**		2022	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
At amortized costs:					
Cash and cash equivalents	5	**P 25,115,017,234**	**P 25,115,017,234**	P 27,754,568,446	P 27,754,568,446
Trade and other receivables – net	6, 27.2	**64,684,680,752**	**63,994,382,334**	56,941,858,393	56,478,631,731
Guarantee and other deposits	14	**890,420,128**	**890,420,128**	1,050,101,840	1,050,101,840
		P 90,690,118,114	**P 89,999,819,696**	P 85,746,528,679	P 85,283,302,017
Financial assets at FVTPL – Derivative assets	8	**P 62,038,593**	**P 62.038,593**	P 197,431,085	P 197,431,085
Financial assets at FVOCI – Equity securities	9	**P 5,390,622,368**	**P 5,390,622,368**	P 5,253,799,848	P 5,253,799,848
Financial Liabilities					
At amortized costs:					
Interest-bearing loans and borrowings	15	**P 71,780,316,218**	**P 70,784,042,923**	P 49,658,496,220	P 48,867,760,656
Bonds and notes payable	16	**31,114,591,251**	**30,360,173,852**	45,239,075,510	44,796,324,832
Trade and other payables	17	**26,394,004,577**	**26,156,848,944**	24,158,766,211	23,874,659,281
Advances from other related parties	27.3	**1,247,044,914**	**1,247,044,914**	2,126,611,006	2,126,611,006
Subscription payable	19	-	-	1,114,665,008	1,114,665,008
Other liabilities	19	**2,551,442,556**	**2,551,442,556**	2,221,460,294	2,221,460,294
		P 133,087,399,516	**P 131,099,553,189**	P 124,519,074,249	P 123,001,481,077

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 32.

33.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements, except as disclosed in Notes 27.2 and 27.3. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances. Further, certain trade receivables with carrying amount of P0.9 billion as of December 31, 2022 were assigned on a with-recourse basis which may be offset against the related outstanding borrowings from local banks of the same amounts [see Note 15.3(h)]. There is no similar transaction in 2023.

34. FAIR VALUE MEASUREMENT AND DISCLOSURES

34.1 Fair Value Hierarchy

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

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

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

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

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

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

For investments which do not have quoted market price, the fair value is determined by developing estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period.

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

34.2 Financial Instruments Measurement at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at December 31, 2023 and 2022 (see Notes 9 and 30).

	Level 1	Level 2	Level 3	Total
2023				
Financial assets –				
Equity securities	P 3,123,647,415	P -	P2,266,974,953	P 5,390,622,368
Derivatives	-	62,038,593	-	62,038,593
	P 3,123,647,415	**P 62,038,593**	**P2,266,974,953**	**P 5,452,660,961**
2022				
Financial assets –				
Equity securities	P 3,102,154,694	P -	P2,151,645,154	P 5,253,799,848
Derivatives	-	197,431,085	-	197,431,085
	P 3,102,154,694	P 197,431,085	P2,151,645,154	P 5,451,230,933

Described below are the information about how the fair values of the Group's classes of financial assets are determined.

(a) Equity Securities

As at December 31, 2023 and 2022, instruments included in Level 1 comprise equity securities classified as financial assets at FVOCI. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

In 2023 and 2022, the fair value of these equity securities is determined using discounted cash flows valuation technique with discount rate of 8.5% and 8.9% in 2023 and 2022, respectively, and growth rate of 3.0% and 3.0% in 2023 and 2022, respectively. The forecasted annual net cash flows were also derived by taking into consideration the market conditions, economic factors, and historical performance and future projects of the investee company.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2023 and 2022 is shown below.

	2023	2022
Balance at beginning of year	**P 2,151,645,154**	P 2,661,866,841
Fair value gains (losses)	**115,329,799**	(510,221,687)
Balance at end of year	**P 2,266,974,953**	P 2,151,645,154

The Group recognized P13.8 million fair value losses and P69.6 million fair value losses in 2023 and 2022, respectively, on the Level 1 equity securities. For the Level 3 equity securities, the Group recognized P115.3 million fair value gains and P510.2 million fair value losses in 2023 and 2022, respectively (see Notes 9 and 28.8).

(b) *Derivatives*

The fair value of derivative financial instruments, related to the cross currency swaps , is measured at inputs other than quoted prices that are indirectly observable for the financial instruments and are categorized within Level 2 (see Note 30). The fair value is determined through valuation techniques using the net present value computation. The future principal and interest receipts and payments are discounted using readily observable reference rates at the date of valuation. The resulting net present value is translated into Philippine peso using the U.S. dollar exchange rate at the date of valuation to arrive at the fair value of the derivative financial instruments.

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

The Group's financial assets which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed include cash and cash equivalents, which are categorized as Level 1, and trade and other receivables – net, and guarantee and other deposits which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain bonds payable, which are categorized as Level 1, and interest-bearing loans and borrowings, redeemable preferred shares, trade and other payables and advances from their related parties which are categorized as Level 3.

The fair value of the Group's debt securities which consist of corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. Further, management considers that the carrying amounts of these financial instruments approximate their fair values as the effect of discounting is insignificant.

34.4 Fair Value of Investment Properties Measured at Cost for which Fair Value is Disclosed

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

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

As at December 31, 2023 and 2022, the fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment properties was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate. The fair market values of the properties that generated rental income in 2023 and 2022 are P481.5 billion and P464.8 billion as at December 31, 2023 and 2022, respectively, while the fair market value of idle land is P55.5 billion as of December 31, 2023 and 2022.

There were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022. The reconciliation of the carrying amount of investment properties included in Level 3 is presented in Note 12.

35. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objective is to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using the debt-to-equity ratio using amounts of contracted borrowings versus total equity. Capital for the reporting periods under review is summarized as follows:

	2023	2022
Interest-bearing loans and borrowings	**P 71,780,316,218**	P 49,658,496,220
Bonds and notes payable	**31,114,591,251**	45,239,075,510
	P 102,894,907,469	P 94,897,571,730
Total equity	**P 260,667,845,972**	P241,020,522,952
Debt-to-equity ratio	**0.39 : 1:00**	0.39 : 1:00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for the years presented above.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest-bearing Loans and Borrowings (See Note 15)	Bonds and Notes Payable (See Note 16)	Lease Liabilities (See Note 19)	Advances from Associates and Other Related Parties (See Note 27)	Total
Balance as of January 1, 2023	P49,658,496,220	P45,239,075,510	P 610,746,280	P 2,126,611,006	P 97,634,929,016
Net cash flows:					
Proceeds	35,645,523,000	-	-	717,633,255	36,363,156,255
Repayments	(13,836,564,027)	(13,607,000,000)	(21,406,494)	(1,597,199,347)	(29,062,169,868)
Non-cash financing activities:					
Foreign currency exchange	229,732,032	(613,247,433)	(1,747,322)	-	(385,262,723)
Amortization of debt issue cost	83,128,993	95,763,174	-	-	178,892,167
Interest amortization on lease liabilities	-	-	37,792,646	-	37,792,646
Derecognition	-	-	(133,333,983)	-	(133,333,983)
Balance as of December 31, 2023	**P71,780,316,218**	**P 31,114,591,251**	**P 492,051,127**	**P 1,247,044,914**	**P104,634,003,510**
Balance as of January 1, 2022	P51,649,704,598	P41,982,042,246	P 589,572,800	P 3,243,336,539	P97,464,656,183
Net cash flows:					
Proceeds	10,522,520,857	-	-	1,317,261,209	11,839,772,066
Repayments	(12,451,825,598)	-	(18,840,748)	(2,433,986,742)	(14,904,653,088)
Non-cash financing activities:					
Foreign currency exchange	(135,332,769)	3,167,315,697	10,691,913	-	3,042,674,841
Amortization of debt issue cost	73,429,132	89,717,567	-	-	163,146,699
Interest amortization on lease liabilities	-	-	29,322,315	-	29,322,315
Balance as of December 31, 2022	P49,658,496,220	P45,239,075,510	P 610,746,280	P 2,126,611,006	P97,634,929,016
Balance as of January 1, 2021	P45,578,166,417	P40,282,855,986	P 587,616,971	P 2,683,950,114	P89,132,589,488
Net cash flows:					
Proceeds	26,643,083,897	-	-	608,170,119	27,251,254,016
Repayments	(20,982,065,248)	-	(29,570,421)	(48,783,694)	(21,060,419,363)
Non-cash financing activities:					
Foreign currency exchange	335,597,334	1,617,763,016	7,570,126	-	1,960,930,476
Amortization of debt issue cost	74,922,198	81,423,244	-	-	156,345,442
Additional lease liabilities		-	3,560,977	-	3,560,977
Interest amortization on lease liabilities	-	-	38,956,553	-	38,956,553
Derecognition	-	-	(18,561,406)	-	(18,561,406)
Balance as of December 31, 2021	P51,649,704,598	P41,982,042,246	P 589,572,800	P 3,243,336,539	P97,464,656,183

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
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The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Megaworld Corporation and Subsidiaries (the Group) for the year ended December 31, 2023, on which we have rendered our report dated February 26, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards, as modified by the financial reporting reliefs issued and approved by the Securities and Exchange Commission. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **John Endel S. Mata**
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

MEGAWORLD CORPORATION AND SUBSIDIARIES
List of Supplementary Information
December 31, 2023

Megaworld Corporation and Subsidiaries
Schedule A - Financial Assets
Financial Assets at Fair Value through Other Comprehensive Income
December 31, 2023

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet date*	*Income received and accrued*
Alliance Global Group, Inc.	157,869,800	P 1,780,771,344	P 1,780,771,344	P 23,680,470
Emperador, Inc.	58,889,000	1,227,835,660	1,227,835,660	12,808,369
Various quoted equity securities	190,923	9,872,923	9,872,923	6,912
Various unquoted equity securities	510,088,162	2,372,142,441	2,372,142,441	-
		P 5,390,622,368	P 5,390,622,368	P 36,495,751

Megaworld Corporation and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2023

				Ending Balance		
Name	***Beginning Balance***	***Additions***	***Deductions***	***Current***	***Not current***	***Total***
Accounts Receivable	P 2,308,135	P 3,819,685	(P 2,941,190)	P 3,186,630	P -	P 3,186,630

Megaworld Corporation and Subsidiaries
Schedule C- Amounts Receivable/ Payable from/ to Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2023

Name and designation of debtor	Balance at the beginning of period	Additions	Deductions		Current	Non current	Balance at the end of the period
			Amounts collected	Amounts written off			
Due from Related Parties:							
Suntrust Properties, Inc. (SPI)	P 4,890,734,810	P 304,210,914	P -	P -	P 5,194,945,724	P -	P 5,194,945,724
Empire East Land Holdings, Inc. (EELHI)	3,409,277,269	349,396,635	-	-	3,758,673,904	-	3,758,673,904
Megaworld San Vicente Coast, Inc. formerly (San Vicente Coast, Inc.) (MSVCI)	1,620,730,002	-	34,037,737	-	1,586,692,265	-	1,586,692,265
Megaworld Cebu Properties, Inc. (MCP)	1,509,825,440	-	3,996,870	-	1,505,828,570	-	1,505,828,570
Twin Lakes Corporation (TLC)	1,776,414,263	-	509,348,914	-	1,267,065,349	-	1,267,065,349
Global Estate Resorts, Inc. (GERI)	2,207,603,495	-	1,037,747,297	-	1,169,856,198	-	1,169,856,198
Landmark Seaside Properties, Inc. (LSPI)	1,104,837,608	1,955,457	-	-	1,106,793,066	-	1,106,793,066
Manila Bayshore Property Holdings, Inc. (MBPHI)	590,962,583	437,053,768	-	-	1,028,016,351	-	1,028,016,351
Maple Grove Land, Inc. (MGLI)	504,299,882	-	17,538,758	-	486,761,125	-	486,761,125
Agile Digital Ventures, Inc. (ADVI)	300,460,806	25,000,900	-	-	325,461,706	-	325,461,706
Southwoods Malls, Inc (SMI)	346,813,471	-	40,000,000	-	306,813,471	-	306,813,471
Arcovia Properties, Inc. (API)	91,234,736	179,536,799	-	-	270,771,535	-	270,771,535
Davao Park District Holdings, Inc. (DPDHI)	-	90,000,000	-	-	90,000,000	-	90,000,000
Megaworld Bacolod Properties, Inc. (MBPI)	29,579,130	130,874,483	-	-	160,453,613	-	160,453,613
Megaworld Oceantown Properties, Inc. (formerly: Oceantown Properties, Inc.) (MOPI)	-	147,851,810	-	-	147,851,810	-	147,851,810
Townsquare Development, Inc. (TDI)	89,062,109	43,622,321	-	-	132,684,430	-	132,684,430
Savoy Hotel Mactan, Inc. (SHM)	78,380,478	26,531,417	-	-	104,911,896	-	104,911,896
Belmont Hotel Mactan, Inc. (BHMI)	30,727,575	26,469,501.37	-	-	57,197,076	-	57,197,076
Megaworld Newport Property Holdings, Inc. (MNPHI)	46,272,606	-	1,893,647	-	44,378,959	-	44,378,959
Prestige Hotels and Resort, Inc. (PHRI)	-	37,258,194	-	-	37,258,194	-	37,258,194
Soho Café and Restaurant Group, Inc. (SCRGI)	20,239,251	13,785,439	-	-	34,024,690	-	34,024,690
Kingsford Hotel Manila, Inc. (KHMI)	44,702,298	-	11,603,477	-	33,098,821	-	33,098,821
Hotel Lucky Chinatown, Inc. (HLC)	16,601,912	3,190,964	-	-	19,792,876	-	19,792,876
MREIT, Inc. (MREIT)	57,826,014	-	45,084,244	-	12,741,769	-	12,741,769
Integrated Town Management Corporation (ITMC)	-	11,358,301	-	-	11,358,301	-	11,358,301
Savoy Hotel Manila, Inc. (SHMI)	19,649,461	-	13,456,832	-	6,192,629	-	6,192,629
Eastwood Property Holdings, Inc. (EPHI)	9,411,279	-	4,519,394	-	4,891,886	-	4,891,886
Megaworld Land, Inc. (MLI)	12,530,916	-	10,104,655	-	2,426,261	-	2,426,261
Luxury Global Hotels and Leisure, Inc. (LGHLI)	1,661,745	5,255	-	-	1,667,001	-	1,667,001
Streamwood Property, Inc. (SP)	1,518,176	22,419	-	-	1,540,595	-	1,540,595
Global One Hotel Group, Inc. (GOHGI)	1,993,263	-	1,552,325	-	440,938	-	440,938
Luxury Global Malls, Inc. (LGMI)	2,874,502	-	2,718,446	-	156,056	-	156,056
Northwin Properties, Inc. (NWPI)	5,374,888	-	5,256,752	-	118,136	-	118,136
Global One Integrated Business Services, Inc. (GOIBSI)	1,825,695	-	1,825,695	-	-	-	-
Various subsidiaries	1,295,649	465,354	-	-	1,761,003	-	1,761,003
Due to Related Parties:							
Richmonde Hotel Group International, Ltd. (RHGI)	4,464,823,710	-	588,474	-	4,464,235,236	-	4,464,235,236
Eastwood Cyber One Corporation (ECOC)	-	367,912,799	7,359,410		360,553,389	-	360,553,389
Megaworld Central Properties, Inc. (MCPI)	202,632,272	1,500,000	-	-	204,132,272	-	204,132,272
Megaworld Globus Asia, Inc. (MGAI)	240,579,082	-	38,000,000	-	202,579,082	-	202,579,082
Davao Park District Holdings, Inc. (DPDHI)	160,888,579	-	2,050,839	-	158,837,740	-	158,837,740
Megaworld-Daewoo Corporation (MDC)	59,776,763	-	-	-	59,776,763	-	59,776,763
Megaworld Resort Estates, Inc. (MREI)	7,374,710	-	15,300	-	7,359,410	-	7,359,410
Global One Integrated Business Services, Inc. (GOIBSI)	-	6,955,689	-		6,955,689	-	6,955,689
Gilmore Property Marketing Associates, Inc. (GPMAI)	3,123,020	-	-	-	3,123,020	-	3,123,020
Belmont Newport Luxury Hotels, Inc. (BNLHI)	134,976	2,173,578	-	-	2,308,554	-	2,308,554
Grand Westside Hotel, Inc. (GWHI)	-	625,000	-		625,000	-	625,000
MREIT Fund Managers, Inc. (MFMI)	-	42,610	-		42,610	-	42,610
Prestige Hotels and Resorts, Inc. (PHRI)	145,570,969	-	145,570,969	-	-	-	-
Integrated Town Management Corporation (ITMC)	1,962,088	-	1,962,088	-	-	-	-
Megaworld Oceantown Properties, Inc. (formerly: Oceantown Properties, Inc.) (MOPI)	439,205	-	439,205	-	-	-	-

Megaworld Corporation and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2023

Title of issue and type of obligation		*Amount authorized by indenture*		*Amount shown under caption "Current portion of long-term debt" in related balance sheet**		*Amount shown under caption "Long-Term Debt" in related balance sheet**
Domestic borrowings	P	96,250,000,000	P	26,247,324,162	P	45,487,002,147
Foreign borrowings	$	645,620,578		2,376,138,472		28,784,442,689
			P	28,623,462,634	P	74,271,444,836

* *composed of interest bearing loans and borrowings, and bonds and notes payable*

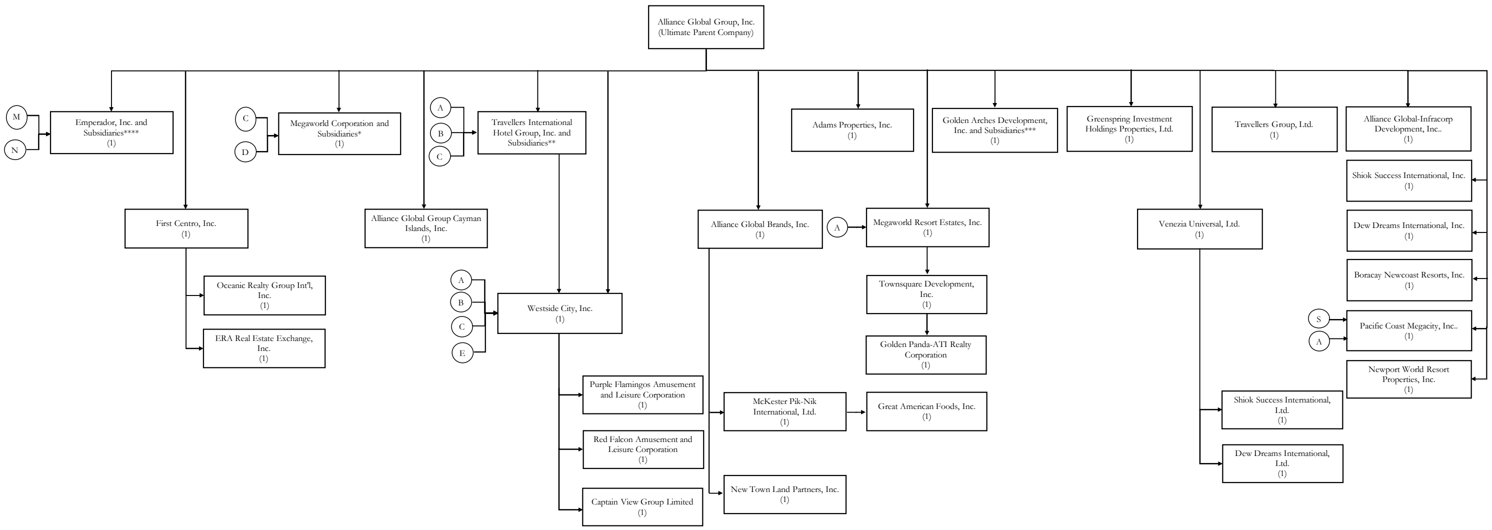
Megaworld Corporation and Subsidiaries
Schedule G - Capital Stock
December 31, 2023

Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related balance sheet caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Number of shares held by*		
				Related parties	*Directors, officers and employees*	*Others*
Common shares - P1 par value	40,140,000,000	31,183,251,872	220,000,000	21,722,463,882	4,295,193	9,456,492,797
Preferred shares - P.01 par value	6,000,000,000	6,000,000,000		6,000,000,000		

MEGAWORLD CORPORATION
30TH FLOOR, ALLIANCE GLOBAL TOWER, 36TH STREET COR, 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023

Unappropriated Retained Earnings at Beginning of Year			P	161,833,946,240
Add: Items that are directly credited to Unappropriated Retained Earnings				
Share-based employee compensation				3,586,229
Less: Items that are directly debited to Unappropriated Retained Earnings				
Dividend declaration during the reporting period				2,058,559,600
Unappropriated Retained Earnings, as adjusted				159,778,972,869
Add: Net Income for the Current Year				15,755,675,659
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)				
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	P	142,685,574		
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS :				
Amortization of day-one loss from trade receivable at amortized cost		657,021,545		
Recognition of day-one gain on initial measurement of security deposits at amortized cost		282,224,436		
Rental income from straight-line amortization in excess of rental collections		235,151,333		
Reversal of recognition of expected credit loss on financial assets		27,600,352		
Sub-total				1,344,683,240
Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)				
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS :				
Amortization of day-one gain from security deposits at amortized costs				263,185,219
Adjusted Net Income				14,674,177,638
Add/ Less: Other items that should be excluded from the determination of the amount of available for dividends distribution				
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		884,008,241		
Net movement of treasury shares (except for reacquisition of redeemable shares)	(	668,595,880)		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession		19,496,782		
Others				
Recognition of day-one loss on intial measurement of trade receivables at amortized cost		902,322,964		
Commission expense based on the provision of PFRS 15 in excess of commission payments		115,204,043		
Sub-total				1,252,436,150
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year			**P**	**175,705,586,657**

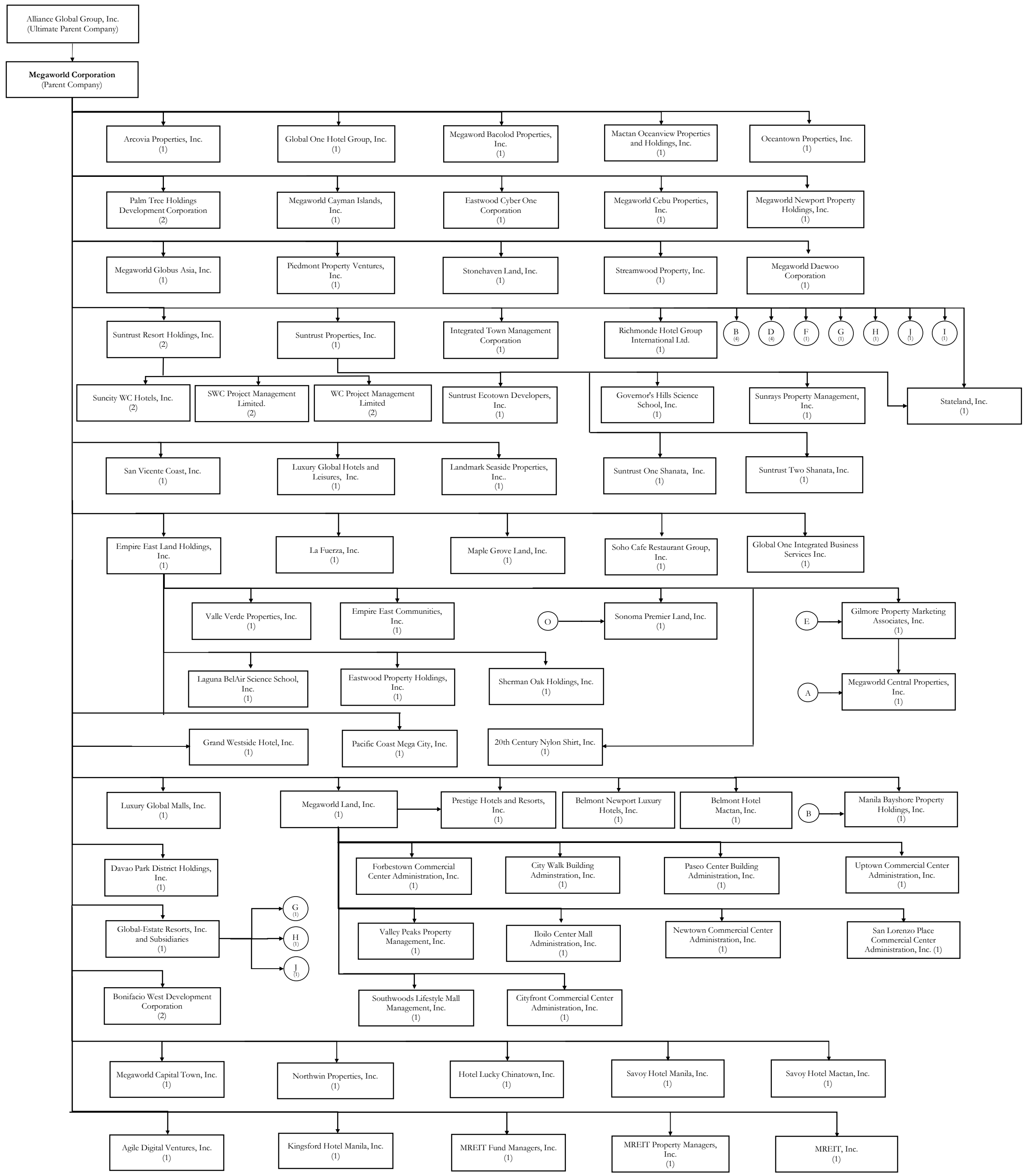
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2023



Legend

(1)	Subsidiary	A	Megaworld Corporation	F	Manila Bayshore Property Holdings, Inc.	K	Megaworld Global Estates, Inc.	P	Sonoma Premier Land, Inc.
(2)	Associate	B	Adams Properties, Inc.	G	Westside City, Inc.	L	Megaworld Central Properties, Inc.	Q	Gilmore Property Marketing Associates, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.	H	Townsquare Development, Inc.	M	Shiok Success International, Ltd.	R	Emperador Inc.
		D	Newtown Land Partners, Inc.	I	Megaworld Resort Estates, Inc.	N	Dew Dreams International, Ltd.	S	Empire East Land Holdings, Inc.
		E	Travellers International Hotel Group, Inc.	J	Twin Lakes Corporation	O	Southwoods Mall, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2023



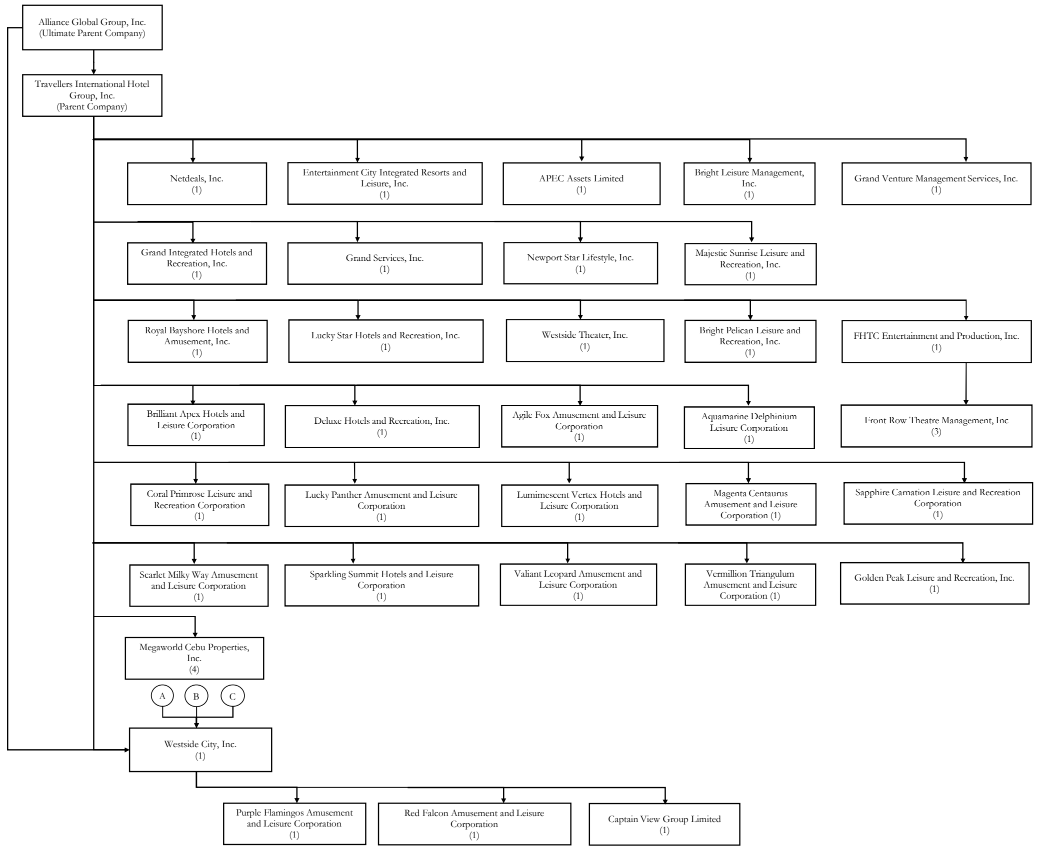
Legend

Relationship with Megaworld Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	E	Townsquare Development, Inc.	I	Megaworld Central Properties, Inc.	M	Empire East Land Holdings, Inc.
B	Travellers International Hotel Group	F	Megaworld Resort Estates, Inc.	J	Southwoods Mall, Inc.	N	Suntrust Resort Holdings, Inc.
C	Manila Bayshore Property Holdings,	G	Twin Lakes Corporation	K	Sonoma Premier Land, Inc.	O	First Centro, Inc.
D	Westside City, Inc.	H	Megaworld Global Estates, Inc.	L	Gilmore Property Marketing Associates, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2023



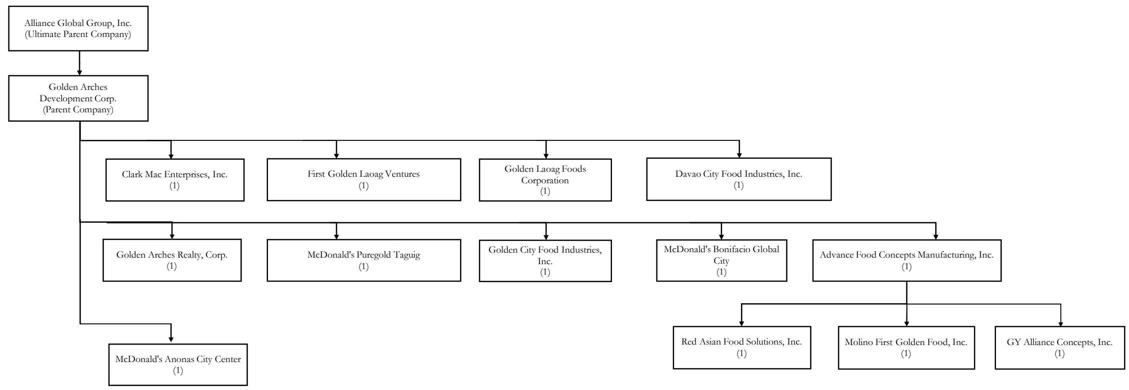
Legend

Relationship with Travellers International Hotel Group, Inc.

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2023



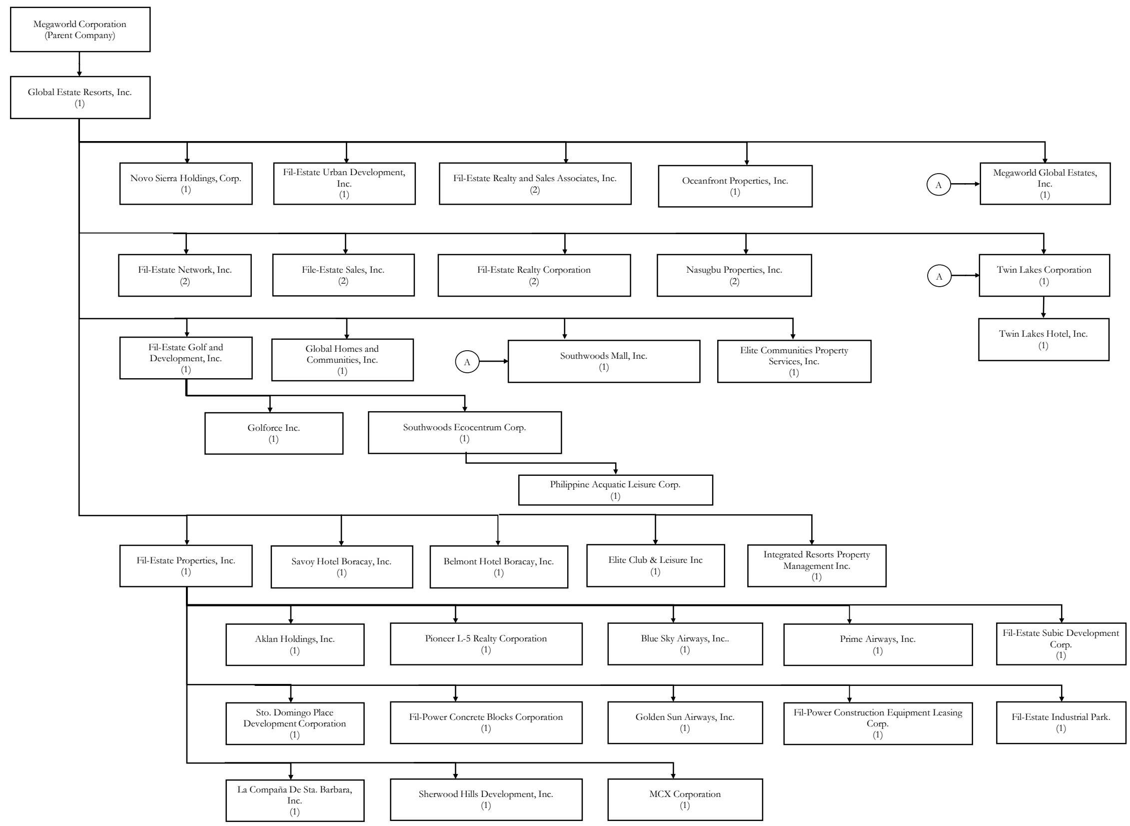
Legend

Relationship with Golden Arches Development Corporation

(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2023

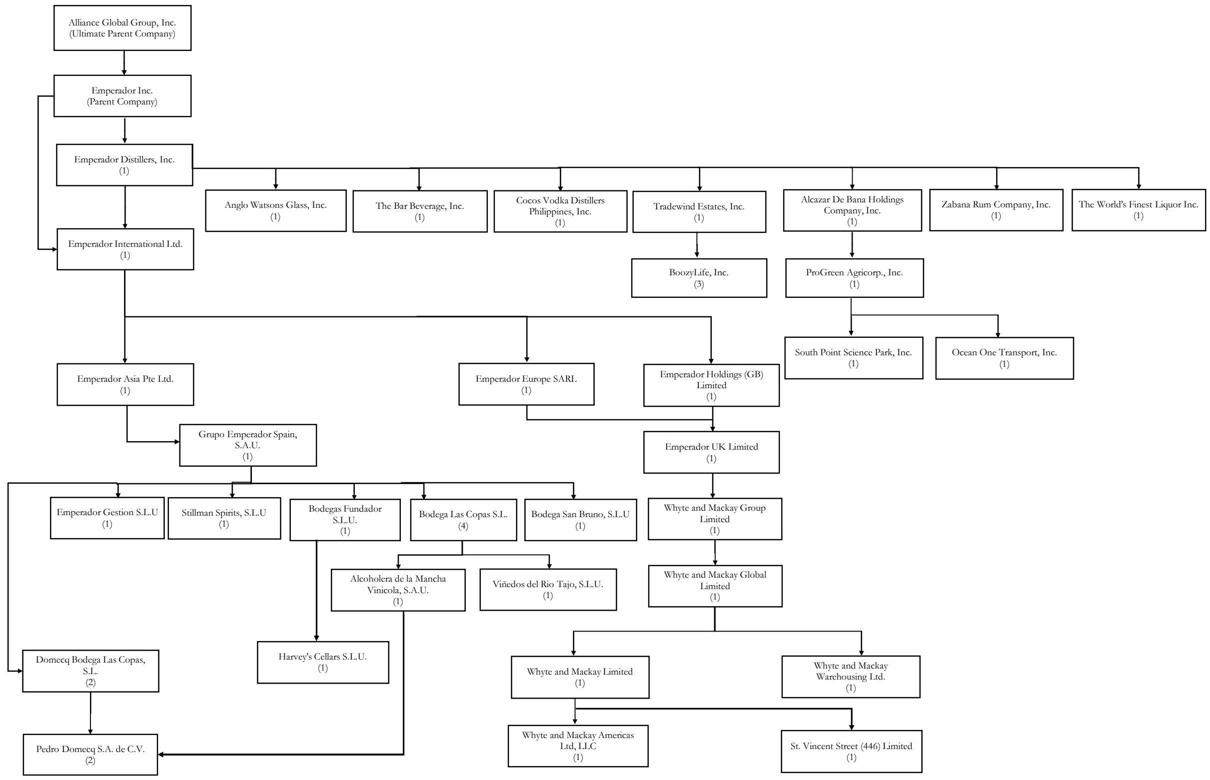


Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2023



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (62%)
(4) Jointly Controlled Entity

Report of Independent Auditors on Components of Financial Soundness Indicator

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

T +63 2 8988 2288

The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Megaworld Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 26, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission (SEC), and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

MEGAWORLD CORPORATION AND SUBSIDIARIES
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2023 and 2022

Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets / Current liabilities	**3.12**	2.98
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	**1.36**	1.34
Solvency ratio	EBITDA / Total debt (Total debt includes interest-bearing loans and borrowings and bonds and notes payable)	**0.30**	0.29
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest-bearing loans and borrowings and bonds and notes payable)	**0.39**	0.39
Asset-to-equity ratio	Total assets / Total stockholders' equity	**1.69**	1.70
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	**4.83**	5.46
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	**0.08**	0.07
Return on assets	Net profit/ Average total assets	**0.05**	0.04
Net profit margin	Net profit / Total revenues	**0.28**	0.26

Exhibit 1-A

Audited Financial Statements of Megaworld Corporation as of December 31, 2023 and 2022

Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph (eafs@bir.gov.ph)
To: frgga_21@yahoo.com
Cc: frgga_21@yahoo.com
Date: Tuesday, March 19, 2024 at 01:22 PM GMT+8

Hi MEGAWORLD CORPORATION,

Valid files

- EAFS000477103ITRTY122023.pdf
- EAFS000477103TCRTY122023-03.pdf
- EAFS000477103RPTTY122023.pdf
- EAFS000477103OTHTY122023.pdf
- EAFS000477103TCRTY122023-02.pdf
- EAFS000477103TCRTY122023-01.pdf
- EAFS000477103AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2W4VWYMY0CAEL9LFCNV43MNYT0C5LF6BBL**
Submission Date/Time: **Mar 19, 2024 01:22 PM**
Company TIN: **000-477-103**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
Tels (632) 8946300 / 9052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megaworld Corporation** 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ANDREW L. TAN
Chairman and Chief Executive Officer

FRANCISCO C. CANUTO
SVP and Treasurer
(Chief Financial Officer)

Signed this 26th day of February 2024

CERTIFICATION INTERNATIONAL
ISO 9001:2015

FEB 26 2024

SUBSCRIBED AND SWORN to before me on this ____ day of ______ at Quezon City, Philippines affiants exhibiting to me their Tax Identification Nos. as follows:

Andrew L. Tan	125-960-003-000
Francisco C. Canuto	102-956-483-000

Doc. No. 130;
Page No. 26;
Book No. 29;
Series of 2024

ATT[illegible]. OBI[illegible] S. DAHA[illegible] JR.
NO[illegible]ARY PUBLI[illegible]
ADM NO [illegible]NP-011 (202[illegible]24)
Unit 107 Casman [illegible]ldg. [illegible]zon A[illegible]e. Quezon City
IBP No. 39[illegible]85 Q.C. [illegible]/2024
PTR No. 5[illegible]5398D [illegible]. 1/4/2024
R[illegible] No. [illegible]6677
MCLE Compliance VII-0012229
Until April 14, 2025

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Megaworld Corporation

December 31, 2023, 2022 and 2021

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

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Megaworld Corporation
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Megaworld Corporation (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Emphasis of Matter

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue (BIR) is presented by the management of the Company in a supplementary schedule filed separately from the basic financial statements. The BIR requires the information to be presented in the notes to financial statements. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is also not a required disclosure under Revised Securities Regulation Code Rule 68 of the SEC. Such supplementary information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner in the audits resulting in this independent auditor's report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
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Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27,2024)

February 26, 2024

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	4	**P 6,323,480,809**	P 9,735,088,607
Trade and other receivables - net	5	**34,338,377,511**	34,119,786,134
Contract assets	17	**5,003,004,804**	4,818,064,482
Inventories	6	**55,817,381,594**	49,829,202,095
Advances to contractors and suppliers		**3,666,472,911**	4,662,075,060
Prepayments and other current assets	12	**4,860,483,101**	3,572,563,239
Total Current Assets		**110,009,200,730**	106,736,779,617
NON-CURRENT ASSETS			
Trade and other receivables	5	**16,898,941,700**	13,646,574,456
Contract assets	17	**4,622,587,958**	2,308,718,513
Advances to landowners and joint operators	7	**5,289,411,810**	4,969,630,572
Advances to contractors and suppliers		**1,796,688,120**	2,107,976,447
Financial assets at fair value through other comprehensive income	11	**1,846,533,695**	1,734,730,876
Investments in subsidiaries and associates - net	8	**100,938,932,952**	100,485,346,026
Investment properties - net	9	**96,898,145,767**	91,279,012,753
Property and equipment - net	10	**2,177,173,575**	2,288,852,656
Other non-current assets	12	**983,213,955**	1,012,150,184
Total Non-current Assets		**231,451,629,532**	219,832,992,483
TOTAL ASSETS		**P 341,460,830,262**	P 326,569,772,100

	Notes	2023	2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	**P 14,301,417,773**	P 9,747,436,493
Bonds and notes payable	14	**11,997,992,546**	14,026,453,110
Trade and other payables	15	**7,261,153,475**	7,627,902,213
Contract liabilities	17	**652,443,584**	1,006,157,006
Customers' deposits	2	**607,101,937**	364,796,351
Advances from subsidiaries	24	**5,470,528,765**	5,287,305,374
Other current liabilities - net	16	**4,119,122,946**	4,924,627,931
Total Current Liabilities		**44,409,761,026**	42,984,678,478
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	**35,033,382,001**	23,977,202,135
Bonds and notes payable	14	**19,116,598,705**	31,212,622,400
Contract liabilities	17	**1,523,999,939**	1,811,447,741
Customers' deposits	2	**1,568,522,458**	1,111,974,095
Deferred tax liabilities - net	23	**7,603,464,929**	6,312,769,234
Retirement benefit obligation - net	22	**163,373,248**	40,496,672
Other non-current liabilities - net	16	**5,425,180,822**	5,517,714,070
Total Non-current Liabilities		**70,434,522,102**	69,984,226,347
Total Liabilities		**114,844,283,128**	112,968,904,825
EQUITY	25	**226,616,547,134**	213,600,867,275
TOTAL LIABILITIES AND EQUITY		**P 341,460,830,262**	P 326,569,772,100

See Notes to Financial Statements.

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES AND INCOME				
Real estate sales	17	**P 21,687,885,532**	P 17,459,124,190	P 16,934,870,045
Rental income	9	**11,798,665,741**	10,319,078,535	9,901,027,502
Interest and other income - net	20	**9,148,425,265**	4,848,088,834	49,760,490,956
		42,634,976,538	32,626,291,559	76,596,388,503
COSTS AND EXPENSES				
Cost of real estate sales	18	**10,457,484,717**	8,213,851,106	8,517,476,127
Operating expenses	19	**7,608,646,338**	6,572,446,732	6,483,791,314
Interest and other charges - net	21	**6,380,812,620**	4,804,118,954	8,380,425,753
Tax expense	23	**2,432,357,204**	2,210,754,113	370,528,900
		26,879,300,879	21,801,170,905	23,752,222,094
NET PROFIT FOR THE YEAR		**P 15,755,675,659**	P 10,825,120,654	P 52,844,166,409
Earnings per Share	26			
Basic		**P 0.505**	P 0.342	P 1.651
Diluted		**P 0.505**	P 0.341	P 1.646

See Notes to Financial Statements.

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT FOR THE YEAR		**P 15,755,675,659**	P 10,825,120,654	P 52,844,166,409
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains (losses) on retirement benefit obligations	22	**(125,310,956)**	117,974,537	234,119,589
Fair value gains (losses) on financial assets at fair value through other comprehensive income	11	**111,802,819**	(304,978,706)	413,719,730
Tax income (expense)	23	**31,327,739**	(29,493,634)	(45,530,838)
		17,819,602	(216,497,803)	602,308,481
Item that will be reclassified subsequently to profit or loss –				
Fair value gains (losses) on cash flow hedge	27	**(34,246,151)**	91,147,189	199,713,502
Total other comprehensive income (loss)		**(16,426,549)**	(125,350,614)	802,021,983
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 15,739,249,110**	P 10,699,770,040	P 53,646,188,392

See Notes to Financial Statements.

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (see Note 25)	Additional Paid-in Capital (see Note 25)	Treasury Shares — At Cost (see Note 25)	Perpetual Capital Securities (see Note 25)	Revaluation Reserves (see Note 25)	Retained Earnings (see Note 25)	Total Equity
Balance at January 1, 2023	P 32,430,865,872	P 16,662,746,971	(P 2,184,059,395)	P -	(P 712,669,761)	P 167,403,983,588	P 213,600,867,275
Acquisition of treasury shares	-	-	(668,595,880)	-	-	-	(668,595,880)
Share-based employee compensation	-	-	-	-	-	3,586,229	3,586,229
Cash dividends	-	-	-	-	-	(2,058,559,600)	(2,058,559,600)
Total comprehensive income (loss) for the year	-	-	-	-	(16,426,549)	15,755,675,659	15,739,249,110
Balance at December 31, 2023	**P 32,430,865,872**	**P 16,662,746,971**	**(P 2,852,655,275)**	**P -**	**(P 729,096,310)**	**P 181,104,685,876**	**P 226,616,547,134**
Balance at January 1, 2022	P 32,430,865,872	P 16,660,844,348	(P 1,268,862,277)	P -	(P 587,319,147)	P 158,500,444,308	P 205,735,973,104
Exercise of stock options	-	1,902,623	902,111	-	-	(1,031,680)	1,773,054
Acquisition of treasury shares	-	-	(916,099,229)	-	-	-	(916,099,229)
Share-based employee compensation	-	-	-	-	-	16,372,411	16,372,411
Cash dividends	-	-	-	-	-	(1,936,922,105)	(1,936,922,105)
Total comprehensive income (loss) for the year	-	-	-	-	(125,350,614)	10,825,120,654	10,699,770,040
Balance at December 31, 2022	P 32,430,865,872	P 16,662,746,971	(P 2,184,059,395)	P -	(P 712,669,761)	P 167,403,983,588	P 213,600,867,275
Balance at January 1, 2021	P 32,430,865,872	P 16,660,844,348	(P 1,111,874,917)	P 10,237,898,577	(P 1,389,341,130)	P 106,762,084,835	P 163,590,477,585
Redemption of perpetual capital securities	-	-	-	(10,237,898,577)	-	484,257,436	(9,753,641,141)
Acquisition of treasury shares	-	-	(156,987,360)	-	-	-	(156,987,360)
Share-based employee compensation	-	-	-	-	-	10,204,332	10,204,332
Distribution to holders of perpetual securities	-	-	-	-	-	(244,585,015)	(244,585,015)
Cash dividends	-	-	-	-	-	(1,355,683,689)	(1,355,683,689)
Total comprehensive income for the year	-	-	-	-	802,021,983	52,844,166,409	53,646,188,392
Balance at December 31, 2021	P 32,430,865,872	P 16,660,844,348	(P 1,268,862,277)	P -	(P 587,319,147)	P 158,500,444,308	P 205,735,973,104

See Notes to Financial Statements.

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 18,188,032,863**	P 13,035,874,767	P 53,214,695,309
Adjustments for:				
Gain on property-for-share swap	20	**(3,453,545,900)**	-	(38,979,440,909)
Dividend income	20	**(2,615,662,351)**	(2,063,883,332)	(737,725,598)
Depreciation and amortization	9, 10	**2,527,410,317**	2,277,782,696	2,489,328,151
Loss on sale of investment in a subsidiary	21	**2,022,551,180**	-	4,279,437,568
Interest expense	21	**1,852,229,226**	1,750,580,419	1,522,851,379
Interest income		**(1,555,252,710)**	(1,581,784,008)	(499,564,858)
Unrealized foreign currency losses (gains) - net		**(466,042,113)**	1,792,398,061	1,625,552,883
Share option expense	22	**3,586,229**	16,372,411	10,204,332
Loss (gain) on sale of property and equipment		**-**	348,373	(1,225,627)
Operating profit before working capital changes		**16,503,306,741**	15,227,689,387	15,448,030,661
Decrease (increase) in trade and other receivables		**(2,568,107,150)**	(3,298,146,417)	750,402,013
Decrease (increase) in advances to landowners and joint ventures		**(319,781,238)**	(613,459,447)	435,485,208
Decrease (increase) in contract assets		**(2,498,809,767)**	2,124,680,584	(2,215,042,805)
Increase in inventories		**(5,361,727,527)**	(4,347,771,405)	(7,553,219,591)
Decrease (increase) in prepayments and other current assets		**(942,695,370)**	768,253,825	(1,372,266,400)
Decrease (increase) in advances to contractors and suppliers		**1,306,890,476**	(204,319,452)	282,765,959
Decrease in other non-current assets		**56,728,671**	21,311,339	63,716,506
Increase (decrease) in trade and other payables		**(366,748,737)**	1,408,737,208	328,784,827
Increase (decrease) in contract liabilities		**(641,161,224)**	495,549,895	190,792,844
Increase (decrease) in customers' deposits		**698,853,949**	(1,050,425,648)	(2,493,324,192)
Decrease in other current liabilities		**(930,543,634)**	(656,426,544)	(484,311,258)
Increase (decrease) in other non-current liabilities		**76,033,071**	(812,830,312)	(218,691,023)
Cash generated from operations		**5,012,238,261**	9,062,843,013	3,163,122,749
Cash paid for income taxes		**(1,110,333,770)**	(2,539,904,150)	(350,714,134)
Net Cash From Operating Activities		**3,901,904,491**	6,522,938,863	2,812,408,615
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment Property	9	**(10,199,362,748)**	(11,415,364,164)	(6,922,075,936)
Property and equipment	10	**(282,442,910)**	(220,878,436)	(124,363,128)
Proceeds from sale of investment in a subsidiary	8	**3,632,200,000**	-	14,717,312,432
Dividends received		**2,615,662,351**	2,063,883,332	737,725,598
Advances to subsidiaries, associates and other related parties:	24			
Collected		**1,851,335,116**	313,527,466	906,759,464
Granted		**(1,831,974,075)**	(2,867,436,301)	(3,703,943,753)
Additional investments in subsidiaries	8	**(834,338,106)**	(2,625,966,339)	(3,388,812,192)
Interest received		**350,815,762**	203,960,994	107,793,255
Proceeds from disposals of:				
Property and equipment	10	**35,335**	-	2,288,154
Investment Property	9	**-**	-	9,116,000,000
Additions to financial assets at fair value through other comprehensive income	11	**-**	-	(238,089,877)
Cash received for return of capital from subsidiary	8	**-**	-	213,001,420
Net Cash From (Used in) Investing Activities		**(4,698,069,275)**	(14,548,273,448)	11,423,595,437
Balance carried forward		**(P 796,164,784)**	(P 8,025,334,585)	P 14,236,004,052

	Notes	2023	2022	2021
Balance brought forward		**(P 796,164,784)**	(P 8,025,334,585)	P 14,236,004,052
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of interest-bearing loans and borrowings	13	**25,669,623,000**	10,000,000,000	16,000,000,000
Repayments of bonds and notes payable	14	**(13,607,000,000)**	-	-
Repayments of interest-bearing loans and borrowings	13	**(10,311,274,509)**	(9,698,143,108)	(17,343,343,261)
Cash dividends paid	25	**(2,058,559,600)**	(1,936,922,105)	(2,549,178,286)
Interest paid		**(1,648,951,056)**	(3,374,763,637)	(3,374,284,410)
Acquisition of treasury shares	25	**(668,595,880)**	(916,099,229)	(156,987,360)
Advances from subsidiaries	24			
Obtained		**379,209,676**	163,081,876	4,412,686,710
Paid		**(195,986,285)**	(3,861,013)	(30,122,551)
Payment of lease liabilities	16	**(173,908,360)**	(117,435,409)	(187,160,318)
Proceeds from exercise of stock rights	25	**-**	1,773,054	-
Payments for redemption of perpetual capital securities	25	**-**	-	(9,753,641,141)
Distributions to holders of perpetual securities	25	**-**	-	(244,585,015)
Net Cash Used in Financing Activities		**(2,615,443,014)**	(5,882,369,571)	(13,226,615,632)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(3,411,607,798)**	(13,907,704,156)	1,009,388,420
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**9,735,088,607**	23,642,792,763	22,633,404,343
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 6,323,480,809**	P 9,735,088,607	P 23,642,792,763

Supplemental Information for Non-cash Investing and Financing Activities:

1) In the normal course of business, the Company enters into non-cash transactions such as exchange or purchase on account of real estate and other assets and transfers of property between Inventories, Property and Equipment, and Investment Properties. These non-cash activities are not reflected in the statements of cash flows (see Notes 9 and 10).

2) In 2023, the Company and a certain subsidiary entered into a property-for-share swap transaction. Accordingly, the Company transferred investment properties with carrying amount of P1.8 billion in exchange for the equity shares of the subsidiary with a fair value of P5.3 billion. The related gain on exchange from the foregoing transactions amounting to P3.5 billion is presented as part of Interest and Other Income account in the 2023 statement of income (see Notes 8, 9 and 20).

3) In 2021, the Company and a certain subsidiary entered into a property-for-share swap transaction. Accordingly, the Company transferred investment properties with carrying amount of P9.2 billion in exchange for the equity shares of the subsidiary with a fair value of P49.2 billion. In addition, the Company leased back a portion of the transferred properties resulting to recognition of right-of-use assets and lease liabilities amounting to P0.4 billion and P1.4 billion, respectively. The related gain on exchange from the foregoing transactions amounting to P39.0 billion is presented as part of Interest and Other Income account in the 2021 statement of income (see Notes 8, 9 and 20).

4) In 2021, the Company acquired additional investments in a certain subsidiary for a total price of P2.0 billion. The Company paid P1.0 billion upon execution of the deed of sale, while the remaining balance of P1.0 billion is payable in the succeeding year. The related outstanding balance is presented as part of Other Current Liabilities in the 2021 statement of financial position (see Note 16).

5) In 2022 and 2021, the Company entered into new lease agreements (apart from the sales and leaseback agreement mentioned above), and recognized right-of-use assets and lease liabilities at the commencement date of the lease amounting to P296.4 million and P15.8 million, respectively.

6) On December 8, 2020, the Board of Directors of the Company approved the declaration of cash dividends amounting to P1.2 billion which was fully paid in 2021.

See Notes to Financial Statements.

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Megaworld Corporation (the Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Company is presently engaged in property-related activities such as project design, construction, and property management. The Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium hotel projects, as well as office projects and retail spaces.

All of the Company's common shares are listed at the Philippine Stock Exchange (PSE).

The registered office address of the Company, which is also its principal place of business, is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

Alliance Global Group, Inc. (AGI or the Parent Company), also a publicly-listed company in the Philippines, is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in the food and beverage, real estate development, quick-service restaurant, tourism-entertainment, and gaming businesses. AGI's registered office, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

As at December 31, the Company holds ownership interests in the following subsidiaries and associates:

	Effective Percentage of Ownership		
Subsidiaries	**2023**	2022	2021
Prestige Hotels and Resorts, Inc. (PHRI)	**100%**	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)	**100%**	100%	100%
Eastwood Cyber One Corporation (ECOC)	**100%**	100%	100%
Megaworld Cebu Properties, Inc. (MCP)	**100%**	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)	**100%**	100%	100%
Megaworld Oceantown Properties, Inc. [formerly Oceantown Properties, Inc.] (MOPI)	**100%**	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	**100%**	100%	100%
Arcovia Properties, Inc. (API)	**100%**	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership 2023	2022	2021
Mactan Oceanview Properties				
and Holdings, Inc. (MOPHI)	(a)	**100%**	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	**100%**	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		**100%**	100%	100%
Luxury Global Malls, Inc. (LGMI)		**100%**	100%	100%
Davao Park District Holdings, Inc. (DPDHI)		**100%**	100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)		**100%**	100%	100%
Global One Hotel Group, Inc. (GOHGI)		**100%**	100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	**100%**	100%	100%
Megaworld San Vicente Coast, Inc. [formerly				
San Vicente Coast, Inc.] (MSVCI)		**100%**	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		**100%**	100%	100%
Savoy Hotel Manila, Inc. (SHMI)		**100%**	100%	100%
Savoy Hotel Mactan, Inc. (SHM)		**100%**	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	**100%**	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100%**	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100%**	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	**100%**	100%	100%
MREIT, Inc. formerly Megaworld Holdings, Inc. (MREIT)	(f)	**55.63%**	62.09%	62.09%
Grand Westside Hotel, Inc. (GWHI)	(k)	**100%**	-	-
Belmont Hotel Mactan Inc. (BHMI)		**100%**	100%	-
Megaworld Bacolod Properties, Inc. (MBPI)		**91.55%**	91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	**76.55%**	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		**76.28%**	76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		**75%**	75%	75%
La Fuerza, Inc. (LFI)		**66.67%**	66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	**60%**	60%	60%
Northwin Properties, Inc. (NWPI)		**60%**	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	**52.14%**	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	**68.03%**	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%	50%
Integrated Town Management Corporation (ITMC)		**50%**	50%	50%
Maple Grove Land, Inc. (MGLI)		**50%**	50%	50%
Megaworld Land, Inc. (MLI)		**100%**	100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	**100%**	100%	100%
Forbestown Commercial Center				
Administration, Inc. (FCCAI)	(e)	**100%**	100%	100%
Paseo Center Building				
Administration, Inc. (PCBAI)	(e)	**100%**	100%	100%
Uptown Commercial Center				
Administration, Inc. (UCCAI)	(e)	**100%**	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	**100%**	100%	100%
Newtown Commercial Center				
Administration, Inc. (NCCAI)	(e)	**100%**	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	**100%**	100%	100%
San Lorenzo Place Commercial Center				
Administration, Inc. (SLPCCAI)	(e)	**100%**	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	**100%**	100%	100%
Cityfront Commercial Center				
Administration, Inc. (CCCAI)	(e)	**100%**	100%	-

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership 2023	2022	2021
Suntrust Properties, Inc. (SPI)		**100%**	100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		**100%**	100%	100%
Governor's Hills Science School, Inc. (GHSSI)		**100%**	100%	100%
Sunrays Property Management, Inc. (SPMI)		**100%**	100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	**100%**	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	**100%**	100%	100%
Stateland, Inc. (STLI)	(h)	**98.41%**	98.41%	98.31%
Global-Estate Resorts, Inc. (GERI)		**82.32%**	82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)		**82.32%**	82.32%	82.32%
Southwoods Mall, Inc. (SMI)		**91.09%**	91.09%	91.09%
Elite Club & Leisure Inc. (ECLI)	(k)	**82.32%**	-	-
Integrated Resorts Property Management Inc. (IRPMI)	(k)	**82.32%**	-	-
Megaworld Global-Estate, Inc. (MGEI)		**89.39%**	89.39%	89.39%
Twin Lakes Corporation (TLC)		**90.99%**	90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)		**90.99%**	90.99%	90.99%
Global-Estate Properties, Inc. (GEPI)		**82.32%**	82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a)	**82.32%**	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a)	**82.32%**	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a)	**82.32%**	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	**82.32%**	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a)	**82.32%**	82.32%	82.32%
La Compaña De Sta. Barbara, Inc. (LCSBI)		**82.32%**	82.32%	82.32%
MCX Corporation (MCX)	(a)	**82.32%**	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a)	**82.32%**	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a)	**82.32%**	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)		**82.32%**	82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	**82.32%**	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	**65.03%**	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		**45.28%**	45.28%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)		**82.32%**	82.32%	82.32%
Golforce, Inc. (Golforce)		**82.32%**	82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		**49.39%**	49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	**49.39%**	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)		**82.32%**	82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a)	**82.32%**	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a)	**82.32%**	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)		**82.32%**	82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)		**82.32%**	82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)		**41.13%**	41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		**81.73%**	81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		**81.73%**	81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	**81.73%**	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	**81.73%**	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	**81.73%**	81.73%	81.73%
20th Century Nylon Shirt, Inc. (20th Century)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	**58.53%**	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	**51%**	51%	51%
Townsquare Development, Inc. (TDI)		**30.60%**	30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		**30.60%**	30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership 2023	2022	2021
Bonifacio West Development Corporation (BWDC)		**46.11%**	46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	**40%**	40%	40%
Suntrust Resort Holding, Inc. [formerly Suntrust Home Developers, Inc.] (SUN)		**34%**	34%	34%
SWC Project Management Limited (SWCPML)		**34%**	34%	34%
WC Project Management Limited (WCPML)		**34%**	34%	34%
Suncity WC Hotel Inc. (Suncity WC)		**34%**	34%	-
GERI				
Fil-Estate Network, Inc. (FENI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	**16.46%**	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		**11.52%**	11.52%	11.52%

Explanatory Notes:

(a) These are entities which have not yet started commercial operations or are non-operating entities as at December 31, 2023.

(b) As at December 31, 2023, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(c) As at December 31, 2023, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.

(d) As at December 31, 2023, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.

(e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Company through MLI, their immediate parent company.

(f) MFMI, MPMI and MREIT are newly incorporated subsidiaries in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of a REIT, as provided under Republic Act (R.A.) No. 9856*, The Real Estate Investment Trust Act of 2009,* including its implementing rules and regulations, and other applicable laws. The Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the company disposed certain number of shares resulting to a decrease in ownership to 55.63%.

(g) KHMI was incorporated in 2020 and engaged in hotel operations.

(h) In 2021, the Company acquired additional common shares of STLI from previous stockholders representing 1.44% direct ownership. As at December 31, 2023 and 2022, the effective ownership of the Company over STLI is 98.41%, consisting of 18.94% direct ownership and 79.47% indirect ownership through SPI.

(i) In 2021, the SEC approved the application of MDC for the decrease of its authorized capital stock. As a result, MDC paid a total of P355.0 million to its current stockholders for the return of capital. The Parent Company's ownership interest over MDC remains at 60% in 2023.

(j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Parent Company were transferred to the Company, increasing the effective ownership of the Company to 58.53%, which consists of 25.84% direct ownership and 32.69% indirect ownership from EELHI.

(k) Newly incorporated subsidiaries in 2023.

(l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.

All subsidiaries and associates were incorporated and have their principal place of business in the Philippines except for the following:

- MCII – incorporated and has principal place of business in the Cayman Islands
- RHGI – incorporated and has principal place of business in the British Virgin Islands
- SWCPML – incorporated and has principal place of business in Hongkong
- WCPML – incorporated and has principal place of business in Macau

The Company and its subsidiaries, except for entities which have not yet started commercial operations as at December 31, 2023, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations, marketing services and e-commerce.

EELHI, GERI, MREIT and SUN are publicly-listed companies in the Philippines.

1.2 Approval of Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2023 (including the comparative financial statements as at December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company's Board of Directors (BOD) on February 26, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) SEC Financial Reporting Reliefs Availed by the Company

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

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

- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

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

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

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

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

Had the Company elected not to defer the IFRIC Agenda Decision, it would have the following impact in the financial statements:
- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

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

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

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

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

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

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents a statement of comprehensive income separate from the statement of income.

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

(d) *Functional and Presentation Currency*

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

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

2.2 Adoption of Amended PFRS

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

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

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

Discussed below are the relevant information about these pronouncements.

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

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

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

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

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

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

(c) Effective Subsequent to 2023 but not Adopted Early

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

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

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

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

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

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

2.3 Separate Financial Statements, and Investments in Subsidiaries, Associates and Joint Operations

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements, being a publicly-listed entity.

The Company's investment in subsidiaries and associates are accounted for in these separate financial statements at cost, less any impairment.

2.4 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

Financial assets are categorized into the following categories: financial assets at amortized cost, financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial Assets at Fair Value Through Profit or Loss

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

The Company applies the simplified approach in measuring expected credit loss (ECL), which uses a lifetime expected loss allowance, for trade receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In applying this approach, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk.

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

For other financial assets at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime 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. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(b) Financial Liabilities

Financial liabilities of the Company include interest-bearing loans and borrowings, bonds and notes payable, trade and other payables [except tax-related liabilities], derivative liabilities, subscription payable, commission payable, lease liabilities, advances from subsidiaries.

2.5 Inventories

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Company; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties.

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

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

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

2.6 Property and Equipment

Property and equipment, including land, are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. Amortization of office improvements is recognized over the estimated useful lives of improvements or the term of the lease, whichever is shorter.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	5-40 years
Right-of-use assets	3-10 years
Office improvements	5 years
Transportation equipment	5 years
Office furniture, fixtures and equipment	5 years

Right-of-use asset pertaining to a lease of a parcel of land is amortized over its lease term.

2.7 Investment Properties

Investment properties include properties and right-of-use assets held for lease under operating lease agreements, properties intended to be held for lease, and properties held for currently undetermined use. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation.

Depreciation of investment properties, excluding land, is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

2.8 Revenue and Expense Recognition

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

The Company develops real properties such as residential condominium units, commercial lot, and residential lot. The Company often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for as contract modification on the year of forfeiture.

Cumulative revenue and cost recognized on cancelled accounts are reversed in the year of cancellation, and any gain or loss on cancellation is charged to profit or loss.

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

(b) Real estate sales on completed real estate properties – Revenue from real estate sales on completed properties is recognized at a point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales under the Revenues and Income section in the statement of income.

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

(c) Sale of undeveloped land – Revenues from the sale of undeveloped land are recognized at a point in time when control over the undeveloped land is transferred to the buyer and the amount of revenue can be measured reliably.

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

(e) *Forfeited collections and deposits* – Revenue is recognized at a point in time in the year the contract was cancelled.

(f) *Rendering of services* – Revenue is recognized over time when the performance of service have been rendered. Revenue from rendering of services includes rental income, property management, and others.

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized.

Cost of real estate sales include the acquisition cost of the land, development costs incurred to date, applicable borrowings costs and estimated costs to complete the project, determined based on estimates made by the project engineers.

Contract assets pertain to rights to consideration in exchange for goods or services that the Company has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.4(a)(ii)].

Cost of real estate sales include the acquisition cost of the land, development costs incurred to date, applicable borrowings costs and estimated costs to complete the project, determined based on estimates made by the project engineers.

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sale, consideration received from buyers are presented under the Customers' Deposits account in the liabilities section of the statement of financial position.

2.9 Leases

The Company accounts for its leases as follows:

(a) *Company as Lessee*

The Company amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

(b) *Company as Lessor*

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

(c) *Sale and Leaseback – Company as Seller-Lesse*

As a seller-lessee, the Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognized only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

2.10 Impairment of Non-financial Assets

The Company's investments in subsidiaries and associates, investment properties, property and equipment and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.11 Employee Benefits

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

The Company's post-employment defined benefit pension plans covers all regular full-time employees. The pension plan are tax-qualified, non-contributory and administered by trustees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments presented in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of Lease Term of Contracts with Renewal Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options are only included in the lease term if the lease is reasonably certain to be extended.

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

The Company determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Company considers whether the lessor can refuse to agree to a request from the Company to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

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

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

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

(ii) Forfeited Collections and Deposits

The Company determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(iii) Property Management Services

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

(c) Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, projects and customer type).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables are disclosed in Note 29.3.

(d) Distinction Among Investment Properties and Owner-occupied Properties

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

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

(e) Distinction Between Inventories and Investment Properties

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

(f) Distinction Between Operating and Finance Leases (As a Lessor)

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management assessment, the Company's lease agreements are classified as operating leases.

(g) Determination of Joint Control and Significant Influence

Judgment is exercised in determining whether the Company has joint control of an arrangement or significant influence over an entity. In assessing each interest over an entity, the Company considers voting rights, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual agreement.

(h) Distinction Between Joint Operations and Joint Ventures

The Company has entered into various joint arrangements. Critical judgment was exercised by management to distinguish each joint arrangement as either joint operations or joint ventures by looking at the rights and obligations held by an entity in relation to the arrangement.

(i) Determination on whether Lease Concessions Granted constitute a Lease Modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

In making this judgment, the Company determines whether the rent concessions granted have changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease.

The Company assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Company amounted to P1.0 billion in 2022. There were no rent concessions granted in 2023.

(j) Presentation of Perpetual Debt Securities

The Company exercises judgment in classifying its perpetual debt securities as financial liabilities or equity instrument. In making its judgment, the Company considers the terms of the securities including any restrictions on the Company's ability to defer interest payments. Based on management's assessment, the perpetual debt securities are classified as equity securities as the Company has the ability to defer payments of principal and interest indefinitely (see Note 25.7).

(k) Recognition of Provisions and Contingencies

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

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

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

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation Satisfied Over Time

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

(b) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate inventory is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Inventories within the next reporting period. The carrying value of inventories is disclosed in Note 6.

(c) *Fair Value of Share Options*

The Company estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share options were granted. The estimates and assumptions used are presented in Note 25.6 which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Company's share price and fair value of the Company's common shares. Changes in these factors can affect the fair value of share options at grant date.

The fair value of share options recognized as part of Salaries and employee benefits in 2023, 2022 and 2021 is presented in Note 22.2.

(d) *Fair Value Measurement of Investment Properties*

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

The Company determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

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

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

The Company estimates the useful lives of investment properties, and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties, and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of investment properties, and property and equipment are based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets.

An analysis of the movement of the carrying amount of Investment Properties, and Property and Equipment is presented in Notes 9 and 10, respectively.

(f) *Valuation of Financial Assets at Fair Value through Other Comprehensive Income*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, management applies valuation techniques to determine the fair value of financial instruments. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period.

Valuation methods used in determining the fair value of these financial assets are disclosed in Note 31.2(a).

The carrying amounts of financial assets at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 11.

(g) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using the effective interest rate on the most recent loan. Since the date of the availment is near the initial date of application, management is satisfied that the selected rate reflects the risks specific to the Company.

(h) *Determination of Realizable Amount of Deferred Tax Assets*

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

The carrying amount of the net deferred tax liability position as at December 31, 2023 and 2022 is disclosed in Note 23.

(i) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the Company's non-financial assets required to be recognized in 2023, 2022 and 2021 based on management's assessment.

(j) *Valuation of Retirement Obligation*

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

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 22.3.

4. CASH AND CASH EQUIVALENTS

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

	2023	2022
Cash on hand and in banks	**P 1,261,815,382**	P 1,204,206,977
Short-term placements	**5,061,665,427**	8,530,881,630
	P 6,323,480,809	P 9,735,088,607

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made between 30 to 45 days at prevailing market rates and earn effective interest ranging from 4.50% to 6.25% in 2023, 2.70% to 5.75% in 2022, and 0.05% to 1.50% in 2021 (see Note 20).

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2023	2022
Current:			
Trade receivables	17.2, 24.1	**P 13,076,004,375**	P 13,063,574,073
Allowance for impairment		**(126,881,556)**	(163,682,025)
		12,949,122,819	12,899,892,048
Advances to subsidiaries, associates and other related parties	24.3	**20,323,260,319**	20,342,621,360
Commission receivable		**23,805,307**	23,805,307
Others	24.1	**1,042,189,066**	853,467,419
		34,338,377,511	34,119,786,134
Non-current:			
Trade receivables	17.2	**12,803,697,221**	9,484,985,750
Others	24.1	**4,095,244,479**	4,161,588,706
		16,898,941,700	13,646,574,456
		P 51,237,319,211	P 47,766,360,590

Trade receivables mainly pertain to real estate sales and rental transactions.

The installment period of sales contracts averages one to five years. Noninterest-bearing trade receivables with maturity of more than one year after the end of the reporting period are remeasured at amortized cost using the effective interest rate of similar financial instruments. Interest income recognized amounted to P657.0 million, P352.6 million, and P227.0 million in 2023, 2022 and 2021, respectively. These amounts are presented as part of Interest income under Interest and Other Income account in the statements of income (see Note 20).

Other non-current receivables include receivables arising from the reimbursements of construction costs incurred by the Company in relation to the turn over of a certain property to a related party under common ownership (see Note 24.1).

Based on management's assessment, the modifications in the timing of contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the impairment of trade and other receivables and contract assets.

All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to trade and other receivables as the amounts recognized consist of a large number of receivables from various customers. Most receivables from trade customers are covered by post-dated checks. Certain past due trade receivables from real estate sales are not provided with allowance for impairment to the extent of the expected market value of the property sold to the customer. The titles to the real estate properties remain with the Company until the receivables are fully collected.

A reconciliation of the allowance for impairment at the beginning and end of 2023 and 2022 is shown below:

	2023	2022
Balance at the beginning of the year	**P 163,682,025**	P 177,878,884
Reversal of impairment	**(36,800,469)**	(14,196,859)
Balance at end of year	**P 126,881,556**	P 163,682,025

Reversal of impairment is presented as part of Miscellaneous – net under Interest and Other Income in the statements of income (see Note 20).

6. INVENTORIES

Residential and condominium units for sale mainly pertain to the accumulated land costs, contracted services, borrowing costs and other development costs incurred in developing the Company's residential lots and condominium projects.

	2023	2022
Residential and condominium units	**P 53,466,324,512**	P 46,894,081,233
Property development costs	**1,403,761,067**	1,982,327,670
Raw land inventory	**947,296,015**	952,793,192
	P 55,817,381,594	P 49,829,202,095

Residential and condominium units mainly pertain to the accumulated costs incurred in developing the Company's residential lots and condominium projects which are already being sold to customers.

Property development costs pertain to accumulated costs incurred for properties undergoing development. The relative cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized. The relative costs of units completed prior to sale are reclassified to Residential and condominium units.

Raw land inventory pertains to undeveloped parcels of land which will be converted, developed, and eventually sold to customers.

Borrowing costs capitalized as part of inventories amounted to P100.8 million, P440.7 million and P387.7 million in 2023, 2022 and 2021, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Company to fund their construction projects (see Notes 13 and 14).
Based on management's assessment, there is no allowance for inventory write-down required to be recognized in 2023, 2022, and 2021; hence, inventories are recorded at cost as at December 31, 2023 and 2022.

The details of cost of real estate sales are presented in Note 18.

7. ADVANCES TO LANDOWNERS AND JOINT OPERATORS

The Company enters into numerous joint arrangements for the joint development of various projects. These are treated as jointly-controlled operations. The joint arrangements stipulate that the Company's co-operator shall contribute parcels of land and the Company shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing, and marketing of condominium units to be constructed on the properties. In addition, there were no separate entities created by these joint arrangements. Costs incurred by the Company for these projects are recorded under Inventories accounts in the statements of financial position (see Notes 2.5 and 6). The amounts of other related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Company.

The Company also grants noninterest-bearing, secured cash advances to a number of landowners and joint operators under agreements they entered into with landowners covering the development of certain parcels of land. Under the terms of the arrangements, the Company, in addition to providing a specified portion of total project development costs, also commits to advance mutually agreed-upon amounts to the landowners to be used for pre-development expenses such as relocation of existing occupants.

The total amount of advances made by the Company less amounts liquidated is presented as Advances to Landowners and Joint Operators account in the statements of financial position.

As at December 31, 2023 and 2022, management has assessed that the advances to joint operators are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint arrangements.

The net commitment for construction expenditures amounts to:

	2023	2022
Total commitment for construction expenditures	**P45,536,260,051**	P36,899,063,013
Total expenditures incurred	**(18,344,537,320)**	(21,777,054,623)
Net commitment	**P 27,191,722,731**	P15,122,008,390

The Company's interests in jointly-controlled operations and projects range from 57% to 90% as at December 31, 2023 and 2022. The listing and description of the Company's jointly-controlled projects are as follows:

- McKinley West
- Manhattan Garden City
- Uptown Bonifacio
- The Maple Grove
- Vion Tower
- Arden Botanical
- Arden West Park

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities, income and expenses as at and for the years ended December 31, 2023 and 2022 related to the Company's interests in joint arrangements are not presented or disclosed in the financial statements as the joint arrangements in which the Company is involved are not joint ventures (see Note 2.3).

As at December 31, 2023 and 2022, the Company either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

8. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

8.1 Breakdown of Carrying Values

The components of the carrying values of investments in subsidiaries and associates accounted for under the cost method, and the details of advances made to these related parties are as follows:

	2023	2022
Acquisition cost		
Subsidiaries:		
MREIT	**P 31,116,655,620**	P31,455,655,620
GERI	**17,443,486,094**	17,443,486,094
EELHI	**12,225,214,373**	12,225,214,373
MCTI	**5,255,523,865**	5,255,523,864
ECOC	**4,800,418,103**	4,800,418,103
TLC	**3,687,982,892**	3,687,982,891
NWPI	**3,409,896,081**	2,624,844,125
MBPHI	**3,371,674,055**	3,371,674,056
API	**3,263,516,911**	3,263,516,911
MBPI	**2,725,999,990**	2,725,999,990
LFI	**2,379,897,147**	2,379,897,147
PCMI	**2,000,000,250**	2,000,000,250
SMI	**1,243,583,750**	1,243,583,747
SPI	**1,151,108,062**	1,151,108,062
OPI	**876,898,000**	876,898,000
RHGI	**588,470,681**	588,470,681
DPDHI	**495,408,000**	495,408,000
MGAI	**486,720,000**	486,720,000
STLI	**413,879,400**	413,219,434
MLI	**255,383,968**	255,383,968
SVCI	**206,250,000**	206,250,000
MGLI	**125,000,000**	125,000,000
MOPHI	**125,000,000**	125,000,000
MDC	**103,217,740**	103,217,740
MCP	**100,000,000**	100,000,000
MFMI	**53,499,970**	53,499,970
SP	**48,710,769**	48,710,769
SLI	**46,011,568**	46,011,568
PPVI	**46,002,958**	46,002,958
MREI	**31,875,000**	31,875,000
MNPHI	**25,183,079**	25,183,079
MCPI	**15,937,500**	15,937,500
GOIBSI	**14,250,000**	14,250,000
Balance carried forward	**P 98,132,655,826**	P 97,685,943,900

	2023	2022
Acquisition cost		
Subsidiaries:		
Balance brought forward	**P 98,132,655,826**	P 97,685,943,900
LSPI	**12,500,000**	12,500,000
GOHGI	**10,000,000**	10,000,000
BNLHI	**10,000,000**	10,000,000
SCRGI	**7,500,000**	7,500,000
MPMI	**6,749,970**	499,970
PHRI	**6,000,000**	6,000,000
MGEI	**5,000,000**	5,000,000
LGMI	**4,725,000**	4,725,000
ITMC	**3,500,000**	3,500,000
MCII	**2,655,994**	2,655,994
BHMI	**625,000**	625,000
SHMI	**625,000**	625,000
LGHLI	**625,000**	625,000
HLCI	**625,000**	625,000
SHM	**625,000**	625,000
KHMI	**625,000**	625,000
GWHI	**625,000**	-
ADVI	**62,500**	62,500
	98,205,724,290	97,752,137,364
Allowance for impairment	**(150,468,372)**	(150,468,372)
	98,055,255,918	97,601,668,992
Acquisition cost		
Associates:		
SUN	**2,619,800,008**	2,619,800,008
BWDC	**199,212,026**	199,212,026
PTHDC	**64,665,000**	64,665,000
	2,883,677,034	2,883,677,034
	P100,938,932,952	P100,485,346,026

The shares of EELHI, GERI, MREIT and SUN are listed in the PSE.

The related book values of the Company's holdings in all other investment in subsidiaries and associates either exceed or approximate their carrying values; hence, management deemed that the recognition of impairment loss is not necessary.

8.2 Investment in MREIT

In February 2021, the Company obtained control over MREIT by subscribing to 12,400,000 shares of MREIT's authorized capital stock with a par value of P100 per share. Accordingly, the Company acquired 99.2% direct ownership of MREIT.

In April 2021, MREIT amended its by-laws and changed the par value of its shares from P100 to P1, effectively increasing the total number of shares held by the Company from 12,400,000 to 1,200,000,000, the cost of the investments remained the same.

Also in April 2021, the Company entered into a property-for-share swap transaction with MREIT in which the Company transferred, assigned and conveyed absolutely in favor of MREIT all of its rights, title and interests in certain real properties, free from liabilities and debts and free from all liens and encumbrances, in exchange for 1,282,120,381 common shares with a par value of P1 per share. In June 2021, the SEC approved the valuation of the property-for-share swap at a price of P49.2 billion thereby increasing the interest held by the Company to 99.6%. The Company recognized a gain on exchange representing the difference between the fair value and the carrying value of the property transferred. The gain is recorded as Gain on property-for-share swap under Interest and Other Income account in the 2021 statement of income (see Note 20).

In October 2021, the Company sold 949,837,500 shares of MREIT at P16.10 per share to the public through a secondary offering when MREIT's shares were listed on the main board of the PSE. The sale decreased the Company's ownership to 62.09% and the loss on sale amounting to P4.3 billion is presented as Loss on sale of investment in a subsidiary under Interest and Other Charges account in the 2021 statement of income (see Note 21).

In 2023, the Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the Company disposed 279,400,000 common shares with a par value of P1.00 per share with net proceeds of P3.6 billion resulting to a decrease in ownership to 55.63%. The Company recognized a gain on exchange representing the difference between the fair value and the carrying value of the property transferred. The gain is recorded as Gain on property-for-share swap under Interest and Other Income account in the 2023 statement of income (see Note 20).

8.3 Investment in MFMI and MPMI

MFMI and MPMI were incorporated as the fund manager and property manager, respectively, of MREIT as required by R.A. 9856. The Company holds 4,999,995 and 49,995 shares of MFMI and MPMI, respectively, each representing 100% ownership of the companies.

8.4 Investments in SUN

Subsequently, the Company disposed of a certain number of shares. In December 2019, the Parent Company subscribed to additional 2,177 million shares from SUN at P1.00 par value. The Parent Company paid P1.25 billion out of the P2.20 billion additional subscribed capital, the unpaid portion is presented as Subscription payable under Other Current Liabilities account in the consolidated statements of financial position. In 2023, the Parent Company paid its subscription payable to SUN in full (see Note 16).

8.5 Investments in STLI

In 2022, the Company acquired additional common shares of STLI representing 0.1% direct ownership over STLI. The shares were purchased by the Company in cash for a total consideration of P4.1 million.

8.6 Investments in MCTI and NWPI

In 2022, the Company paid the existing unpaid subscription over MCTI and NWPI amounting to P1.1 billion and P1.6 billion, respectively. There were no changes in ownership interests which remain at 76.28% and 60%, respectively.

8.7 Investment in MDC

In 2021, the SEC approved the application of MDC for the decrease of its authorized capital stock. As a result, the Company received cash from MDC amounting to P213.0 million for the return of capital. The Company's ownership interest over MDC remained at 60%.

9. INVESTMENT PROPERTIES

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

	Land	Buildings	Right-of-use Assets	Total
December 31, 2023				
Cost	P 5,437,065,962	P104,667,688,246	P 244,804,454	P110,349,558,662
Accumulated depreciation and amortization	-	(13,426,116,435)	(25,296,460)	(13,451,412,895)
Net carrying amount	**P 5,437,065,962**	**P 91,241,571,811**	**P 219,507,994**	**P 96,898,145,767**
December 31, 2022				
Cost	P 5,570,276,378	P 97,135,100,965	P 244,804,454	P102,950,181,797
Accumulated depreciation and amortization	-	(11,655,664,762)	(15,504,282)	(11,671,169,044)
Net carrying amount	P 5,570,276,378	P 85,479,436,203	P 229,300,172	P 91,279,012,753
January 1, 2022				
Cost	P 3,084,763,142	P 88,205,250,036	P 244,804,454	P 91,534,817,632
Accumulated depreciation and amortization	-	(9,666,263,583)	(5,712,104)	(9,671,975,687)
Net carrying amount	P 3,084,763,142	P 78,538,986,453	P 239,092,350	P 81,862,841,945

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

	Land	Buildings	Right-of-use Assets	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 5,570,276,378	P 85,479,436,203	P 229,300,172	P 91,279,012,753
Additions	368,184,044	9,831,178,704	-	10,199,362,748
Disposals	-	(1,820,454,101)	-	(1,820,454,101)
Transfers	(501,394,460)	(125,057,512)	-	(626,451,972)
Depreciation and amortization	-	(2,123,531,483)	(9,792,178)	(2,133,323,661)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 5,437,065,962**	**P 91,241,571,811**	**P 219,507,994**	**P 96,898,145,767**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 3,084,763,142	P 78,538,986,453	P 239,092,350	P 81,862,841,945
Additions	2,485,513,236	8,929,850,928	-	11,415,364,164
Depreciation and amortization	-	(1,989,401,178)	(9,792,178)	(1,999,193,356)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 5,570,276,378	P 85,479,436,203	P 229,300,172	P 91,279,012,753
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 2,905,507,426	P 84,844,735,558	P -	P 87,750,242,984
Additions	179,255,716	6,742,820,220	244,804,454	7,166,880,390
Transfers and disposals	-	(10,856,631,675)	-	(10,856,631,675)
Depreciation and amortization	-	(2,191,937,650)	(5,712,104)	(2,197,649,754)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 3,084,763,142	P 78,538,986,453	P 239,092,350	P 81,862,841,945

In 2021, the Company entered into a property-for-share swap agreement with MREIT (see Note 8.2). The carrying amount of investment properties transferred in exchange for equity shares of MREIT amounted to P9.2 billion with a fair value of P49.2 billion. There was no similar transaction in 2022. In addition, the Company leased back a portion of the transferred properties resulting in recognition of right-of-use assets related to the right of use retained by the Company. Further in 2023, the Company entered into another property-for-share swap agreement with MREIT. The carrying amount of investment properties transferred in exchange for equity shares of MREIT amounted to P1.8 billion with a fair value of P5.3 billion.

The related gain on exchange from the foregoing transactions is presented as Gain on property-for-share swap under Interest and Other Income account in the 2023 and 2021 statements of income (see Note 20).

As of December 31, 2023 and 2022, right-of-use assets amounting to P219.5 million and P229.3 million, respectively, were presented as part of Investment Properties and right-of-use assets amounting to P450.6 million and P504.0 million, respectively, were presented as part of Property and Equipment (see Notes 9 and 10). The right-of-use assets classified under investment properties pertain to a lease of hotel property which is being subleased for a short term lease to certain subsidiary of the Company (see Note 24.2).

Also in 2021, the Company sold properties with carrying amount of P1.6 billion to MREIT for a total cash consideration of P9.1 billion. The resulting gain on sale of P7.5 billion is presented as Gain on sale of investment properties under Interest and Other Income account in the 2021 statement of income (see Note 20).

Rental income earned from these properties arising from the Company's operating leases amounted to P11.8 billion, P10.3 billion, and P9.9 billion in 2023, 2022 and 2021, respectively, and is shown as Rental Income in the statements of income.

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

	2023	2022	2021
Fixed	**P 11,039,008,116**	P 9,848,559,497	P 9,454,213,350
Variable	**759,657,625**	470,519,038	446,814,152
	P 11,798,665,741	P 10,319,078,535	P 9,901,027,502

The direct operating costs, exclusive of depreciation, incurred by the Company relating to investment properties that generated rental income in 2023, 2022, and 2021 amounted to P764.5 million, P668.6 million, and P560.6 million, respectively. The direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2023, 2022, 2021 amounted to P16.5 million, P11.6 million, and P15.1 million, respectively. The operating lease commitments of the Company as a lessor are fully disclosed in Note 28.1.

Borrowing costs that are capitalized as part of investment properties amounted to P2,421.7 million, P1,383.3 million and P1,607.2 million in 2023, 2022 and 2021, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Company to fund its construction projects (see Notes 13 and 14).

Depreciation of investment properties is presented as part of Operating Expenses account in the statements of income (see Note 19).

The fair market values of the properties that generated rental income in 2023 and 2022 are P412.6 billion and P367.8 billion as at December 31, 2023, and 2022, respectively. These were determined by calculating the present value of the cash inflows anticipated until the end of the useful lives of the investment properties using a discount rate that reflects the risks and uncertainty in cash flows. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 31.4.

None of the Company's investment properties are used as collateral for interest-bearing loans and borrowings.

There are no contractual commitments for the acquisition of investment properties as at December 31, 2023 and 2022.

10. PROPERTY AND EQUIPMENT

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

	Buildings and Improvements	Office Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Right-of-use Assets	Total
December 31, 2023						
Cost	P2,848,294,674	P 1,179,947,852	P 33,656,485	P 231,297,615	P 646,310,684	P 4,938,607,310
Accumulated depreciation and amortization	(1,480,906,328)	(872,732,403)	(24,554,293)	(187,543,556)	(195,697,155)	(2,761,433,735)
Net carrying amount	**P1,367,388,346**	**P 306,315,449**	**P 9,102,192**	**P 43,754,059**	**P 450,613,529**	**P 2,177,173,575**
December 31, 2022						
Cost	P2,766,769,681	P1,044,036,573	P 25,030,619	P 207,022,956	P 622,018,855	P 4,664,878,684
Accumulated depreciation and amortization	(1,276,482,143)	(778,932,356)	(22,454,886)	(180,092,519)	(118,064,124)	(2,376,026,028)
Net carrying amount	P1,490,287,538	P 265,104,217	P 2,575,733	P 26,930,437	P 503,954,731	P 2,288,852,656
January 1, 2022						
Cost	P2,657,325,429	P 941,295,607	P 25,030,619	P 205,870,810	P 348,301,098	P 4,177,823,563
Accumulated depreciation and amortization	(1,159,234,813)	(695,988,915)	(21,304,124)	(169,274,778)	(81,469,583)	(2,127,272,213)
Net carrying amount	P1,498,090,616	P 245,306,692	P 3,726,495	P 36,596,032	P 266,831,515	P 2,050,551,350

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022, and 2021 of property and equipment is shown below.

	Buildings and Improvements	Office Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Right-of-use Assets	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 1,490,287,538	P 265,104,217	P 2,575,733	P 26,930,437	P 503,954,731	P 2,288,852,656
Additions	81,524,993	135,011,278	8,625,866	32,988,944	24,291,829	282,442,910
Disposals	-	-	-	(35,335)	-	(35,335)
Depreciation and amortization	(204,424,185)	(93,800,046)	(2,099,407)	(16,129,987)	(77,633,031)	(394,086,656)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 1,367,388,346**	**P 306,315,449**	**P 9,102,192**	**P 43,754,059**	**P 450,613,529**	**P 2,177,173,575**

	Buildings and Improvements	Office Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Right-of-use Assets	Total
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 1,498,090,616	P 245,306,692	P 3,726,495	P 36,596,032	P 266,831,515	P2,050,551,350
Additions	109,444,252	103,218,646	-	8,215,538	296,360,583	517,239,019
Disposals	-	(153,150)	-	(195,223)	-	(348,373)
Depreciation and amortization	(117,247,330)	(83,267,971)	(1,150,762)	(17,685,910)	(59,237,367)	(278,589,340)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 1,490,287,538	P 265,104,217	P 2,575,733	P 26,930,437	P 503,954,731	P2,288,852,656
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 1,579,086,760	P 273,870,696	P 5,379,527	P 52,674,797	P 170,376,119	P2,081,387,899
Additions	67,894,561	51,524,967	-	4,943,600	137,541,247	261,904,375
Disposals	-	(99,348)	-	(963,179)	-	(1,062,527)
Depreciation and amortization	(148,890,705)	(79,989,623)	(1,653,032)	(20,059,186)	(41,085,851)	(291,678,397)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 1,498,090,616	P 245,306,692	P 3,726,495	P 36,596,032	P 266,831,515	P2,050,551,350

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized as at December 31, 2023 and 2022 (including those which are presented as investment properties).

	Number of right-of-use assets leased	**Range of remaining term**	**Average remaining lease term**	**Number of leases with extension options**
2023				
Offices	10	1 – 8 years	4 years	9
Hotel	1	22 years	22 years	1
2022				
Offices	9	1 – 9 years	4 years	9
Hotel	1	23 years	23 years	1

The breakdown of the Company's right-of-use assets as at December 31, 2023 and 2022 (including those which are presented as investment properties) and the movements during the year are shown below.

	Offices	**Hotel**	**Total**
Balance at January 1, 2023	P 503,954,731	P 229,300,172	P 733,254,903
Additions	24,291,829	-	24,291,829
Amortization	(77,633,031)	(9,792,178)	(87,425,209)
Balance at December 31, 2023	**P 450,613,529**	**P 219,507,994**	**P 670,121,523**
Balance at January 1, 2022	P 266,831,515	P 239,092,350	P 505,923,865
Additions	296,360,583	-	296,360,583
Amortization	(59,237,367)	(9,792,178)	(69,029,545)
Balance at December 31, 2022	P 503,954,731	P 229,300,172	P 733,254,903

As of December 31, 2023 and 2022, outstanding lease liabilities in relation to the leases amounting to P1,622.6 million and P1,691.1 million, respectively, is presented under Other Current and Non-current Liabilities in the statements of financial position (see Note 16).

Depreciation and amortization of property and equipment is presented as part of Operating Expenses account in the statements of income (see Note 19).

None of the Company's property and equipment are used as collateral for interest-bearing loans and borrowings.

There are no contractual commitments for the acquisition of property and equipment as at December 31, 2023 and 2022.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of December 31, financial assets at FVOCI is composed of the following:

	Note	2023	2022
Equity securities:			
Quoted		**P 397,843,344**	P 419,710,620
Unquoted		**1,448,690,351**	1,315,020,256
	30.1	**P 1,846,533,695**	P 1,734,730,876

The Company's securities are investments from local entities.

A reconciliation of the investments in financial instruments at beginning and end of 2023 and 2022 is shown below.

	Note	2023	2022
Balance at beginning of year		**P 1,734,730,876**	P 2,039,709,582
Fair value gains (losses)	25.8	**111,802,819**	(304,978,706)
Balance at end of year		**P 1,846,533,695**	P 1,734,730,876

In 2023 and 2022, the Company received cash dividends from its quoted investment securities of AGI amounting to P5.3 million and P6.7 million, respectively. The amount of dividend received is presented as part of Dividend income under Interest and Other Income account in the statements of income (see Note 20).

12. OTHER ASSETS

The Company's other assets consist of the following:

	Notes	2023	2022
Prepayment and other current assets:			
Prepaid expenses		**P 2,332,741,590**	P 1,227,273,701
Input VAT		**2,021,745,193**	1,622,113,707
Deferred commission	17.3, 24.2	**436,130,004**	520,227,583
Derivative asset	27	**62,038,593**	197,431,085
Others		**7,827,721**	5,517,163
Balance carried forward		**4,860,483,101**	3,572,563,239

	Notes	2023	2022
Balance brought forward		**4,860,483,101**	3,572,563,239
Other non-current assets:			
Guarantee deposits		**736,602,845**	707,913,319
Deferred commission	17.3, 24.2	**206,300,195**	266,039,560
Others		**40,310,915**	38,197,305
		983,213,955	1,012,150,184
		P 5,843,697,056	P 4,584,713,423

Prepaid expenses include, among others, creditable withholding tax, advanced payments for insurance, rent, association dues, taxes and advertisements.

Guarantee deposits pertain mainly to payments made for compliance with construction requirements in relation to the Company's real estate projects.

Other non-current assets include rental deposits and miscellaneous deposits.

13. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings are discussed below and in the succeeding pages.

	2023	2022
Philippine Peso	**P 37,290,817,319**	P 31,382,744,043
U.S. Dollar	**12,043,982,455**	2,341,894,585
	P 49,334,799,774	P 33,724,638,628

The current and non-current classification of the Company's Interest-bearing Loans and Borrowings is shown below.

	2023	2022
Current	**P 14,301,417,773**	P 9,747,436,493
Non-current	**35,033,382,001**	23,977,202,135
	P 49,334,799,774	P 33,724,638,628

(a) Philippine Peso, five-year loan due 2023

In December 2018, the Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in March 2021 and interest is paid quarterly based on a fixed 7.85% annual interest rate which was further negotiated to 6.3% effective September 4, 2020. In 2023, the Company has paid in full its outstanding loan balance. In 2023, the Company has paid in full its outstanding loan balance.

(b) U.S. Dollar, five-year loan due 2024

In September 2019, the Company obtained an unsecured long-term loan from a local bank amounting to U.S. $95.62 million. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and a floating interest is paid quarterly based on a 3-month LIBOR plus a certain spread. The Company entered into a cross-currency swap transaction to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 27).

(c) Philippine Peso, five-year loan due 2024

In December 2019, the Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and interest is paid quarterly based on the higher of 4.75% fixed rate and floating rate plus certain spread. The interest rate is subject for review beginning on the 4th year.

(d) Philippine Peso, five-year loan due 2025

In March 2020, the Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in June 2022 and a floating interest is paid quarterly based on a 5-day average reference rate plus a certain spread.

(e) Philippine Peso, five-year loan due 2026

In March 2021, the Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in March 2022. Interest on the loan is fixed at 4.00% payable quarterly.

(f) Philippine Peso, five-year loan due 2026

In May 2021, the Company obtained an unsecured long-term loan from a local bank amounting to P6.0 billion. The loan is payable quarterly beginning August 2022. The interest is payable quarterly at a floating rate.

(g) Philippine Peso, five-year loan due 2026

In August 2021, the Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(h) Philippine Peso, five year loan due 2027

In September 2022, the Company obtained an unsecured P10.0 billion loan from a local bank. Principal is payable in quarterly installments at the end of the 5th quarter from the drawdown date. The loan is payable quarterly beginning December 2023. The interest is payable quarterly at a floating rate.

(i) *Philippine Peso, five-year loan due 2028*

In March 2023, The Company obtained an unsecured long-term loan of P5.0 billion from a local bank. The loan is payable quarterly for a term of five years with the first principal payment due in June 2024. The interest is payable semi-annually at a floating rate.

(j) *Philippine Peso, five-year loan due 2028*

In June 2023, the Company obtained an unsecured long-term loan from a local bank amounting to P10.0 billion, divided equally into two tranches which the Company fully availed in 2023. The loan is payable quarterly for a term of five years with the first principal payment due in June 2024. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(k) *U.S Dollar, five-year loan due 2028*

In April 2023, the Company obtained an unsecured long-term loan from a local bank amounting to $200.0 million. The loan is payable quarterly for a term of five years with the first principal payment due in July 2024. The interest is payable quarterly at a fixed rate of 4.640%.

The Company is required to maintain certain financial ratios to comply with its debt covenants with local banks. These include maintaining a minimum debt to equity ratio, current ratio and debt service coverage ratio. The Company is compliant with its debt covenants.

The total interest costs attributable to these loans amounted to P2,777.7 million, P1,325.0 million and P1,458.8 million in 2023, 2022 and 2021, respectively. Of these amounts, portion charged as expense is presented as part of Interest expense under Interest and Other Charges account in the statements of income (see Note 21). The outstanding interest payable as at December 31, 2023 and 2022 is presented as part of Accrued interest payable under Trade and Other Payables account in the statements of financial position (see Note 15). Interest capitalized in 2023, 2022 and 2021 amounted to P1,880.0 million, P983.9 million and P1,195.5 million, respectively. Capitalization rate used in determining the amount of interest charges qualified for capitalization is 6.53%, 3.79%, and 4.91% in 2023, 2022 and 2021, respectively.

The reconciliation of the unamortized loans issue costs is presented below.

	2023	2022	2021
Balance at beginning of year	**P 153,325,001**	P 151,754,133	P 106,676,331
Additions	**193,977,000**	75,000,000	120,000,000
Amortization	**(104,607,336)**	(73,429,132)	(74,922,198)
Balance at end of year	**P 242,694,665**	P 153,325,001	P 151,754,133

The amortization of loans issue costs is recognized as part of Interest expense under Interest and Other Charges account in the statements of income (see Note 21).

14. BONDS AND NOTES PAYABLE

The details of bonds and notes payable with maturities of more than one year are discussed below and in the succeeding page.

	2023	2022
Philippine Peso	**P 11,997,992,546**	P 11,989,962,729
U.S. Dollar	**19,116,598,705**	33,249,112,781
	P 31,114,591,251	P 45,239,075,510

The current and non-current classification of the Company's Bonds and Notes Payable is shown below.

	2023	2022
Current	**P 11,997,992,546**	P 14,026,453,110
Non-current	**19,116,598,705**	31,212,622,400
	P 31,114,591,251	P 45,239,075,510

(a) U.S. Dollar, ten-year bonds due 2023

On April 17, 2013, the Company issued ten-year term bonds totalling U.S. $250 million. The bond carries a coupon rate of 4.25% per annum and interest is payable semi-annually in arrears every April 17 and October 17. The proceeds of the bond issuance are being used by the Company for general corporate purposes. The bonds are listed in the Singapore Exchange Securities Trading Limited (SGX-ST). In 2023, the Company has paid in full its outstanding balance.

(b) Philippine Peso, seven-year bonds due 2024

On March 28, 2017, the Company issued seven-year term bonds totalling P12.0 billion. The bonds carry a coupon rate of 5.35% payable semi-annually in arrears every March 28 and September 28. The bonds shall mature on March 28, 2024. The bonds are listed in the Philippine Dealing & Exchange Corp.

(c) U.S. Dollar, seven-year senior unsecured notes due 2027

On July 30, 2020, the Company issued seven-year senior unsecured notes totalling to U.S. $350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes shall mature July 30, 2027. The notes are listed in the SGX-ST.

The Company is required to maintain certain financial ratios to comply with its debt covenants on its bonds. These include maintaining a minimum debt to equity ratio, current ratio and debt service coverage ratio. The Company has complied with bond covenants at the end of the reporting periods.

Total interest incurred on these bonds amounted to P1,692.7 million, P2,139.4 million, and P1,983.9 million in 2023, 2022 and 2021, respectively. Of these amounts, portion charged as expense is presented as part of Interest expense under Interest and Other Charges account in the statements of income (see Note 21). The outstanding interest payable as at December 31, 2023 and 2022 is presented as part of Accrued interest payable under Trade and Other Payables account in the statements of financial position (see Note 15). Unrealized foreign currency gain in relation to these foreign bonds are presented as part of Foreign currency gain – net under Interest and Other Income account in the statements of income (see Note 20).

Interest capitalized amounted to P642.3 million, P840.2 million and P799.4 million in 2023, 2022 and 2021, respectively. Capitalization rate used in determining the amount of interest charges qualified for capitalization is 2.98% in 2023 and 3.89% in 2022.

The reconciliation of the unamortized bonds and notes issue costs is presented below.

	2023	2022	2021
Balance at beginning of year	**P 367,603,203**	P 457,320,770	P 538,744,014
Amortization	**(95,763,174)**	(89,717,567)	(81,423,244)
Balance at end of year	**P 271,840,029**	P 367,603,203	P 457,320,770

The amortization of bonds and notes issue costs is recognized as part of Interest expense under Interest and Other Charges account in the statements of income (see Note 21).

15. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2023**	2022
Trade payables		**P 2,563,996,454**	P 3,225,361,551
Retention payable		**2,752,331,488**	2,614,440,523
Refund liability		**1,058,674,250**	1,010,881,978
Accrued interest payable	13, 14	**869,911,072**	759,585,818
Others		**16,240,211**	17,632,343
		P 7,261,153,475	P 7,627,902,213

Trade payables mainly represent obligations to contractors for the development of the Company's projects.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are remitted back to the contractors. The non-current portion of Retention payable is presented under Other Non-Current Liabilities in the statements of financial position (see Note 16).

Refund liability pertains to amounts payable to customers due to sales cancellation in respect of installment sales contracts as covered by R.A. No. 6552, *Realty Installment Buyer Protection Act,* otherwise known as the Maceda Law. Refer to losses on back-out sales in Note 21.

Others consist primarily of withholding taxes payable and accrual of salaries and wages.

16. OTHER LIABILITIES

This account consists of:

	Notes	2023	2022
Current:			
Deferred rental income		**P 2,645,645,004**	P 2,457,743,453
Commission payable	24.2	**1,235,019,760**	1,171,173,031
Lease liabilities	10, 24.2	**238,458,182**	181,046,439
Subscription payable	8.4	**-**	1,114,665,008
		4,119,122,946	4,924,627,931
Non-current:			
Deferred rental income	24.1	**2,582,050,948**	2,514,942,282
Retention payables	15	**1,458,968,829**	1,492,746,257
Lease liabilities	10, 24.2	**1,384,161,045**	1,510,025,531
		5,425,180,822	5,517,714,070
		P 9,544,303,768	P10,442,342,001

Deferred rental income refers to the rental payments advanced by the lessee at the inception of the lease which will be applied to the remaining payments at the end of the lease term.

Total cash outflows relating to lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

	Notes	2023	2022
Principal of lease liabilities		**P 90,997,252**	P 35,619,262
Interest of lease liabilities	21	**82,911,108**	81,816,147
	33	**P 173,908,360**	P 117,435,409

The maturity analysis of lease liabilities as at December 31, 2023 and 2022 is as follows:

	Lease Payment	Finance Charges	Net Present Value
2023			
Within one year	P 315,148,068	(P 76,689,886)	P 238,458,182
After one year but not more than two years	219,292,187	(69,192,550)	150,099,637
After two years but not more than three years	218,092,275	(61,318,202)	156,774,073
After three years but not more than four years	219,270,482	(53,237,669)	166,032,813
After four years but not more than five years	228,188,489	(44,287,938)	183,900,551
More than five years	971,290,465	(243,936,494)	727,353,971
	P 2,171,281,966	**(P 548,662,739)**	**P 1,622,619,227**

	Lease Payment	Finance Charges	Net Present Value
2022			
Within one year	P 263,597,630	(P 82,551,191)	P 181,046,439
After one year but not more than two years	209,604,005	(75,931,118)	133,672,887
After two years but not more than three years	210,367,047	(68,926,565)	141,440,482
After three years but not more than four years	218,379,071	(61,358,065)	157,021,006
After four years but not more than five years	219,578,787	(53,263,582)	166,315,205
More than five years	1,199,810,380	(288,234,429)	911,575,951
	P 2,321,336,920	(P 630,264,950)	P 1,691,071,970

The Company has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

In 2023, 2022 and 2021, the expenses relating to short term leases amounted to P76.7 million, P64.3 million, and P40.1 million, respectively, and is presented as Rent under Operating Expenses under Cost and Expenses in the statements of income (see Note 19).

17. REAL ESTATE SALES

17.1 Real Estate Sales

The Company derives its revenues from contracts with customers through sale of real properties. The breakdown of revenue from real estate sales as reported in the statements of income is as follows:

	2023	2022	2021
Types of products:			
Residential and office development	**P 20,065,071,102**	P 16,210,016,493	P 15,989,503,383
Lots only	**1,622,814,430**	1,249,107,697	945,366,662
	P 21,687,885,532	P 17,459,124,190	P 16,934,870,045

17.2 Contract Accounts

The current and non-current classification of the Company's Contract Assets account as presented in the statements of financial position is shown below.

	2023	2022
Current	**P 5,003,004,804**	P 4,818,064,482
Non-current	**4,622,587,958**	2,308,718,513
	P 9,625,592,762	P 7,126,782,995

The current and non-current classification of the Company's Contract Liabilities account as presented in the statements of financial position is shown below.

	2023	2022
Current	P 652,443,584	P 1,006,157,006
Non-current	1,523,999,939	1,811,447,741
	P 2,176,443,523	P 2,817,604,747

The significant changes in the contract assets and contract liabilities balances for 2023 and 2022 are as follows:

	2023		2022	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
Balance at beginning of year	P 7,126,782,995	P 2,817,604,747	P 9,251,463,579	P 2,322,054,852
Transfers from contract assets recognized at the beginning of year to accounts receivables	(3,096,868,939)	-	(6,724,447,141)	-
Increase due to satisfaction of performance obligation over time, net of cash collection	5,595,678,706	-	4,599,766,557	-
Revenue recognized that was included in contract liability at the beginning of year	-	(1,186,564,293)	-	(1,496,317,303)
Increase due to cash received in excess of performance to date	-	545,403,069	-	1,991,867,198
Balance at end of year	P 9,625,592,762	P 2,176,443,523	P 7,126,782,995	P 2,817,604,747

The outstanding balance of trade receivables arising from real estate sales, presented as part of Trade receivables presented under Trade and Other Receivables account in the statements of financial position, amounted to P17.6 billion and P13.7 billion as of December 31, 2023 and 2022, respectively (see Note 5).

17.3 Direct Contract Cost

The Company incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets, and Other Non-current Assets accounts in the statements of financial position (see Note 12). These are amortized over the expected construction period on the same basis as how the Company measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization for 2023, 2022 and 2021 is presented as part of Commission under Operating Expenses (see Note 19).

The movement in balances of deferred commission in 2023 and 2022 is presented below (see Note 12):

	2023	2022
Balance at beginning of year	P 786,267,143	P 768,414,287
Additional capitalized cost	911,816,405	803,584,256
Amortization for the year	(849,486,436)	(466,001,597)
Reversal due to back-out	(206,166,913)	(319,729,803)
Balance at end of year	P 642,430,199	P 786,267,143

17.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2023 and 2022 amounted to P11.6 billion and P18.6 billion, respectively, which the Company expects to recognize as revenue in the following manner:

	2023	2022
Within a year	**P 8,637,499,729**	P 9,610,149,253
More than one year to five years	**2,931,696,656**	9,000,164,512
	P11,569,196,385	P 18,610,313,765

18. COST OF REAL ESTATE SALES

The nature of the cost of real estate sales are as follows:

	2023	2022	2021
Contracted services	**P 9,001,292,313**	P 7,061,139,977	P 7,299,889,422
Land cost	**1,199,115,195**	900,033,108	903,571,709
Borrowing cost	**257,077,209**	252,678,021	314,014,996
	P 10,457,484,717	P 8,213,851,106	P 8,517,476,127

19. OPERATING EXPENSES

Presented below are the details of this account.

	Notes	**2023**	2022	2021
Depreciation and amortization	9, 10	**P 2,527,410,317**	P 2,277,782,696	P 2,489,328,151
Professional fees and outside services		**1,708,400,534**	1,265,065,977	1,034,155,042
Salaries and employee benefits	22.1	**1,000,660,240**	948,186,698	832,655,646
Commission	17.3, 24.2	**923,747,868**	844,822,618	769,469,109
Taxes and licenses		**519,867,595**	513,495,809	631,209,344
Association dues		**242,894,385**	225,679,548	184,450,806
Utilities		**143,734,513**	104,430,635	82,757,415
Donation		**104,414,422**	100,524,798	149,571,975
Advertising and promotions		**78,045,232**	54,141,434	68,801,666
Rent	16, 28.2	**76,701,954**	64,264,762	40,085,612
Transportation		**62,440,182**	23,400,245	11,672,364
Miscellaneous		**220,329,096**	150,651,512	189,634,184
		P 7,608,646,338	P 6,572,446,732	P 6,483,791,314

20. INTEREST AND OTHER INCOME

Presented below are the details of this account.

	Notes	2023	2022	2021
Gain on property-for-share swap	8.2, 9	**P 3,453,545,900**	P -	P 38,979,440,909
Dividend income	11, 24.7	**2,615,662,351**	2,063,883,332	737,725,598
Interest income	4, 5, 24.1 24.3	**2,212,274,255**	1,934,353,377	1,455,207,501
Foreign currency gains – net	14	**254,570,337**	-	-
Commission income		**64,106,117**	83,050,191	155,656,412
Gain on sale of investment properties	9	**-**	-	7,476,081,969
Miscellaneous – net	5	**548,266,305**	766,801,934	956,378,567
		P 9,148,425,265	P 4,848,088,834	P 49,760,490,956

Substantial portion of dividend income earned came from the Company's subsidiaries. Miscellaneous income is mainly composed of management fees earned by the Company.

21. INTEREST AND OTHER CHARGES

Presented below are the details of this account.

	Notes	2023	2022	2021
Interest expense	13, 14, 16, 22.3	**P 2,335,182,297**	P 1,936,319,470	P 1,844,475,526
Loss on sale of investment in a subsidiary	8.2	**2,022,551,180**	-	4,279,437,568
Impairment and other losses	5, 15	**1,120,756,179**	639,058,463	545,593,904
Day-one loss on trade receivables		**902,322,964**	436,019,884	418,621,609
Foreign currency losses – net	14	**-**	1,792,398,061	1,291,071,519
Miscellaneous – net		**-**	323,076	1,225,627
		P 6,380,812,620	P 4,804,118,954	P 8,380,425,753

Impairment and other losses include net losses from backout sales and impairment losses on trade receivables.

22. EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below (see Note 19).

	2023	2022	2021
Short-term benefits	**P 978,416,052**	P 906,901,107	P 786,422,362
Post-employment benefits	**18,657,959**	24,913,180	36,028,952
Employee share options	**3,586,229**	16,372,411	10,204,332
	P 1,000,660,240	P 948,186,698	P 832,655,646

22.2 Employee Share Option Plan (ESOP)

Share option benefits expense, included as part of Salaries and employee benefits under Operating Expenses account in the statements of income amounted to P3.6 million, P16.4 million and P10.2 million in 2023, 2022 and 2021, respectively (see Note 22.1) while the corresponding credit to Retained Earnings of the same amounts are presented under the Equity section in the statements of financial position (see Note 25.6).

22.3 Post-employment Defined Benefit Plan

(a) Characteristics of Defined Benefit Plan

The Company maintains a funded, tax-qualified, noncontributory post-employment benefit plan that is being administered by a trustee bank. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of 5 years of credited service. Normal retirement benefit is equal to a percentage of the employee's final monthly salary for every year of service, but shall not be less than the regulatory benefit under R.A. No. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2023 and 2022.

The amounts of retirement benefit obligation, presented as non-current liability in the statements of financial position, are determined as follows:

	2023	2022
Present value of the obligation	**P 373,451,783**	P 267,366,109
Fair value of plan assets	**(210,078,535)**	(226,869,437)
Net defined benefit liability	**P 163,373,248**	P 40,496,672

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2023	2022
Balance at beginning of year	**P 267,366,109**	P 365,261,574
Interest costs	**19,196,887**	18,299,605
Current service costs	**18,657,959**	24,913,180
Remeasurements –		
Actuarial gains		
arising from changes in:		
Financial assumptions	**134,954,340**	(87,155,951)
Experience adjustments	**(17,971,911)**	(49,594,657)
Benefits paid	**(48,751,601)**	(4,357,642)
Balance at end of year	**P 373,451,783**	P 267,366,109

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

	2023	2022
Balance at beginning of year	**P 226,869,437**	P 215,220,598
Contributions paid into the plan	**24,000,000**	24,000,000
Interest income	**16,289,226**	10,782,552
Benefits paid	**(48,751,601)**	(4,357,642)
Return (loss) on plan assets (excluding amount included in net interest cost)	**(8,328,527)**	(18,776,071)
Balance at end of year	**P 210,078,535**	P 226,869,437

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

	2023	2022
Cash and cash equivalents	**P 50.5**	P 65.3
Investment in marketable securities		
Debt securities	**129.0**	125.6
Equity securities	**30.6**	36.0
	P 210.1	P 226.9

Debt securities pertain to corporate and government securities while equity securities consist of investments in publicly listed corporations.

As of December 31, 2023 and 2022, the funds include investments in securities of the Company (see Note 24).

The carrying amount and fair value of investments in debt securities of the Company as of December 31, 2023 amounted to P99.1 million and P99.7 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P99.1 million and P98.7 million, respectively. Unrealized fair value gains on these securities as of December 31, 2023 amounted to P0.6 million while unrealized fair value losses as of December 31, 2022 amounted to P0.3 million.

The carrying amount and fair value of investments in equity securities of the Company as of December 31, 2023 amounted to P40.0 million and P30.6 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P40.0 million and P36.0 million, respectively. Unrealized fair value losses on these securities as of December 31, 2023 and December 31, 2022 amounted to P9.4 million and P 4.0 million, respectively.

The contributions to the retirement plan are made annually by the Company. The amount of contributions to the retirement plan is determined based on the expected benefit payments that the Company will incur within five years.

Actual return on plan assets was P8.0 million in 2023 while actual loss was P8.0 million in 2022.

The components of amounts recognized in profit or loss in respect of the post-employment defined benefit plan are as follows:

	Notes	2023	2022	2021
Reported in statements of income:				
Current service costs	22.1	**P 18,657,959**	P 24,913,180	P 36,028,952
Net interest costs	21	**2,907,661**	7,517,053	12,861,857
		P 21,565,620	P 32,430,233	P 48,890,809

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

	2023	2022	2021
Reported in statements of comprehensive income (loss):			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	**(P 134,954,340)**	P 87,155,951	P 76,157,457
Experience adjustments	**17,971,911**	49,594,657	154,345,941
Return (loss) on plan assets (excluding amounts included in net interest cost)	**(8,328,527)**	(18,776,071)	3,616,191
	(P 125,310,956)	P 117,974,537	P 234,119,589

Current and past service costs are presented as part of Salaries and employee benefits under Operating Expenses account in the statements of income (see Note 19). The net interest cost is presented as part of Interest expense under Interest and Other Charges account in the statements of income (see Note 21).

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

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

	2023	2022	2021
Discount rates	**6.07%**	7.18%	5.01%
Expected rate of salary increases	**3.00%**	1.00%	1.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 18 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risk Associated with the Retirement Plan

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

(i) Investment and Interest Rate Risks

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

(ii) Longevity and Salary Risks

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

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategies, and the timing and uncertainty of future cash flows related to the retirement plan are as follows:

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined post-employment benefit obligation as at:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2023			
Discount rate	**0.50%**	**(P 29,830,305)**	**P 26,796,350**
Salary increase rate	**1.00%**	**61,071,193**	**(51,443,920)**
December 31, 2022			
Discount rate	0.50%	(P 17,238,940)	P 15,830,305
Salary increase rate	1.00%	36,559,834	(31,221,543)

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

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

(ii) Asset-liability Matching Strategies

The Company, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

(iii) Funding Arrangements and Expected Contributions

The Company's objective is to maintain a level of funding sufficient to cover the projected retirement benefit obligation. While there is no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 18 years' time when a significant number of employees is expected to retire.

The Company expects to make contributions of P24.0 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan as at December 31 are as follows:

	2023	2022
Within one year	**P 3,721,587**	P 8,100,466
More than one year to five years	**15,102,451**	65,130,103
More than five years to 10 years	**190,982,584**	169,587,354
More than 10 years to 15 years	**401,152,534**	319,760,493
More than 15 years to 20 years	**667,373,388**	398,030,750
More than 20 years	**2,212,208,114**	1,428,288,604
	P 3,490,540,658	P 2,388,897,770

The weighted average duration of the defined benefit obligation at the end of the reporting period is 18 years.

23. TAXES

23.1 Current and Deferred Tax

The components of tax expense as reported in the statements of income and statements of comprehensive income are as follows:

	2023	2022	2021
Reported in statements of income:			
Current tax expense:			
RCIT at 25% and 30%	**P 459,590,627**	P 1,943,630,920	P 454,825,697
Final tax at 20% and 15%	**63,666,067**	36,985,310	21,246,877
	523,256,694	1,980,616,230	476,072,574
Adjustment in 2020 income taxes due to change in income tax rate	**-**	-	(127,016,343)
	523,256,694	1,980,616,230	349,056,231
Deferred tax expense relating to:			
Origination and reversal of temporary differences	**1,909,100,510**	230,137,883	1,099,377,298
Effect of change in income tax rate	**-**	-	(1,077,904,629)
	1,909,100,510	230,137,883	21,472,669
	P 2,432,357,204	P 2,210,754,113	P 370,528,900
Reported in statements of comprehensive income:			
Deferred tax expense (income) relating to origination and reversal of temporary difference	**(P 31,327,739)**	P 29,493,634	P 58,529,897
Effect of change in income tax rate	**-**	-	(12,999,059)
	(P 31,327,739)	P 29,493,634	P 45,530,838

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of income is as follows:

	2023	2022	2021
Tax on pretax profit at 25% and 30%	**P 4,547,008,216**	P 3,258,968,692	P 13,303,673,827
Adjustment for income subjected to lower income tax rates	**(24,037,874)**	(14,004,939)	(5,701,437)
Effect of change in income tax rate	**-**	-	(1,204,920,972)
Tax effects of:			
Non-taxable income	**(882,228,909)**	(683,876,591)	(174,579,605)
Non-taxable gain on property-for-share swap	**(863,386,475)**	-	(11,613,880,720)
Dividend income	**(653,915,588)**	(515,970,833)	(184,431,400)
Non-deductible interest expense	**17,540,788**	10,198,050	-
Taxable gain on redemption of perpetual capital securities	**-**	-	121,064,359
Deductible interest on perpetual bonds	**-**	-	(61,146,254)
Other non-deductible expenses	**291,377,046**	155,439,734	190,451,102
	P 2,432,357,204	P 2,210,754,113	P 370,528,900

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

	2023	2022
Capitalized interest	**P 4,490,483,697**	P 3,991,178,608
Uncollected gross profit from real estate sales	**2,786,980,807**	2,864,226,147
Difference between tax reporting base and financial reporting base of rental income	**952,758,830**	948,395,942
Unrealized foreign currency losses	**(620,479,657)**	(1,533,953,600)
Bond issuance cost	**114,788,964**	124,819,699
Share options	**(55,890,441)**	(54,993,884)
Retirement benefit obligation	**(49,268,312)**	(20,699,168)
Allowance for ECL	**(31,720,389)**	(40,920,506)
Deferred commission	**20,697,116**	59,098,463
Difference between tax reporting base and financial reporting base of rent expense	**(4,885,685)**	(24,382,467)
	P 7,603,464,929	P 6,312,769,234

Deferred tax expense (income) in relation to retirement benefit obligation recognized in other comprehensive income amounted to P31.3 million, P29.5 million, and P45.5 million in 2023, 2022 and 2021, respectively.

The Company is subject to the MCIT which is computed at 1.5% in 2023 and 1% in 2022 of gross income, net of allowable deductions, as defined under the tax regulations, or to RCIT, whichever is higher.

No MCIT was reported in 2023, 2022 and 2021 since the RCIT was higher than MCIT in those years. In 2023, 2022 and 2021, the Company opted to continue claiming itemized deductions in computing for its income tax due.

23.2 Supplementary Information Required by the Bureau of Internal Revenue

The BIR issued Revenue Regulations (RR) 15-2010 which require certain information to be disclosed as part of the notes to financial statements. The Company, however, decided to present this tax information required by the BIR in a supplementary schedule filed separately from the basic financial statements.

24. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, subsidiaries, associates, other related parties under common ownership, the Company's key management personnel, its funded post-employment benefit plan and others as described in the succeeding page.

The summary of the Company's transactions with its related parties as of and for the years ended December 31, 2023, 2022 and 2021 are as follows:

Related Party Category	Notes	Amount of Transaction 2023	2022	2021	Outstanding Balance 2023	2022
Parent Company:						
Dividends declared	24.8	**(P 952,897,327)**	(P 887,481,897)	(P 609,361,023)	**P -**	P -
Dividend income	24.7	**5,290,470**	6,701,262	1,545,290	**5,290,470**	-
Acquisition of PCMI shares	8.4	**-**	-	2,000,000,250	**-**	-
Subsidiaries:						
Granting of advances	24.3	**87,904,889**	2,540,747,237	(2,677,737,160)	**18,912,626,202**	18,824,721,313
Dividend income	24.7	**2,610,371,881**	2,057,182,070	736,180,308	**-**	-
Interest income	24.3	**919,703,277**	1,022,867,564	954,855,173	**-**	-
Obtaining services	24.2	**1,265,858,253**	952,157,277	659,576,481	**765,189,933**	528,539,947
Rendering of services	24.1	**634,745,390**	690,072,253	668,258,782	**110,641,502**	26,788,928
Availment of advances	24.4	**183,223,391**	159,220,862	4,412,686,710	**(5,470,528,765)**	(5,287,305,374)
Dividends declared	24.8	**-**	(25,814,158)	(17,862,852)	**-**	-
Property-for-share swap	9	**5,274,000,000**	-	49,202,440,620	**-**	-
Sale of real properties	9	**-**	-	9,116,000,000	**-**	-
Security deposit received	24.1	**-**	-	55,000,000	**-**	-
Interest paid	24.8	**-**	-	(92,621,577)	**-**	-
Associates:						
Granting of advances	24.3	**383,639**	155,104	2,252,793	**1,010,276,576**	1,009,892,937
Subscription payable	8.2, 16	**(1,114,665,008)**	-	-	**-**	1,114,665,008
Rendering of services	24.1	**-**	-	7,161,534	**-**	-
Interest income	24.3	**-**	-	787,470	**-**	-
Related parties Under Common Ownership:						
Granting of advances	24.3	**(107,649,569)**	13,006,493	192,301,459	**400,357,541**	508,007,110
Rendering of services	24.1	**6,156,528**	6,156,528	9,910,995	**5,068,560**	1,770,429
Availment of advances	24.4	**-**	-	2,740,537	**-**	-
Reimbursement of construction costs	24.1	**-**	-	-	**-**	3,056,180,769
Key Management Personnel –						
Compensation	24.5	**187,226,823**	173,865,430	146,914,975	**-**	-
Retirement plan						
Investments in equity and debt securities	22.3(b)	**-**	-	-	**130,220,510**	134,696,111

None of the entities under the Company is a joint venture. The Company is not subject to joint control and none of its related parties exercise control nor significant influence over it.

24.1 Real Estate Sales and Rendering of Services to Related Parties

The Company renders services to its related parties on a cost-plus basis, allowing a certain margin agreed upon by the parties at arm's length. The summary of services offered by the Company is presented below.

	Amount of Transactions 2023	2022	2021
Real estate sales and lease of properties	**P 233,883,127**	P 193,780,968	P 164,966,704
Management services	**407,018,791**	502,448,315	513,203,073
	P 640,901,919	P 696,229,283	P 678,169,777

The Company leases some of its investment properties to its subsidiaries, associates and other related parties under common ownership with rental payments generally agreed before commencement of the lease. The leases have terms ranging from one to twenty-five years, with renewal options, and include annual escalation rates of 3% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental Income in the statements of income. The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5).

The Company also handles administrative functions of various related parties for a fixed consideration. The amount of revenue earned from such transaction is recorded as part of Miscellaneous under Interest and Other Income account in the statements of income (see Note 20), while the outstanding balances, which are collectible on demand, unsecured and non-interest bearing, are recorded as part of Others under Trade and Other Receivables account in the statements of financial position (see Note 5).

In 2018, the Company agreed with a related party under common ownership to turn over a certain property under terms that the related party will reimburse the construction cost incurred by the Company amounting to P4.0 billion (see Note 9). The outstanding balance, which is collectible on demand, interest-bearing and unsecured, amounted to P3.1 billion as of both December 31, 2023 and 2022, and is presented under non-current Other Trade Receivables in the statements of financial position (see Note 5). The interest income earned and received by the Company amounted to P101.6 million, P101.6 million and P164.2 million in 2023, 2022 and 2021, respectively, and is presented as part of Interest income under Interest and Other Income account in the statements of income (see Note 20).

In 2021, the Company entered into a land lease agreement with MREIT over the land on which the latter's investment properties stood for a period of 25 years, renewable for another 25 years, at the option of the MREIT, on terms and conditions mutually acceptable to the parties. As consideration for the land lease, MREIT shall pay the Company rent equivalent to: (a) 2.5% of gross rental income for office, retail and commercial properties for the period July 1, 2023 and until June 30, 2025, and 5% thereafter; and, (b) 1.5% of gross rental income for hotel properties for the period July 1, 2023 and until June 30, 2025, and 3% thereafter. The rental income arising from this transaction amounted to P40.1 million and is presented as part of Rental Income in the 2023 statements of income (see Note 9).

Deposit received by the Company from the land lease agreement was presented as Deferred rental income under Other Non-current Liabilities in the 2021 statement of financial position. This deposit will be refunded at the end of the lease term at its face value amounting to P55.0 million (see Note 16).

There were no impairment losses recognized on its receivables from related parties.

24.2 Obtaining of Services and Lease of Properties from Related Parties

Certain subsidiaries act as real estate agents for the Company in exchange for commission. Commission expense is recorded as part of Commission under Operating Expenses account in the statements of income while the outstanding balances are presented as part of Commission payable under Other Current Liabilities account in the statements of financial position (see Notes 16 and 19). Certain amount of these commission expenses are capitalized and is presented as part Deferred commission under Prepayment and Other Current Assets and Other Non-current Assets in the statements of financial position (see Note 12).

The Company entered into lease agreements with certain subsidiaries for lease of land, offices, and hotel property for periods ranging from three to twenty-five years. The Company recognized right-of-use assets and lease liabilities for these lease agreements (see Notes 10 and 16). In relation to this, the Company incurred depreciation expense amounting to P68.6 million, P50.2 million and P28.0 million in 2023, 2022 and 2021, respectively. The Company also incurred interest expense amounting to P75.6 million, P73.6 million and P41.3 million in 2023, 2022 and 2021, respectively. The depreciation expense and interest expense are presented as part of Operating Expenses account and Interest expense under Interest and Other Charges account, respectively, in the statements of income (see Notes 19 and 21).

24.3 Advances to Subsidiaries, Associates and Other Related Parties

Certain subsidiaries, associates and other related parties under common ownership are granted interest-bearing, unsecured advances by the Company with no definite repayment terms for working capital purposes. These are generally collectible in cash on demand, or through offsetting arrangements with the related parties. The outstanding balances of Advances to Subsidiaries, Associates and Other Related Parties shown as part of Trade and Other Receivables account in the statements of financial position (see Note 5) is presented below.

	2023	2022
Advances to subsidiaries	**P 18,912,626,202**	P 18,824,721,313
Advances to associates	**1,010,276,576**	1,009,892,937
Advances to other related parties under common ownership	**400,357,541**	508,007,110
	P20,323,260,319	P 20,342,621,360

An analysis of movements of advances to subsidiaries, associates and other related parties are as follows:

	2023	2022
Balance at beginning of year	**P20,342,621,360**	P 17,788,712,525
Advances granted	**1,831,974,075**	2,867,436,301
Advances collected	**(1,851,335,116)**	(313,527,466)
Balance at end of year	**P20,323,260,319**	P 20,342,621,360

Advances to other related parties pertain to advances granted to entities under common ownership of the parent company. No impairment losses on the advances to subsidiaries, associates and other related parties were recognized in 2023, 2022 and 2021 based on management's assessment. Interest earned arising from these transactions are presented as part of Interest income under Interest and Other Income account in the statements of income (see Note 20).

24.4 Advances from Subsidiaries

Certain expenses of the Company are paid by other related parties on behalf of the former. The advances are noninterest-bearing, unsecured and with no repayment terms and are generally payable in cash on demand, or through offsetting arrangements with the related parties.

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Advances from subsidiaries under Current Liabilities Section account in the statements of financial position.

An analysis of movements of advances from related parties is as follows:

	2023	2022
Balance at beginning of year	**P 5,287,305,374**	P 5,128,084,511
Advances obtained	**379,209,676**	163,081,876
Advances paid	**(195,986,285)**	(3,861,013)
Balance at end of year	**P 5,470,528,765**	P 5,287,305,374

24.5 Key Management Personnel Compensation

The Company's key management personnel compensations include the following:

	2023	2022	2021
Short-term benefits	**P 175,677,601**	P 147,711,367	P 125,122,298
Post-employment benefit	**7,962,994**	9,781,652	11,588,345
Employee share options	**3,586,228**	16,372,411	10,204,332
	P 187,226,823	P 173,865,430	P 146,914,975

24.6 Retirement Fund

The Company has a formal retirement plan established separately from the Company. The Company's retirement fund for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as at December 31, 2023 and 2022 are presented in Note 22.3.

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

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

The details of the contributions of the Company to the plan are also presented in Note 22.3.

24.7 Dividend Income

The Company earned cash dividends from its related parties as follows:

	2023	2022	2021
MREIT	**P1,603,742,455**	P 1,531,560,754	P 377,347,891
MCTI	**308,005,688**	-	-
LFI	**200,010,000**	133,339,426	66,668,900
ECOC	**199,993,212**	392,281,890	292,163,517
SMI	**156,800,000**	-	-
GERI	**102,055,816**	-	-
PHRI	**31,764,710**	-	-
GOHGI	**8,000,000**	-	-
AGI	**5,290,470**	6,701,262	1,545,290
	P 2,615,662,351	P 2,063,883,332	P 737,725,598

Dividend income is presented under Interest and Other Income account in the statements of income (see Note 20).

24.8 Dividends Declared and Interest Paid to Related Parties

The Company declared and paid cash dividends to the Parent Company and to a certain subsidiary of the Company, which holds a certain number of Company's shares, amounting to P1.0 billion, P0.9 billion and P0.6 billion in 2023, 2022 and 2021, respectively.

In 2021, the Company distributed interest payments amounting to P92.6 million to a certain subsidiary, which held the Company's perpetual capital securities prior to its cancellation. There was no similar transaction in 2023 and 2022.

25. EQUITY

Capital stock consists of:

	Shares			**Amount**		
	2023	2022	2021	**2023**	2022	2021
Preferred shares Series "A"- P0.01 par value						
Authorized	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Issued and outstanding	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Common shares – P1 par value						
Authorized	**40,140,000,000**	40,140,000,000	40,140,000,000	**P 40,140,000,000**	P 40,140,000,000	P 40,140,000,000
Issued	**32,370,865,872**	32,370,865,872	32,370,865,872	**P 32,370,865,872**	P 32,370,865,872	P 32,370,865,872
Treasury shares:						
Balance at beginning of year	**(885,626,000)**	(513,795,000)	(471,552,000)	**(2,184,059,395)**	(1,268,862,277)	(1,111,874,917)
Acquisitions during the year	**(301,988,000)**	(372,831,000)	(42,243,000)	**(668,595,880)**	(916,099,229)	(156,987,360)
Issuances during the year	**-**	1,000,000	-	**-**	902,111	-
Balance at end of year	**(1,187,614,000)**	(885,626,000)	(513,795,000)	**(2,852,655,275)**	(2,184,059,395)	(1,268,862,277)
Issued and outstanding	**31,183,251,872**	31,485,239,872	31,857,070,872	**P 29,518,210,597**	P 30,186,806,477	P 31,102,003,595
Total issued and outstanding shares	**31,183,251,872**	31,485,239,872	31,857,070,872	**P 29,578,210,597**	P 30,246,806,477	P 31,162,003,595

On June 15, 1994, the SEC approved the listing of the Company's shares totalling 140,333,333. The shares were initially issued at an offer price of P4.80 per share. As at December 31, 2023, there are 2,379 holders of the listed shares, which closed at P1.97 per share as of that date.

The following also illustrates the additional listings made by the Company: May 23, 1996 – 1.6 billion; January 8, 1997 – 2.1 billion; November 23, 1998 – 2.0 billion; August 19, 1999 – 3.0 billion; October 12, 2005 – 5.5 billion; November 21, 2006 – 10.0 billion; and July 17, 2007 – 3.9 billion and 2012 – 3 .1 billion shares. The Company also listed 700.0 million shares in 2013, 300.0 million shares in 2014, 8.0 million shares in 2015. There were no additional issuances in the succeeding years.

25.1 Preferred Shares Series "A"

The preferred shares are cumulative, non-participating, non-convertible and non-redeemable with a par value of P0.01 per share. The shares earn dividends at 1.0% of par value per annum cumulative from date of issue. Dividends declared on cumulative preferred shares amounted to P0.6 million in 2023, 2022, and 2021 (see Note 25.4).

25.2 Common Shares

On May 23, 2013, the Company's BOD approved a P10.0 billion increase in authorized capital stock (ACS) consisting of 10 billion shares with par value of P1.0 per share. On November 20, 2013, the SEC approved the P10.0 billion increase in ACS, of which 2.5 billion shares were subscribed and paid by the Parent Company at a price of P4.29 per share for a total subscription price of P10.7 billion.

In 2009, 5,127,556,725 common shares were subscribed and issued through pre-emptive share rights offering. Moreover, shareholders were given four additional share warrants for every five share rights subscribed. For every share warrant, shareholders can avail of one common share at P1.00 per share.

Relative to the share subscription, 4,102,045,364 share warrants were issued of which 4,101,662,246 warrants were exercised while the remaining 383,118 have expired.

25.3 Additional Paid-in Capital

The APIC pertains to the excess of the total proceeds received from the Company's shareholders over the total par value of the common shares. There were no movements in the Company's APIC accounts in 2023 and 2021. In 2022, APIC amounting to P1.9 million was recognized by the Company from the exercise of 1,000,000 stock options.

25.4 Cash Dividends

The details of the Company's cash dividend declarations, both for preferred and common shares, are as follows:

	2023	2022	2021
Declaration date/approved by BOD	**October 13, 2023**	October 17, 2022	November 10, 2021
Date of record	**October 27, 2023**	October 31, 2022	November 24, 2021
Date of payment	**November 14, 2023**	November 14, 2022	December 10, 2021
Amounts declared			
Common	**P 2,057,959,600**	P 1,936,322,105	P 1,355,083,689
Preferred	**600,000**	600,000	600,000
	P 2,058,559,600	P 1,936,922,105	P 1,355,683,689
Dividends per share:			
Common	**P 0.07**	P 0.06	P 0.04
Preferred	**P 0.01**	P 0.01	P 0.01

25.5 Treasury Shares

In 2008, the Company's BOD approved the buy-back of up to P2.0 billion worth of common shares in the open market at prevailing market prices. The share buy-back program is made through the trading facilities of the PSE and the funds used for the buy-back were taken from internally-generated funds. As at December 31, 2023 and 2022, the Company has reacquired 302.0 million and 371.8 million shares costing P668.6 million and P916.1 million, respectively.

In 2022, the Company has reissued 1,000,000 treasury shares as a result of exercise of the same number of stock options (see Note 25.6). There was no similar transaction in 2023 and 2021.

Portion of the Company's retained earnings is restricted up to the cost of treasury shares at the end of each reporting period.

25.6 ESOP

In 2012, the Company's BOD approved and the shareholders adopted an ESOP for the Company's key executive officers.

The options shall generally vest on the 60th birthday of the option holder and may be exercised up to five years from the date of vesting of the Options. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2012, the Company granted share options to certain key executives to subscribe to 235 million common shares of the Company, at an exercise price of P1.77 per share.

In 2013, additional share options were granted to certain key executives to subscribe to 20 million common shares of the Company at an exercise price of P2.33 per share. Additional 40 million share options were granted in 2014 at an average exercise price of P3.00 per share. In 2022, additional 10 million share options were granted at an exercise price of P1.77. There were no additional share options granted in 2023 and 2021.

In 2023 and 2021, 10.0 million and 15.0 million share options were forfeited due to resignation of certain key executive officers, respectively. There was no forfeiture due to resignation in 2022.

A total of 25.0 million, 10.0 million and 10.0 million share options have vested in 2023, 2022 and 2021, respectively.

A total of 1.0 million share options were exercised at a price of P1.77 per share in 2022. There was no similar transaction in 2023 and 2021.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following aggregated principal assumptions were used in the valuation:

Option life	6.08 to 30.17 years
Share price at grant date	P2.54 to P 4.08
Exercise price at grant date	P1.77 to P3.23
Fair value at grant date	P0.98 to P2.15
Average standard deviation of share price return	10.98 %
Average dividend yield	0.82 %
Average risk-free investment rate	3.93 %

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

A total of P3.6 million, P16.4 million and P10.2 million share-based executive compensation is recognized in 2023, 2022 and 2021, respectively, and presented as part of Salaries and employee benefits under Operating Expenses account in the statements of income, with a corresponding credit to Retained Earnings account in the statements of financial position (see Note 22.2).

25.7 Perpetual Capital Securities

On April 11, 2018, the Company issued bonds amounting U.S. $200.0 million. The bonds were issued with a nominal interest of 5.375% per annum and interest is payable semi-annually in arrears every April 11 and October 11. The bonds are currently listed in SGX-ST. The financial instruments are treated as equity securities. The bonds may be voluntarily redeemed by the Company on April 11, 2023 or on any distribution date thereafter [see Note 3.1(j)].

In 2021, the Company fully redeemed the perpetual capital securities for P9.8 billion resulting in a gain on redemption amounting to P484.3 million. The gain was directly credited to the retained earnings as presented in the 2021 statement of changes in equity.

The Company distributed payments to holders of perpetual capital securities amounting to P244.6 million in 2021, respectively (nil in 2023 and 2022).

25.8 Revaluation Reserves

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

	Financial Assets at FVOCI (Note 11)	Retirement Benefit Obligation (Note 22)	Cross Currency Swaps (Note 27)	Total
Balance as of January 1, 2023	(P 1,209,330,958)	P 459,056,485	P 37,604,712	(P 712,669,761)
Remeasurements of retirement benefit post-employment obligation	-	(125,310,956)	-	(125,310,956)
Fair value gain on FVOCI	111,802,819	-	-	111,802,818
Fair value gain on cash flow hedge		-	(34,246,151)	(34,246,151)
Other comprehensive income (loss) before tax	111,802,819	(125,310,956)	(34,246,151)	(47,754,289)
Tax expense	-	31,327,739	-	31,327,739
Other comprehensive income (loss) after tax	111,802,819	(93,983,217)	(34,246,151)	16,426,549
Balance as of December 31, 2023	**(P1,097,528,139)**	**P 365,073,268**	**P 3,358,561**	**(P 729,096,310)**
Balance as of January 1, 2022	(P 904,352,252)	P 370,575,582	(P 53,542,477)	(P 587,319,147)
Remeasurements of retirement benefit post-employment obligation	-	117,974,537	-	117,974,537
Fair value loss on FVOCI	(304,978,706)	-	-	(304,978,706)
Fair value gain on cash flow hedge		-	91,147,189	91,147,189
Other comprehensive income (loss) before tax	(304,978,706)	117,974,537	91,147,189	95,856,980
Tax expense	-	(29,493,634)	-	(29,493,634)
Other comprehensive income (loss) after tax	(304,978,706)	88,480,903	91,147,189	(125,350,614)
Balance as of December 31, 2022	(P 1,209,330,958)	P 459,056,485	P 37,604,712	(P 712,669,761)

	Financial Assets at FVOCI (Note 11)	Retirement Benefit Obligation (Note 22)	Cross Currency Swaps (Note 27)	Total
Balance as of January 1, 2021	(P1,318,071,982)	P 181,986,831	(P 253,255,979)	(P1,389,341,130)
Remeasurements of retirement benefit post-employment obligation	-	234,119,589	-	234,119,589
Fair value gain on FVOCI	413,719,730	-	-	413,719,730
Fair value gain on cash flow hedge	-	-	199,713,502	199,713,502
Other comprehensive income before tax	413,719,730	234,119,589	199,713,502	847,552,821
Tax expense	-	(45,530,838)	-	(45,530,838)
Other comprehensive income after tax	413,719,730	188,588,751	199,713,502	802,021,983
Balance as of December 31, 2021	(P 904,352,252)	P 370,575,582	(P 53,542,477)	(P 587,319,147)

26. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2023	2022	2021
Net profit for the year	**P 15,755,675,659**	P 10,825,120,654	P 52,844,166,409
Dividends on cumulative preferred shares Series "A"	**(600,000)**	(600,000)	(600,000)
Distribution to holders of perpetual securities	**-**	-	(244,585,015)
Income available to common shareholders	**15,755,075,659**	10,824,520,654	52,598,981,394
Divided by weighted number of outstanding common shares	**31,213,820,823**	31,661,230,149	31,867,978,960
Basic EPS	**P 0.505**	P 0.342	P 1.651
Income available to common shareholders	**P 15,755,075,659**	P 10,824,520,654	P 52,598,981,394
Divided by weighted average number of outstanding common shares and potential dilutive shares	**31,221,872,683**	31,717,654,542	31,964,869,459
Diluted EPS	**P 0.505**	P 0.341	P 1.646

The potentially dilutive outstanding share options totalling 220.0 million in 2023, 232.5 million in 2022 and 233.5 million in 2021 were also considered in the computations (see Note 25.6).

27. CROSS CURRENCY SWAP ARRANGEMENT

In 2019, the Company entered into a cross currency swap agreement with a local bank. The Company shall receive U.S. $95.62 million to be paid on a quarterly basis beginning December 2020 up to September 2024 plus interest based on 3-month LIBOR plus a certain spread. The Company shall make fixed quarterly payments in Philippine pesos plus a fixed interest of 4.82% [see Note 13(b)].

The Company has designated the cross currency swaps as hedging instruments to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates.

The table below sets out information about the Company's hedging instruments and the related carrying amounts as of December 31:

	U.S. Dollar Notional Amount	Derivative Assets (Liabilities)
2023		
Cash flow hedge – Cross currency swap	**$ 17,928,858**	**P 62,038,593**
2022		
Cash flow hedge – Cross currency swap	$ 41,834,003	P 197,431,085

The hedging instruments have a positive fair value of P62.0 million and P 197.4 million in 2023 and 2022, respectively. These are presented as Derivative assets under Other Current Assets in the statement of financial position (see Note 12). The Company recognized a total of P34.2 million unrealized loss in 2023 and P91.1 million and P199.7 million unrealized gain on cash flow hedge in 2022 and 2021, respectively. These are presented as part of other comprehensive income (loss) in the statements of comprehensive income (see Note 25.8).

As of December 31, 2023, and 2022 the Company has assessed that the cross currency swaps designated as cash flow hedges will continue to be highly effective over the term of the agreement; hence, the Company expects to continuously use hedge accounting on the hedging relationship of its cross currency swaps and on its interest-bearing loans.

28. COMMITMENTS AND CONTINGENCIES

28.1 Operating Lease Commitments – Company as Lessor

The Company is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Company's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as Deferred rental income under Other Liabilities in the statements of financial position (see Note 16).

Future minimum lease receivable under these agreements as shown below.

	2023	2022	2021
Within one year	**P 12,462,032,544**	P 12,637,855,544	P 10,759,165,495
After one year but not more than two years	**16,352,056,149**	15,670,861,365	15,423,215,833
After two years but not more than three years	**18,157,438,218**	17,531,417,455	17,699,107,604
After three years but not more than four years	**19,997,013,128**	19,334,579,826	19,469,018,365
After four years but not More than five years	**21,999,575,736**	21,262,046,665	21,391,407,333
More than five years	**23,796,513,333**	23,381,059,048	23,255,017,703
	P 112,764,629,108	P 109,817,819,903	P107,996,932,333

28.2 Operating Lease Commitments – Company as Lessee

The Company is a lessee under several short-term leases covering condominium units for administrative use.

Rent expense for the year ended December 31, 2023, 2022 and 2021 amounted to P76.7 million, P64.3 million, and P40.1 million, respectively and is presented as Rent under Operating Expenses account in the statements of income (see Note 19).

28.3 Others

As at December 31, 2023 and 2022, the Company has unused long-term credit facilities amounting to P33.9 billion and P26.5 billion, respectively. There are other commitments and contingent liabilities that arise in the normal course of the operations of the Company which are not reflected in the financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on their financial statements.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has various financial instruments such as cash and cash equivalents, financial assets at FVOCI, interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Company's business operations. The financial liabilities were issued to raise funds for the Company's capital expenditures.

The Company does not actively engage in the trading of financial assets for speculative purposes.

29.1 Foreign Currency Sensitivity

Most of the Company's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Company's U.S. dollar-denominated cash and cash equivalents and bonds payable, which have been used to fund new projects and to refinance certain indebtedness for general corporate purposes.

As of December 31, 2023 and 2022, net foreign currency-denominated financial liabilities in U.S. dollar, translated into Philippine Peso at the closing rate amounted to P28.8 billion and P30.4 billion, respectively.

Management assessed that the reasonably possible change in exchange rates of Philippine Peso to U.S. dollar, based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at 68% confidence level is 5.38% and 6.29% in 2023 and 2022, respectively. If the exchange rate increased or decreased by such percentage points, the profit before tax in 2023 and 2022 would have decreased or increased by P1,547.8 million and P1,763.3 million, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions and mainly affect profit or loss of the Company. There are no material exposures on foreign exchange rate that affect the Company's other comprehensive income. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

29.2 Interest Rate Sensitivity

The Company interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Company maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets are subject to variable interest rates.

The Company's ratio of fixed to floating rate debt stood at 1.26:1.00 and 1.79:1.00 as of December 31, 2023 and 2022, respectively.

The sensitivity of the net results in 2023 and 2022 to a reasonably possible change of 1.0% in floating rates is P346.5 million and P259.1 million, respectively. The sensitivity of the equity in 2023 and 2022 to a reasonably possible change of 1.0% in floating rates is P259.9 million and P194.3 million, respectively. The calculations are based on the Company's financial instruments held at each reporting date. All other variables are held constant.

29.3 Credit Risk

The Company's credit risk is attributable to trade receivables, rental receivables, other financial assets and contract assets. The Company maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

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

	Notes	**2023**	2022
Cash and cash equivalents	4	**P 6,323,480,809**	P 9,735,088,607
Real estate sales receivables	5	**22,080,715,993**	18,764,290,773
Rental receivables	5	**3,672,104,047**	3,620,587,025
Advances to subsidiaries, associates and other related parties	5	**20,323,260,319**	20,342,621,360
Other receivables	5	**5,161,238,852**	5,038,861,432
Guarantee deposits	12	**736,602,845**	707,913,319
Contract assets	17.2	**9,625,592,762**	7,126,782,995
		P 67,922,995,627	P 65,336,145,511

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the ECL, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2023 and 2022, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company identifies headline inflation rate and consumer price index to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. The total loss allowance based on the provision matrix as at December 31, 2023 and 2022 amounted to P126.9 million and P163.7 million, respectively (see Note 5).

The Company considers credit enhancements in determining the ECL. Trade receivables and contract assets from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees.

The estimated fair value of collateral and other security enhancements held against trade receivables and contracts assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2023			
Real estate sales receivables	P 22,080,715,993	P 28,005,631,557	P -
Contract assets	10,763,301,254	31,094,442,448	-
Rental receivables	3,672,104,047	4,048,851,345	-
	P 36,516,121,294	**P63,148,925,350**	**P -**
2022			
Real estate sales receivables	P 18,764,290,773	P 24,805,261,322	P -
Contract assets	7,126,782,995	27,780,219,910	-
Rental receivables	3,620,587,025	3,885,421,619	-
	P 29,511,660,793	P 56,470,902,851	P -

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2023	2022
Current (not past due)	**P24,980,533,814**	P 21,653,240,172
Past due but not impaired:		
Not more than 3 months	**467,486,580**	513,796,362
More than 3 months but not more than 6 months	**93,903,336**	98,626,648
More than 6 months but not more than one year	**210,896,310**	119,214,616
	P25,752,820,040	P 22,384,877,798

(c) *Advances to Subsidiaries, Associates and Other Related Parties*

ECL for advances to subsidiaries, associates, and other related parties, and other trade receivables from related parties, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Company does not consider any significant risks in the advances to related parties as these are entities whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2023 and 2022, impairment allowance is not material.

(d) *Guarantee Deposits*

The credit risk for guarantee deposits is considered negligible as the Company has ongoing transactions with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

29.4 Liquidity Risk

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

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

As at December 31, 2023 and 2022, the Company's financial liabilities (except lease liabilities – see Note 16) have contractual maturities which are presented below.

	Within 1 Year	1 to 5 Years	More than 5 Years
2023			
Interest-bearing loans and borrowings*	P 17,006,033,675	P 38,295,394,870	P -
Trade and other payables	7,244,913,264	-	-
Bonds and notes payable*	14,164,524,941	24,543,746,338	-
Advances from subsidiaries	5,470,528,765	-	-
Other liabilities	1,235,019,760	1,458,968,829	-
	P 45,121,020,405	**P 64,298,110,037**	**P -**
2022			
Interest-bearing loans and borrowings*	P 11,679,349,738	P 25,145,706,184	P -
Trade and other payables	7,610,269,870	-	-
Bonds and notes payable*	15,524,839,931	35,204,540,481	-
Advances from subsidiaries	5,287,305,374	-	-
Subscription payable	1,114,665,008	-	-
Other liabilities	1,171,173,031	1,492,746,257	-
	P 42,387,602,952	P 61,842,992,922	P -

**Inclusive of future interest costs*

29.5 Other Price Risk Sensitivity

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

For equity securities listed in the Philippines, an average volatility of 5.45% has been observed during 2023. If quoted price for these securities increased or decreased by that percentage, the equity would have increased or decreased by P16.3 million in 2023. With the current operations of the investee company, there was no volatility observed during 2023 based on discounted cash flow model.

The investments in listed equity securities in 2022 are considered long-term strategic investments. In accordance with the Company's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Company's favor.

30. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Value by Category

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

	Notes	2023 Carrying Values	2023 Fair Values	2022 Carrying Values	2022 Fair Values
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	**P 6,323,480,809**	**P 6,323,480,809**	P 9,735,088,607	P 9,735,088,607
Trade and other receivables	5	**51,237,319,211**	**50,564,359,362**	47,766,360,590	48,235,071,604
Guarantee deposits	12	**736,602,845**	**736,602,845**	707,913,319	707,913,319
		P 58,297,402,865	**P 57,624,443,016**	P 58,209,362,516	P 58,678,073,530
Financial Assets					
Financial assets at fair value through other comprehensive income – Equity securities	11	**P 1,846,533,695**	**P 1,846,533,695**	P 1,734,730,876	P 1,734,730,876
Financial assets at fair value through profit or loss – Derivative Asset	12, 27	**P 62,038,593**	**P 62,038,593**	P 197,431,085	P 197,431,085
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	13	**P 49,334,799,774**	**P 48,530,015,017**	P 33,724,638,628	P 33,455,155,341
Bonds payable	14	**31,114,591,251**	**30,360,173,852**	45,239,075,510	44,796,324,832
Trade and other payables	15	**7,244,913,264**	**7,244,913,264**	7,610,269,870	7,610,269,870
Advances from subsidiaries	24.4	**5,470,528,765**	**5,470,528,765**	5,287,305,374	5,287,305,374
Lease liabilities	16	**1,622,619,227**	**1,622,619,227**	1,691,071,970	1,691,071,970
Subscription payable	16	-	-	1,114,665,008	1,114,665,008
Other liabilities	16	**2,693,988,589**	**2,693,988,589**	2,663,919,288	2,663,919,288
		P 97,481,440,870	**P 95,922,238,714**	P 97,330,945,648	P 96,618,711,683

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

30.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2023 and does not have relevant offsetting arrangements, except as disclosed in Notes 24.3 and 24.4. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Company's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

The Company has cash in certain local banks to which it has outstanding loans (see Note 13). In case of the default on loan amortization, the Company's cash in banks can be applied against its outstanding loan.

31. FAIR VALUE MEASUREMENT AND DISCLOSURE

31.1 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and t hose prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

31.2 Financial Instruments Measured at Fair Value

The following table shows the fair value hierarchy of the Company's classes of financial assets and financial liabilities measured at fair value in the statements of financial position as at December 31, 2023 and 2022 (see Notes 11 and 27).

	Level 1	Level 2	Level 3	Total
2023				
Financial asset –				
Equity securities				
FVOCI securities	P 397,843,344	P -	P1,448,690,351	P1,846,533,695
Financial Asset –				
Derivatives	P -	P 62,038,593	P -	P 62,038,593

	Level 1	Level 2	Level 3	Total
2022				
Financial asset –				
Equity securities				
FVOCI securities	P 419,710,620	P -	P1,315,020,256	P 1,734,730,876
Financial Asset –				
Derivatives	P -	P 197,431,085	P -	P 197,431,085

Described below is the information about how the fair values of the Company's classes of financial assets and financial liabilities are determined.

(a) Equity Securities

As at December 31, 2023, instruments included in Level 1 comprise equity securities classified as financial assets at FVOCI. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

In 2023 and 2022, the fair value of equity securities include in Level 3 is determined using discounted cash flows valuation technique with discount rate of 8.5% and 8.9% in 2023 and 2022, respectively, and growth rate of 3.0% and 3.0% in 2023 and 2022, respectively. The forecasted annual net cash flows were also derived by taking into consideration the market conditions, economic factors, and historical performance and future projects of the investee company.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2023 and 2022 is shown below.

	2023	2022
Balance at beginning of year	**P 1,315,020,256**	P 1,623,525,942
Fair value gains (losses)	**133,670,095**	(308,505,686)
Balance at end of year	**P 1,448,690,351**	P 1,315,020,256

The Company recognized P21.9 million fair value losses in 2023 on the Level 1 equity securities (nil in 2022). For the Level 3 equity securities, the Company recognized P133.7 million fair value gains and P308.5 million fair value losses in 2023 and 2022, respectively (see Notes 11 and 25.8).

(b) Derivatives

The fair value of derivative financial instruments, related to the cross currency swaps, is measured at inputs other than quoted prices that are indirectly observable for the financial instruments and are categorized within Level 2 (see Note 27). The fair value is determined through valuation techniques using the net present value computation. The future principal and interest receipts and payments are discounted using readily observable reference rates at the date of valuation. The resulting net present value is translated into Philippine peso using the U.S. dollar exchange rate at the date of valuation to arrive at the fair value of the derivative financial instruments.

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

The Company's financial instruments measured at amortized cost include financial assets such as cash and cash equivalents, trade and other receivables and guarantee deposits. This also include financial liabilities such as interest-bearing loans and borrowings, bonds payable, trade and other payables and advances from subsidiaries and an associate.

The fair values of the financial assets and financial liabilities are included in Level 3, which are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. Further, management considers that the carrying amounts of these financial instruments approximate their fair values as the effect of discounting is insignificant. As at December 31, 2023 and 2022, management considers that the carrying amounts of these financial instruments are equal to or approximate their fair values; hence, no fair value hierarchy is presented.

31.4 Fair Value of Investment Properties Measured at Cost for which Fair Value is Disclosed

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

As at December 31, 2023 and 2022, the fair value of the Company's investment properties is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment properties was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

There were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022. The reconciliation of the carrying amount of investment properties included in Level 3 is presented in Note 9.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using the debt-to-equity ratio computed as follows:

	2023	2022
Interest-bearing loans and borrowings	**P 49,334,799,774**	P 33,724,638,628
Bonds payable	**31,114,591,251**	45,239,075,510
Total debt	**P 80,449,391,025**	P 78,963,714,138
Total equity	**P 226,616,547,134**	P 213,600,867,275
Debt to equity ratio	**0.36: 1.00**	0.37 : 1.00

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest-bearing Loans and Borrowings (See Note 13)	**Bonds and Notes Payable** (See Note 14)	**Advances from Subsidiaries, and an Associate** (See Note 24)	**Lease Liabilities** (See Note 16)	**Total**
Balance as of January 1, 2023	P33,724,638,628	P45,239,075,510	P 5,287,305,374	P 1,691,071,970	P85,942,091,482
Net cash flows:					
Proceeds	25,669,623,000	-	379,209,676	-	26,048,832,676
Repayments	(10,311,274,509)	(13,607,000,000)	(195,986,285)	(173,908,360)	(24,288,169,154)
Non-cash financing activities:					
Translation adjustments	147,205,319	(613,247,433)	-	(1,747,320)	(467,789,434)
Additional lease liabilities	-	-	-	24,291,829	24,291,829
Amortization of debt issue cost	104,607,336	95,763,174	-	-	200,370,510
Interest amortization on lease liabilities	-	-	-	82,911,108	82,911,108
Balance as of December 31, 2023	**P49,334,799,774**	**P 31,114,591,251**	**P 5,470,528,765**	**P 1,622,619,227**	**P87,542,539,017**
Balance as of January 1, 2022	P33,490,137,471	P41,982,042,246	P 5,128,084,511	P 1,415,295,275	P82,015,559,503
Net cash flows:					
Proceeds	10,000,000,000	-	163,081,876	-	10,163,081,876
Repayments	(9,698,143,108)	-	(3,861,013)	(117,435,409)	(9,819,439,530)
Non-cash financing activities:					
Translation adjustments	(140,784,867)	1,777,067,066	-	15,035,374	1,651,317,573
Amortization of interest	-	1,390,248,631	-	-	1,390,248,631
Additional lease liabilities	-	-	-	296,360,583	296,360,583
Amortization of debt issue cost	73,429,132	89,717,567	-	-	163,146,699
Interest amortization on lease liabilities	-	-	-	81,816,147	81,816,147
Balance as of December 31, 2022	P33,724,638,628	P45,239,075,510	P 5,287,305,374	P 1,691,071,970	P85,942,091,482
Balance as of January 1, 2021	P34,422,961,200	P40,282,855,986	P 745,520,352	P 156,886,808	P75,608,224,346
Net cash flows:					
Proceeds	16,000,000,000	-	4,412,686,710	-	20,412,686,710
Repayments	(17,343,343,261)	-	(30,122,551)	(187,160,318)	(17,560,626,130)
Non-cash financing activities:					
Translation adjustments	410,519,532	1,617,763,016	-	7,789,867	2,036,072,415
Amortization of debt issue cost	-	81,423,244	-	-	81,423,244
Additional lease liabilities	-	-	-	1,388,598,770	1,388,598,770
Interest amortization on lease liabilities	-	-	-	49,180,148	49,180,148
Balance as of December 31, 2021	P33,490,137,471	P41,982,042,246	P 5,128,084,511	P 1,415,295,275	P 82,015,559,503

Exhibit 2

Reinvestment Plan and Progress Reports for 2023

C05762-2023

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

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

   Jul 27, 2023

2. SEC Identification Number

   167423

3. BIR Tax Identification No.

   000-477-103

4. Exact name of issuer as specified in its charter

   MEGAWORLD CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines
   Postal Code
   1634

8. Issuer's telephone number, including area code

   (632) 8894-6300/6400

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

   N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	31,183,251,872
Preferred	6,000,000,000

11. Indicate the item numbers reported herein

   Item 9(b)

Megaworld Corporation
MEG

PSE Disclosure Form REIT-1 - Reinvestment Plan
References: Rule 4 of the IRR of the REIT Act of 2009 and Sections 4 and 8 of the Amended PSE Listing Rules for REITS

Report Date	Jul 27, 2023

☑ InitialFiling

☐ Amend

Amendment No.:	-

Items amended by Filing
N/A

Exact Name of REIT as Specified in its Charter	MREIT, INC.
Address of Principal Office	18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue Uptown Bonifacio, Taguig City 1634
SEC Identification Number	CS202052294
BIR Identification Number	502-228-971-000
Name of REIT Corporation:	MREIT, INC.
Reinvestment Plan Period:	Jul 27, 2024

A. Income-Generating Properties Transferred by the Sponsors/Promoters to the REIT

Name of Sponsor/Promoter	Description of Property Transferred	Certificate of Title of Property	Transfer Value of the Property to the REIT
N/A	-	-	-

B. Estimated Amount of Proceeds/Money to be Realized by the Sponsors/Promoters
I. From the Subsequent Sale of REIT shares or other securities issued in exchange for income-generating real estate transferred by the Sponsors/Promoters to the REIT

Name of Sponsor/Promoter	Estimated Amount of Proceeds	
MEGAWORLD CORPORATION	3,632,200,000	

II. From the Sale of income-generating real estate to the REIT

Name of Sponsor/Promoter	Estimated Amount of Proceeds	
N/A	-	

C. The Reinvestment Projects
Description of the Real Properties/Infrastructure Projects subject of the Reinvestment Policy

Description of the Real Properties/ Infrastructure Projects	Location	Estimated Timing of Disbursement of the Money/ Proceeds for Reinvestment	Percentage of Completion as of the Date of the Reinvestment Plan	Type of Investment (Direct ownership, shareholding, etc.)	
Northwin Global City	Bulacan	Q3 2023 and Q2 2024	15%	Indirect	
Davao Park District	Davao	Q3 2023 and Q2 2024	5%	Indirect	
Bacolod Projects	Bacolod	Q3 2023 and Q2 2024	35%	Indirect	
The Mactan Newtown	Mactan	Q3 2023 and Q2 2024	28%	Indirect	
ArcoVia City	Pasig	Q3 2023 and Q2 2024	5%	Indirect	

Other Relevant Information
Please see the attached Reinvestment Plan.

Filed on behalf by:

Name	Anna Michelle Llovido
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER

1. **27 July 2023**
   Date of Report

2. SEC Identification Number: **167423** 3. BIR Tax Identification No: **000-477-103**

4. **MEGAWORLD CORPORATION**
   Exact name of Issuer as specified in its charter

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

6. ☐ (SEC Use Only)
   Industry Classification Code

7. **30th Floor, Alliance Global Tower**
   36th Street corner 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 8894-6300/6400**
   Issuer's telephone number, including area code

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

Title of Each Class	Number of Shares of Stock Outstanding
Common	31,183,251,872
Preferred	6,000,000,000
Total	**37,183,251,872**

10. **Item 9(b)**

Pursuant to the Rule 4, Section 5.1 (e) of the Implementing Rules and Regulations of Republic Act No. 9856 (REIT Act), we are submitting the Reinvestment Plan of Megaworld Corporation for the proceeds from its block sale of 279.4 million shares in MREIT, Inc.

SIGNATURE

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

MEGAWORLD CORPORATION
Issuer

By:

Francisco C. Canuto
Senior Vice President and
Corporate Information Officer
27 July 2023

MEGAWORLD

M·REIT
A MEGAWORLD COMPANY

REINVESTMENT PLAN

In connection with the Block Sale by Megaworld Corporation
of 279,400,000 Common Shares of MREIT, Inc.

Offer Price: Php13.00 per share

July 25, 2023

Table of Contents

A. EXECUTIVE SUMMARY

This Reinvestment Plan sets out the planned use of the net proceeds received by Megaworld Corporation (referred to herein as "**Megaworld**" or the "**Company**") from the block sale of 279,400,000 common shares of MREIT, Inc. for the offer price of Php13.00 per share (the "**Block Sale**"), with net proceeds estimated at Php3.6 billion.

MREIT, Inc. ("**MREIT**") has an authorized capital stock of Php5.0billion, divided into 5.0 billion common shares with a par value of Php1.00 per share (each, a "**Share**"). As of the date of this Reinvestment Plan, MREIT has 2,795,821,381 Shares issued and outstanding. 2,532,121,381 Shares are listed with the Philippine Stock Exchange ("**PSE**"), while the application for listing for the remainder of the Shares is currently pending with the PSE. Out of the total issued and outstanding Shares, 43.42% are held by the public. MREIT has no preferred shares and no Shares held in treasury. MREIT market capitalization as of date of this Reinvestment Plan stands at Php39.3billion.

Pursuant to Securities and Exchange Commission Memorandum Circular No. 1, Series of 2020, and Bureau of Internal Revenue Regulations No. 3-2020, any Sponsor/Promoter of a REIT who realizes proceeds from the sale of REIT shares or other securities issued in exchange for income-generating Real Estate transferred to the REIT shall submit to the SEC, the PSE, and the BIR a sword reinvestment plan undertaking to reinvest all such proceeds in any real estate, including any redevelopment thereof, and/or infrastructure projects, in the Philippines within one (1) year from the date of receipt of proceeds or money by the Sponsor/Promoter.

Following current regulations, Megaworld intends to invest its net proceeds from the Block Sale estimated at Php3.6 billion in five (5) townships located in Metro Manila, Bulacan, Mactan, Davao, and Bacolod, or the development of malls, offices, and other developments within each township. All disbursements for such projects are intended to be distributed within one year upon receipt of the money raised from the Block Sale. Megaworld does not intend to reinvest the net proceeds from the Block Sale in any infrastructure project other than the five (5) Megaworld townships aforementioned.

B. ABOUT THE SPONSOR

1. Overview

The Company is one of the leading property developers in the Philippines and is primarily engaged in the development of large scale mixed-use planned communities, or community townships, that comprise residential, commercial and office developments and integrate leisure, entertainment, and educational/training components. Founded in 1989, the Company initially established a reputation for building high quality residential condominiums and commercial properties located in convenient urban locations with easy access to offices as well as leisure and entertainment amenities in Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having a quality residences in close proximity to office and leisure facilities, the Company began to focus on the development of mixed-use communities, primarily for the middle-income market, by commencing the development of tis Eastwood City project. In addition, the Company engages in other property related activities such as project design, constructions oversight and property management.

The Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses as well as office projects and retail space. The Company has the following three primary business segments: (1) real estate sales of residential developments (ii) leasing of office space, primarily to Business Process Outsourcing ("**BPO**") enterprises, and retail space and (iii) management of hotel operations.

As of date of this Reinvestment Plan, the Company owns or has development rights over 5,000 hectares of land located throughout the Philippines.

The Company's common shares were listed in the PSE in 1994 (under listing code "MEG") and as of date of this Reinvestment Plan has a market capitalization of Php64.2 billion.

2. Board of Directors and Senior Management

There are seven (7) members of the Company's Board of Directors, three (3) of whom are independent directors. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relations which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director [SRC Rule 38]. All directors were elected during the annual meeting of stockholders held on 16 June 2023, and will hold office until their successors have been duly elected and qualified. All the incumbent directors have been nominated for election to the Board of Directors of the Company for the ensuing calendar year.

Information concerning the background of the directors/nominees for directors and executive officers of the Company indicating their principal occupation or employment and their business experience for the past five (5) years is provided below.

The table sets forth each member of the Company's Board as of date of this Reinvestment Plan:

Name	Citizenship	Position
Andrew L. Tan	Filipino	Director, Chairman, President, and CEO
Katherine L. Tan	Filipino	Director
Kingson U. Sian	Filipino	Director and Executive Director
Enrique Santos L. Sy	Filipino	Director
Jesus B. Varela	Filipino	Independent Director
Cresencio P. Aquino	Filipino	Independent Director

Alejo L. Villanueva, Jr.	Filipino	Independent Director

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of date of this Reinvestment Plan:

Name	Citizenship	Position
Lourdes T. Gutierrez-Alfonso	Filipino	Chief Operating Officer
Kevin Andrew L. Tan	Filipino	Executive Vice President and Chief Strategy Officer
Francisco C. Canuto	Filipino	Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer, and Chief Audit Executive
Noli D. Hernandez	Filipino	Executive Vice President for Sales and Marketing
Giovanni C. Ng	Filipino	Senior Vice President and Finance Director
Maria Victoria M. Acosta	Filipino	Senior Vice President for International Marketing and Leasing
Maria Carla T. Uykim	Filipino	Head of Corporate Advisory and Compliance
Rafael Antonio S. Perez	Filipino	Head for HR and Corporate Admin Division
Graham M. Coates	Filipino	Head of Megaworld Lifestyle Malls
Jennifer L. Romualdez	Filipino	Senior Vice President and Head for Operations
Kimberly Hazel A. Sta. Maria	Filipino	Assistant Vice President for Corporate Communications and Advertising
Anna Michelle T. Llovido	Filipino	Corporate Secretary
Nelileen S. Baxa	Filipino	Assistant Corporate Secretary

C. PROCEEDS RECEIVED BY THE SPONSOR

The Company expects to receive from the Block Sale net proceeds of approximately Php3.6 billion, after deduction of fees and taxes, on 27 July 2023.

D. THE REINVESTMENT PLAN

Megaworld intends to use net proceeds received from the Block Sale to fund ongoing and future investments in real estate properties in five (5) townships located in Metro Manila, Bulacan, Mactan, Davao, and Bacolod, for the development of malls, offices, and other developments within each township, which Megaworld may undertake on its own or through other subsidiaries. While the Company is not contemplating acquiring land at this time, there is nothing preventing it from doing so in the future in accordance with the requirements of the law, if the timing and opportunity is right.

The projected disbursement in connection with the proposed use of proceeds is provided in the succeeding table:

#	PROJECT NAME	DESCRIPTION	TOWNSHIP / LOCATION	INVESTMENT TYPE	PRODUCT	STATUS	PERCENTAGE COMPLETION	COMPLETION DATE	TOTAL PLANNED USE FOR THE	Q3 2023	Q4 2023	Q1 2024	Q2 2024	DISBURSING ENTITY
1	Northwin Global City	Malls, Offices, Land Development and other developments	Bulacan	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	On-going	15%	2026	1,570.00m	785.00m	0.00m	0.00m	785.00m	Northwin Properties, Inc.
2	Davao Park District	Malls, Offices, Land Development and other developments	Davao	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	On-going	5%	2026	370.00m	60.00m	90.00m	100.00m	120.00m	Davao Park District Holdings, Inc.
3	Bacolod Projects	Malls, Offices, Land Development and other developments	Bacolod	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	On-going	35%	2026	500.00m	50.00m	175.00m	175.00m	100.00m	Megaworld Bacolod Properties, Inc.
4	The Mactan Newtown	Malls, Offices, Land Development and other developments	Mactan	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	On-going	28%	2026	600.00m	100.00m	175.00m	175.00m	150.00m	Megaworld Oceantown Properties, Inc.
5	ArcoVia City	Malls, Offices, Land Development and other developments	Pasig	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	On-going	5%	2028	560.00m	50.00m	190.00m	190.00m	130.00m	ArcoVia Properties, Inc.
								Total	**3,600.00m**	**1,045.00m**	**630.00m**	**640.00m**	**1,285.00m**	
								Cumulative			**1,675.00m**	**2,315.00m**	**3,600.00m**	

Megaworld shall endeavor to cause the completion of the construction of the projects enumerated in the table above within the projected time frame. However, the time of completion and, accordingly, the timing of disbursements, are subject to unforeseen external conditions that may cause delays in construction timetables (e.g., fire, earthquake, pandemic, and other natural elements, war, civil disturbance) or due to any other cause beyond the control of Megaworld, and/or its subsidiaries.

E. MONITORING AND REVIEW

Megaworld shall monitor the actual disbursements of projects proposed in this Reinvestment Plan on a quarterly basis. For this purpose, Megaworld shall prepare a quarterly progress report of actual disbursements on the projects covered by this Reinvestment Plan.

In the event of changes in the actual disbursements of projects proposed in this Reinvestment Plan, Megaworld shall carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is the best interest of the Company and its shareholders. Megaworld's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary and the Company may find it necessary or advisable to alter their plans.

In such an event, Megaworld undertake that any deviation from the planned reinvestment (as disclosed in this Reinvestment Plant) will be promptly disclosed to the Exchange to the Commission via SEC Form 17-C (and submit a Revised Reinvestment Plan as necessary).

F. REPORTING

Megaworld shall comply with the reportorial and disclosure requirements prescribed by the SEC, PSE, BIR, or the appropriate regulatory government agency/ies.

Megaworld shall submit to the PSE quarterly progress reports and a final report on the implementation of the Reinvestment Plan, duly certified by its Chief Financial Officer, Treasurer, and External Auditor. The quarterly progress report and the final report shall be submitted to the PSE in accordance with the REIT Law, its implementing regulations, and relevant PSE rules.

The Reinvestment Plan and the status of its implementation shall be included in the appropriate structured reports of Megaworld to the SEC and PSE. Any investment pursuant to the Reinvestment Plan shall be disclosed by the Company via SEC Form 17-C as such investment is made. The Company shall likewise furnish the SEC with copies of the relevant documentary stamp tax returns, as may be applicable.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C (AS AMENDED)
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER

1. **October 16, 2023**
   Date of Report

2. SEC Identification Number: **167423** 3. BIR Tax Identification No: **000-477-103**

4. **MEGAWORLD CORPORATION**
   Exact name of Issuer as specified in its charter

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

6. (SEC Use Only)
   Industry Classification Code

7. **30th Floor, Alliance Global Tower**
   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 8894-6300/6400**
   Issuer's telephone number, including area code

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

Title of Each Class	Number of Shares of Stock Outstanding
Common	**31,183,251,872**
Preferred	**6,000,000,000**
Total	**37,183,251,872**

10. **Item 9(b)**

Please see the attached disclosure to the Philippine Stock Exchange.

SIGNATURE

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

MEGAWORLD CORPORATION
Issuer
By:

DR. FRANCISCO C. CANUTO
Senior Vice President and
Corporate Information Officer
October 16, 2023

Megaworld Corporation
MEG

PSE Disclosure Form REIT-2 - Reinvestment Plan Progress Report
Reference: Section 6 of the Amended PSE Listing Rules for REITS

☐ Annual Report

☑ Quarterly Report

Subject of the Disclosure
2023 Third Quarter Sponsor Progress Report on the Use of the Proceeds from the Block Sale of 279,400,000 Common Shares of MREIT Inc. (MREIT), pursuant to the Reinvestment Plan of Megaworld Corporation (Megaworld)
Background/Description of the Disclosure
Progress Report on the use of proceeds for the quarter ending September 30, 2023, in relation to the Reinvestment Plan submitted by Megaworld in connection with the block sale of 279,400,000 common shares of MREIT, duly certified by external auditors.
Update or Status of the Reinvestment Plan
As of September 30, 2023, the remaining balance of the proceeds from the block sale amounts to Two Billion Five Hundred Sixty Million Nine Hundred Sixty-Six Thousand Fifty-Seven Pesos and 44/100 (Php2,560,966,057.44).
Summary of Transactions Involving Real Estate and/or Infrastructure Projects for the Period

The following disbursements for the Reinvestment Plan were made for the period covering July 2023 to 30 September 2023:

Project Name: Davao Park District
Disbursing Entity: Davao Park District Holdings, Inc.
Total: Php60,000,000.00

Project Name: Bacolod Projects
Disbursing Entity: Megaworld Bacolod Properties, Inc.
Total: Php50,000,000.00

Project Name: The Mactan Newtown
Disbursing Entity: Megaworld Oceantown Properties, Inc.
Total: Php100,000,000.00

Project Name: ArcoVia City
Disbursing Entity: Arcovia Properties, Inc.
Total: Php50,000,000.00

Project Name: Northwin Global City
Disbursing Entity: Northwin Properties, Inc.
Total: Php785,051,955.30

Description of Real Estate Assets and/or Infrastructure Projects for the Period

Davao Park District – Malls, Offices, Land Development, and other developments in Davao
Bacolod Projects – Malls, Offices, Land Development, and other developments in Bacolod
The Mactan Newtown – Malls, Offices, Land Development, and other developments in Mactan, Cebu
ArcoVia City – Malls, Offices, Land Development and other developments in Pasig City
Northwin Global City – Malls, Offices, Land Development and other developments in Bulacan

Other Relevant Information

-

Filed on behalf by:

Name	Anna Michelle Llovido
Designation	Corporate Secretary

MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
Tels (632) 88946300 / 79052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

October 13, 2023

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **MS. ALEXANDRA D. TOM WONG**
Head, Disclosure Department

Subject: 3rd Quarter 2023 Progress Report on the Use of Proceeds from the Block Sale of 279,400,000 common shares of MREIT, Inc. (MREIT)

Dear Ms. Tom-Wong,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending September 30, 2023, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds are in connection with the Block Sale of 279,400,000 common shares of MREIT, Inc. which was settled on July 27, 2023, with the offer price of P13.00 per share, resulting in net proceeds at Php3,606,018,012.74. Please be advised that as of September 30, 2023, the remaining balance of the proceeds from the block sale amounts to Two Billion Five Hundred Sixty Million Nine Hundred Sixty-Six Thousand Fifty-Seven pesos and forty-four centavos (Php2,560,966,057.44) as indicated below:

Net Proceeds from the Block Sale	3,606,018,012.74
less:	
Disbursement for Reinvestment Plan (Annex A)	(1,045,051,955.30)
Balance of Proceeds from the Block Sale as of Sept. 30, 2023	2,560,966,057.44

Thank you.

Respectfully yours,

FRANCISCO C. CANUTO
Treasurer

CERTIFICATION INTERNATIONAL
ISO 9001:2015

ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering July 1 to September 30, 2023

Project Name	Township/ Location	Investment Type	Product	Disbursement	Disbursing Entity
Davao Projects	Davao City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	60,000,000.00	Davao Park District Holdings, Inc
Bacolod Projects	Bacolod City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	50,000,000.00	Megaworld Bacolod Properties, Inc
Cebu Projects	Cebu City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	100,000,000.00	Oceantown Properties, Inc
ArcoVia City Projects	Arcovia City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	50,000,000.00	Arcovia Properties, Inc
Bulacan Projects	Bulacan	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	785,051,955.30	Northwin Properties, Inc
TOTAL			**PHP**	**1,045,051,955.30**	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
~~CITY OF MAKATI~~ CITY METRO MANILA) SS

At MAKATI City, Metro Manila, on this 13 day of OCT, 2023, before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION: FRANCISCO C. CANUTO	SSS ID no. 0351886143-1	

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

13 OCT 2023

IN WITNESS WHEREOF, I have hereunto set my hand and seal this _____ day of _______, 20___.

NOTARY PUBLIC

Doc. No 510;
Page No. 103;
Book No. 300;
Series of 2023.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No. 62179/04-26 2013
IBP NO. 258534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01 03-2023/Makati City
MCLE Compliance No. VII 0020180/04-14-2025

P&A Grant Thornton

YEARS 35 Shaping a Vibrant Tomorrow

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

T +63 2 8988 2288

Report of Independent Auditors on Factual Findings

The Board of Directors and Stockholders
Megaworld Corporation
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended September 30, 2023 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 279,400,000 common shares of MREIT, Inc. (MREIT) which was settled on July 27, 2023, with the offer price of P13.00 per share (the Block Sale), resulting in a net proceeds estimated at P3.60 billion (the Block Sale Proceeds). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements.*

Agreed-upon Procedures

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
    a) The Report;
    b) Schedule of planned application of proceeds from the Block Sale; and,
    c) Detailed schedule of utilization of proceeds for the quarter ended September 30, 2023.

2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

P&A Grant Thornton

3. Compared the schedule of planned application of the Block Sale Proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

4. Traced to and examined supporting documents such as acknowledgement receipts and approved payment endorsement documents, of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

Results of the Performance of Agreed-Upon Procedures

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

   We present below the summary of the application of the proceeds from the Block Sale for the quarter ended September 30, 2023, based on the information we obtained from the Company.

Project Name	Township or Location	Products	Disbursing Entity		Amount
Northwin Global City	Bulacan	Malls, Offices, Land Development, and Other Developments	Northwin Properties, Inc	P	785,051,955
Davao Park District	Davao	Malls, Offices, Land Development, and Other Developments	Davao Park District Holdings, Inc.		60,000,000
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.		50,000,000
The Mactan Newtown	Mactan, Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceantown Properties, Inc.		100,000,000
Arcovia City	Pasig	Malls, Offices, Land Development, and Other Developments	Arcovia Properties, Inc.		50,000,000
				P	1,045,051,955

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.

3. With respect to item 3, we noted that the planned application of the Block Sale Proceeds is in agreement with the Reinvestment Plan dated July 25, 2023.

4. With respect to item 4, we traced the utilization of the Block Sale Proceeds for the quarter ended September 30, 2023 to supporting acknowledgment receipts and approved payment endorsement documents.

   We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

Disbursing Entity	Project Name	Township or Location		Amount
Davao Park District Holdings, Inc.	Davao Park District	Davao	P	60,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod		50,000,000
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Mactan, Cebu		100,000,000
Arcovia Properties, Inc.	Arcovia City	Pasig		50,000,000
Northwin Properties, Inc.	Northwin Global City	Bulacan		785,051,955
			P	1,045,051,955

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Block Sale Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, taken as a whole.

PUNONGBAYAN & ARAULLO

By: **John Endel S. Mata**
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 9566637, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

October 13, 2023

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

T +63 2 8988 2288

SUBSCRIBED AND SWORN to before me, in the City of Makati, on 13 October 2023, the affiant, **John Endel S. Mata,** exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0121347 valid until July 5, 2025.

IN WITNESS WHEREOF, I set unto my hand and seal on the date and place above written.

ATTY. IRA JENNENA J. BERO, CPA
NOTARY PUBLIC
ROLL NO. 82663
MAKATI CITY, PHILIPPINES

ATTY. IRA JENNENA J. BERO, CPA
Notary Public for Makati City
Until December 31, 2024
Notarial Commission No. M-200
Roll No. 82663
IBP Number: 263509 01/03/2023, Cebu City
PTR No. 9570499 01/09/2023, Makati City
MCLE Compliance No. Admitted to the BAR on May 30, 2022
19th Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City

Doc. No. 434 ;
Page No. 88 ;
Book No. II;
Series of 2023.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER

1. **January 15, 2024**
   Date of Report

2. SEC Identification Number: **167423** 3. BIR Tax Identification No: **000-477-103**

4. **MEGAWORLD CORPORATION**
   Exact name of Issuer as specified in its charter

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

6. (SEC Use Only)
   Industry Classification Code

7. **30th Floor, Alliance Global Tower**
   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 8894-6300/6400**
   Issuer's telephone number, including area code

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

Title of Each Class	Number of Shares of Stock Outstanding
Common	**31,183,251,872**
Preferred	**6,000,000,000**
Total	**37,183,251,872**

10. **Item 9(b)**

Please see the attached disclosure to the Philippine Stock Exchange.

SIGNATURE

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

MEGAWORLD CORPORATION
Issuer
By:

DR. FRANCISCO C. CANUTO
Senior Vice President and
Corporate Information Officer
January 15, 2024

C00187-2024

Megaworld Corporation
MEG

PSE Disclosure Form REIT-2 - Reinvestment Plan Progress Report
Reference: Section 6 of the Amended PSE Listing Rules for REITS

( ) Annual Report

(•) Quarterly Report

Subject of the Disclosure
2023 Fourth Quarter Sponsor Progress Report on the Use of the Proceeds from the Block Sale of 279,400,000 Common Shares of MREIT, Inc. (MREIT), pursuant to the Reinvestment Plan of Megaworld Corporation (Megaworld)
Background/Description of the Disclosure
Progress Report on the use of proceeds for the quarter ending December 31, 2023, in relation to the Reinvestment Plan submitted by Megaworld in connection with the block sale of 279,400,000 common shares of MREIT, duly certified by external auditors.
Update or Status of the Reinvestment Plan
As of December 31, 2023, the remaining balance of the proceeds from the block sale amounts to One Billion Nine Hundred Thirty Million Nine Hundred Sixty-Six Thousand Fifty-Seven Pesos and Forty-Four Centavos (Php1,930,966,057.44).
Summary of Transactions Involving Real Estate and/or Infrastructure Projects for the Period

The following disbursements for the Reinvestment Plan were made for the period covering 01 October 2023 to 31 December 2023:

Project Name: Davao Park District
Disbursing Entity: Davao Park District Holdings, Inc.
Total: Php90,000,000.00

Project Name: Bacolod Projects
Disbursing Entity: Megaworld Bacolod Properties, Inc.
Total: Php175,000,000.00

Project Name: The Mactan Newtown
Disbursing Entity: Megaworld Oceantown Properties, Inc.
Total: Php175,000,000.00

Project Name: ArcoVia City
Disbursing Entity: Arcovia Properties, Inc.
Total: Php190,000,000.00

Description of Real Estate Assets and/or Infrastructure Projects for the Period

Davao Park District – Malls, Offices, Land Development, and other developments in Davao
Bacolod Projects – Malls, Offices, Land Development, and other developments in Bacolod
The Mactan Newtown – Malls, Offices, Land Development, and other developments in Mactan, Cebu
ArcoVia City – Malls, Offices, Land Development and other developments in Pasig City

Other Relevant Information

Please see attached file.

Filed on behalf by:

Name	Anna Michelle Llovido
Designation	Corporate Secretary

MEGAWORLD CORPORATION
25/F Alliance Global Tower, 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City 1634
Trunkline: (632) 905-2900 • (632) 905-2800
www.megaworldcorp.com • E-mail: infodesk@megaworldcorp.com

January 10, 2024

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **MS. ALEXANDRA D. TOM WONG**
Head, Disclosure Department

Subject: 4th Quarter 2023 Progress Report on the Use of Proceeds from the Block Sale of 279,400,000 common shares of MREIT, Inc. (MREIT)

Dear Ms. Tom-Wong,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending December 31, 2023, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds are in connection with the Block Sale of 279,400,000 common shares of MREIT, Inc. which was settled on July 27, 2023, with the offer price of P13.00 per share, resulting in net proceeds at P3,606,018,012.74. Please be advised that as of December 31, 2023, the remaining balance of the proceeds from the block sale amounts to One Billion Nine Hundred Thirty Million Nine Hundred Sixty-Six Thousand Fifty-Seven pesos and forty-four centavos (Php1,930,966,057.44) as indicated below:

Net Proceeds from the Block Sale	3,606,018,012.74
less:	
Disbursement from July 1 to Sept. 30, 2023	(1,045,051,955.30)
Disbursement from Oct. 1 to Dec. 31, 2023 (Annex A)	(630,000,000.00)
Balance of Proceeds from the Block Sale as of Dec. 31, 2023	1,930,966,057.44

Thank you.

Respectfully yours,

FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering October 1 to December 31, 2023

Project Name	Township/ Location	Investment Type	Product	Disbursement	Disbursing Entity
Davao Park District	Davao City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	90,000,000.00	Davao Park District Holdings, Inc
Bacolod Projects	Bacolod City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	175,000,000.00	Megaworld Bacolod Properties, Inc
The Mactan Newtown	Cebu City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	175,000,000.00	Oceantown Properties, Inc
Arcovia City	Pasig City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	190,000,000.00	Arcovia Properties, Inc
TOTAL			**PHP**	**630,000,000.00**	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City, METRO MANILA) SS

At Makati City, Metro Manila, on this ____ day of JAN 11 2024, before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION: FRANCISCO C. CANUTO	SSS ID NO. 035188143-1	

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

JAN 11 2024

IN WITNESS WHEREOF, I have hereunto set my hand and seal this _____ day of _______, 20___.

NOTARY PUBLIC
BUENAVENTURA U. MENDOZA
NOTARY PUBLIC
Until December 31, 2025
PTR No. 10075560 Makati City-01/02/24
IBP No. 308994 01-02-2024 Roll No. 31206
MCLE Compliance No. VII-0020846
500-A Madrigal Bldg. Ayala Ave., Makati City

Doc. No 392
Page No. 80
Book No. 03
Series of 2024

P&A Grant Thornton

YEARS 35 Shaping a Vibrant Tomorrow

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

T +63 2 8988 2288

Report of Independent Auditors on Factual Findings

The Board of Directors and Stockholders
Megaworld Corporation
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended December 31, 2023 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 279,400,000 common shares of MREIT, Inc. (MREIT) which was settled on July 27, 2023, with the offer price of P13.00 per share (the Block Sale), resulting in a net proceeds estimated at P3.60 billion (the Block Sale Proceeds). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements*.

Agreed-upon Procedures

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
    a) The Report;
    b) Schedule of planned application of proceeds from the Block Sale; and,
    c) Detailed schedule of utilization of proceeds for the quarter ended December 31, 2023.

2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the Block Sale Proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

P&A Grant Thornton

4. Traced to and examined supporting documents such as acknowledgement receipts and approved payment endorsement documents, of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

Results of the Performance of Agreed-Upon Procedures

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

   We present below the summary of the application of the proceeds from the Block Sale for the quarter ended December 31, 2023, based on the information we obtained from the Company.

Project Name	Township or Location	Products	Disbursing Entity	Amount
Davao Park District	Davao	Malls, Offices, Land Development, and Other Developments	Davao Park District Holdings, Inc.	P 90,000,000
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	175,000,000
The Mactan Newtown	Mactan, Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceantown Properties, Inc.	175,000,000
Arcovia City	Pasig	Malls, Offices, Land Development, and Other Developments	Arcovia Properties, Inc.	190,000,000
				P 630,000,000

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.

3. With respect to item 3, we noted that the planned application of the Block Sale Proceeds is in agreement with the Reinvestment Plan dated July 25, 2023.

4. With respect to item 4, we traced the utilization of the Block Sale Proceeds for the quarter ended December 31, 2023 to supporting acknowledgment receipts and approved payment endorsement documents.

We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

Disbursing Entity	Project Name	Township or Location		Amount
Davao Park District Holdings, Inc.	Davao Park District	Davao	P	90,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod		175,000,000
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Mactan, Cebu		175,000,000
Arcovia Properties, Inc.	Arcovia City	Pasig		190,000,000
			P	**630,000,000**

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Block Sale Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, taken as a whole.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

January 10, 2024

P&A Grant Thornton

Punongbayan & Araullo
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Philippines

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SUBSCRIBED AND SWORN to before me, in the City of Makati, on 10 January 2024, the affiant, **John Endel S. Mata,** exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0121347 valid until July 5, 2025.

IN WITNESS WHEREOF, I set unto my hand and seal on the date and place above written.

ATTY. IRA JENNENA J. BERO, CPA NOTARY PUBLIC ROLL NO. 82663 MAKATI CITY, PHILIPPINES

ATTY. IRA JENNENA J. BERO, CPA
Notary Public for Makati City
Until December 31, 2024
Notarial Commission No. M-200
Roll No. 82663
IBP Number: 394290 01/03/2024, Cebu City
PTR No. 10079021 01/04/2024, Makati City
MCLE Compliance No. Admitted to the BAR on May 30, 2022
19th Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City

Doc. No. 525;
Page No. 106;
Book No. II;
Series of 2024.

Exhibit 3

Sustainability Report for 2023

MEGAWORLD

SUSTAINABILITY REPORT

2023

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	Megaworld Corporation (Megaworld) (The Company)
Location of Headquarters	Main Office: - Alliance Global Tower, Uptown Bonifacio, Taguig City Other Corporate Offices: - Global Corporate Plaza, Eastwood City, Quezon City - Two World Square, McKinley Hill, Taguig City
Location of Operations	Philippines (Megaworld currently has 11 international sales offices and is present in over 60 countries.)
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Megaworld Corporation and Subsidiaries, including the following listed companies: • Megaworld Corporation (Megaworld) • Global Estate and Resorts, Inc. (Global-Estate) • Empire East Land Holdings, Inc. (Empire-East) • MREIT, Inc. (MREIT)
Business Model, including Primary Activities, Brands, Products, and Services	Megaworld Corporation, established in 1989, stands as a pioneering force in the Philippine real estate sector, revered for its innovative approach and transformative impact on urban development. As one of the country's foremost real estate developers, Megaworld specializes in the creation of large-scale mixed-use planned communities, often referred to as community townships. These dynamic urban enclaves seamlessly blend residential, commercial, and office developments with leisure, entertainment, and educational components, embodying Megaworld's commitment to holistic living experiences. With a steadfast focus on reshaping the urban landscape, Megaworld integrates urban centers, open spaces, and walkability/accessibility into its project designs, elevating the quality of life for residents and visitors alike. Megaworld's real estate portfolio is diverse and expansive, encompassing residential condominiums, subdivision lots, townhouses, office projects, and retail spaces. Renowned for its emphasis on quality and accessibility, the company's developments are strategically located in Metro Manila's and other regional growth centers' most accessible urban hubs, offering convenient access to offices, leisure amenities, and entertainment facilities. Megaworld operates across three primary business segments: real estate sales, leasing of office and retail spaces, and management of hotel operations. Through these segments, Megaworld continues to

	redefine the real estate landscape, delivering unparalleled value to its stakeholders while shaping the future of urban living in the Philippines.
Reporting Period	01 January 2023 to 31 December 2023
Highest Ranking Person responsible for this report	Lourdes T. Gutierrez-Alfonso–Chief Operating Officer

The Board has general oversight over the sustainability-related risks and opportunities of the company. On April 15, 2024, Megaworld's Board of Directors, under the auspices of the Corporate Governance Committee, convened to review and approve the submission of the company's Sustainability Report for the fiscal year ending 2023. This review underscores Megaworld's dedication to transparency, accountability, and sustainable business practices, reaffirming its commitment to stakeholders and the broader community.

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
Process in Determining Material Topics In accordance with the Global Reporting Initiative, Megaworld has identified and reviewed its existing material topics for 2023. Building upon the framework established in previous years, the company evaluated whether its material topics remain relevant for the current reporting period. In addition, Megaworld has further evaluated the positive and negative impacts covering the economic, environmental, and social sustainability areas. The Company meticulously analyzed the potential effects of each material topic to ensure alignment with the updated Global Reporting Initiative Standards. As part of the process, Megaworld has added digitalization to its material topics, recognizing the increasing significance of technology and digital transformation in driving sustainability and business resilience. This rigorous evaluation process ensures that Megaworld's sustainability strategy remains adaptive, responsive, and aligned with emerging trends and stakeholder expectations. Prioritizing material topics that encompass economic, environmental, social, and digital considerations, Megaworld is well-positioned to drive positive outcomes for the company, its stakeholders, and society as a whole. The following are the material topics identified by the Company: 1. Business Ethics and Integrity 2. Regulatory Compliance 3. Data Privacy 4. Procurement Practices 5. Tax 6. Market Presence 7. Climate Change 8. Energy Management 9. Waste Management 10. Water Management 11. Land Use 12. Open Spaces

13. Accessibility/Walkability
14. Air Quality
15. Greenhouse Gas Emissions
16. Occupational Health and Safety
17. Customers
18. Economic Performance
19. Employee Welfare
20. Corporate Citizenship
21. Diversity and Equal Opportunity
22. Human Rights
23. Digitalization

Approach to Stakeholder Engagement

Megaworld is committed to fostering meaningful and productive relationships with its key internal and external stakeholders, through targeted engagement initiatives, Megaworld interacts with key internal and external stakeholders, including customers like home buyers, office tenants, retail partners, hotel guests, the local community, suppliers, investors, government entities, and employees. Recognizing the critical importance of stakeholder engagement, Megaworld has undertaken proactive initiatives to connect and collaborate with each identified group. Leveraging a combination of in-person and virtual communication platforms, Megaworld has facilitated meaningful dialogues and exchanges to gain deeper insights into the unique needs, preferences, and concerns of each stakeholder.

Central to Megaworld's stakeholder engagement strategy is the principles of open dialogue and transparent communication. By actively listening to stakeholder feedback, addressing concerns, and sharing relevant information, Megaworld builds trust, collaboration, and mutual understanding. This approach enables Megaworld to deliver exceptional products and services to customers, foster strong partnerships with suppliers and partners, contribute positively to the local community, provide sustainable returns to its investors, and support the professional growth and well-being of its employees. Through its commitment to stakeholder engagement, Megaworld aims to create shared value, drive sustainable growth, and make a positive impact on society and the environment.

Sustainability Team

At Megaworld, the MEGreen Sustainability Circle stands at the forefront of our commitment to integrate sustainability across all aspects of our operations. Led by the Sustainability Head and managed by the Sustainability Manager, this specialized team orchestrates our company-wide sustainability initiatives. The circle is organized around three pivotal pillars: Environmental, Social, and Governance, each tailored to address the multifaceted nature of sustainable development.

The Environmental Pillar plays a critical role, with teams dedicated to crucial areas such as achieving zero carbon emissions, transitioning to renewable energy sources, enhancing energy management, and developing carbon forests for offsetting emissions. These teams are led by specialists including the Road to Zero Carbon Lead, Renewable Energy Lead, Energy Management Lead, and Carbon Forests Lead, each responsible for driving their respective sustainability domains.

In tandem, the Sustainable Townships segment focuses on the sustainable development of our townships, managed by leads in Waste Management, Water Management, and Certifications & Operations. They ensure that our projects not only adhere to high sustainability standards but also contribute positively to the ecological and social fabric of their locales.

The Social Pillar, spearheaded by the Inclusive Development Lead, ensures our projects foster community development and social inclusivity, creating benefits that extend beyond our direct operations.

Lastly, the Governance Pillar includes the Engagements Lead and the Public Relations Lead, who are crucial in managing stakeholder engagements and public communications. This pillar ensures transparency and fosters trust among stakeholders, maintaining our reputation as a responsible and forward-thinking company.

Together, the MEGreen Sustainability Circle encapsulates Megaworld's strategic approach to sustainability, ensuring we meet our environmental targets, contribute positively to society, and uphold robust governance, thus affirming our leadership in sustainable urban development.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	2023	2022	Unit
Direct Economic Value Generated (revenue)	**69,728.16**	59,527.26	Php million
Economic Value Distributed			
Operating Costs	**31,085.49**	26,278.93	Php million
Employee Wages and Benefits	**4,881.56**	3,864.10	Php million
Payments to Providers of Capital	**9,009.14**	7,281.44	Php million
Payments to Government	**2,830.92**	3,720.54	Php million
Community Investments	**104.41**	100.52	Php million
Economic Value Retained	**21,816.63**	18,281.73	Php million

In 2023, Megaworld achieved unprecedented financial success, with consolidated revenues reaching a record-breaking PHP 69.7 billion, a remarkable 17% increase from the previous year. This surge was driven by robust performance across its diverse business portfolio, including the accelerated completion of real estate projects, increased mall occupancy with improved tenant sales, heightened hotel revenues, and stable office rents and occupancy rates. These factors collectively contributed to the company's outstanding annual results, demonstrating the effectiveness of its strategic operations and market positioning.

Megaworld's financial strategy in 2023 was characterized by prudent revenue allocation, ensuring the sustainable growth and operational efficacy of its business ecosystem. Approximately 45% of its revenues were dedicated to supporting operational costs and suppliers, a critical investment that ensures the seamless functioning of its expansive operations. This allocation underscores Megaworld's commitment to maintaining strong partnerships with its suppliers and ensuring operational excellence.

Further financial allocations include 13% of revenues directed towards investors and creditors, reaffirming Megaworld's commitment to meeting its financial obligations and sustaining investor confidence. Additionally, 7% of revenues were allocated to employee wages and benefits, highlighting the company's dedication to its workforce. This investment reflects Megaworld's recognition of the critical role that employee welfare plays in the company's overall success.
Megaworld also demonstrated its commitment to civic responsibilities by contributing 4% of its revenues to government taxes. This contribution underscores the company's role as a responsible corporate citizen, adhering to regulatory requirements and contributing to the national economy.

Moreover, less than 1% of the revenues were directed towards community investments through charitable donations, emphasizing Megaworld's ongoing commitment to corporate social responsibility. These community investments are part of Megaworld's broader strategy to foster community development and contribute positively to societal welfare.

The economic value retained by Megaworld, which represents the surplus revenue after all distributions, was PHP 21.82 billion, a rise from PHP 18.28 billion in the previous year. This increase in retained earnings is crucial as it provides the company with financial flexibility to reinvest in new projects, reduce debts, or expand further, supporting its long-term sustainability and growth objectives.

During the year, Megaworld allocated a total capital expenditure (CAPEX) of PHP 50 billion, with a significant portion utilized for property development and the remainder allocated towards land acquisition. Despite this, Megaworld's net debt remains healthy at PHP 77.8 billion, resulting in a net debt-to-equity ratio of 30%, slightly higher than the previous year's ratio of 28%. This increase reflects Megaworld's efficient utilization of cash reserves and the addition of gross debts to fund capital expenditures during a period of high interest rates.

The Board conducts an annual review to ensure that Megaworld's capital and debt structure aligns with its strategic goals and associated risk appetite, providing a solid foundation for continued growth and sustainability.

Megaworld's Management Approach on Economic Performance

Megaworld is committed to cultivating sustainable growth while contributing positively to local economies and communities. With a dedication to ethical business practices and regulatory compliance, Megaworld aims to uphold integrity and reliability, attracting both clients and investors. Through continuous township developments, the Company drives economic growth by unlocking the value of land, investing in local infrastructure, and creating job opportunities, thereby encouraging reverse migration.

In 2023, Megaworld demonstrated impressive revenue expansion, yielding favorable returns for its inventors and shareholders through continuous township developments. These developments not only contributed to the Company's bottom line, but also played a pivotal role in the communities and locations where Megaworld operates, fostering job opportunities and economic growth. Amidst economic challenges, Megaworld's diverse businesses across real estate, office leasing, lifestyle malls, and hotels drove significant revenue expansion. The Company's commitment to prioritizing ethics and integrity remain steadfast, recognizing the importance in attracting clients and investors.

Megaworld's real estate segment continues to meet the nationwide demand for decent homes while supporting job creation and economic activity, further bolstered by premier offices and lifestyle malls that provide essential workspace and retail space to thousands of businesses, including SMEs and new venture entrepreneurs. Additionally, Megaworld's hotels have been instrumental in boosting local tourism, welcoming tourists and hosting MICE activities, contributing to economic stimulation in the regions where they operate. The company's dedication to sustainability initiatives, along with its transparent communication approach through quarterly briefings and stakeholder meetings, ensures alignment with its strategic objectives while fostering trust and confidence among stakeholders.

Moreover, Megaworld places a strong emphasis on regulatory compliance, ensuring adherence to legal requirements and industry standards in township development. This commitment extends to sustainability initiatives, with a focus on infrastructure development that aligns with environmental best practices. Adhering to ethics, integrity, and regulatory compliance, Megaworld enhances its reputation and reliability, fostering investor and stakeholder confidence while mitigating associated risks.

Furthermore, Megaworld remains dedicated to carbon neutrality initiatives, setting goals to achieve carbon neutrality by 2035. Operational milestones are established to track progress, with enhanced data management aiding in accurately monitoring emissions, waste generation, and other performance benchmarks. The Company's proactive efforts allow it to mitigate the adverse effects of real estate development while advancing towards sustainability goals.

Megaworld's focus on ethics, integrity, regulatory compliance, and sustainability underscores its position as a leading real estate developer. Prioritizing customer satisfaction, carbon neutrality initiatives, and transparent stakeholder engagement, Megaworld drives sustainable growth while delivering value to investors, shareholders, clients, and communities alike.

Climate-related Risks and Opportunities

Megaworld maintains a keen awareness of the intricate risks posed by climate change and related events, which have the potential to disrupt its ongoing operations and project timelines. However, rather than viewing these challenges merely as impediments, the Company perceives them as avenues for innovation and enhancement of project designs. Through the integration of climate-resilient architecture into its developments, Megaworld endeavors to mitigate the adverse effects of climate-related risks while simultaneously fortifying the long-term sustainability of its projects.

Aligned with its overarching sustainability strategy, exemplified by the MEGreen program, Megaworld is resolute in its commitment to continually bolster its sustainability initiatives. These endeavors are aimed at diminishing the environmental footprint of its operations and properties and enhancing their resilience to climate-related hazards. Acknowledging the imperative to address pressing environmental concerns such as water scarcity, flooding, and biodiversity loss, Megaworld proactively invests in infrastructure and programs to mitigate these risks. This involves the expansion of its rainwater catchment and recycling facilities, alongside the implementation of robust waste disposal systems across its township developments.

Furthermore, the Company recognizes that effective sustainability practices necessitate the active engagement and collaboration of all stakeholders, encompassing employees, local communities, and governmental bodies. Through the facilitation of open communication and knowledge-sharing, the company endeavors to elevate awareness and garner support for its sustainability objectives. Through inclusive and transparent stakeholder engagement, Megaworld aims to foster resilient communities capable of effectively addressing the challenges of climate change. Simultaneously, the company seeks to capitalize on opportunities for sustainable progress and prosperity.

Procurement Practices

Proportion of Spending on Local Suppliers

Disclosure	**Quantity**		**Units**
	2023	**2022**	
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers.	**100**	98	%

Megaworld's decision to procure 100% of its supplies locally marks a strategic pivot towards bolstering domestic partnerships and supporting local businesses. The shift not only strengthens ties with homegrown suppliers but also amplifies the Company's contribution to the growth and sustainability of the local economy. Megaworld effectively reduces potential risks and uncertainties within its supply chain by reducing its resilience on international suppliers, prioritizing local procurement. Moreover, this strategy underscores Megaworld's commitment to sustainability by reducing carbon emission linked to transportation and fostering local job creation and economic empowerment.

Megaworld's Management Approach on Procurement Practices

Megaworld maintains a meticulous approach to procurement practices, ensuring the acquisition of the highest-quality materials for its real estate operations and project builds. The Company prioritizes the long-term durability of its projects, emphasizing resilience against the challenges posed.by climate change. Safety remains paramount, with a stringent requirement for suppliers and business partners to possess reputable background.

To further its commitment to sustainability, Megaworld sources its supplies, services, and consultants locally whenever possible. This not only mitigate the carbon footprint associated with transportation, but also bolsters local communities and economies while reducing costs. Compliance with the ISO 9001 Quality Management System certification is rigorously monitored, ensuring all procurement activities adhere to the highest quality standards. The certification also safeguards against the risks associated with substandard acquisitions, ensuring the safety of both workforce and customers in projects and built properties. Additionally, the cost-effectiveness of procurement is upheld through certification.

Megaworld employs a multi-sourcing strategy to minimize the risk of project disruption and ensure the timely completion of project builds. This approach serves as a competitive advantage, enabling the Company to achieve its set targets and drive revenue growth, as evidenced by its performance in 2023.

Anti-Corruption

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity		Units
	2023	2022	
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	**100**	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	**100**	100	%
Percentage of directors and management that have received anti-corruption training	**100**	100	%
Percentage of employees that have received anti-corruption training	**100**	100	%

Employees and business partners have been communicated the organization's anti-corruption policies and procedures, with a reach of 100% in 2023, matching the previous year's figures. All directors and management received anti-corruption training, alongside all employees, maintaining a 100% coverage rate in both 2023 and 2022.

Incidents of Corruption

Disclosure	Quantity		Units
	2023	2022	
Number of incidents in which directors were removed or disciplined for corruption	**0**	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	**0**	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	**0**	0	#

In 2023, there were no reported incidents of corruption resulting in the removal or discipline of directors, employee dismissals, or termination of contracts with business partners. This aligns with the data from the previous year, indicating a consistent absence of corruption-related incidents across these categories.

Megaworld's Management Approach on Anti-Corruption

Megaworld places a clear emphasis on upholding the highest standard of ethics and integrity, recognizing these principles as fundamental pillars that underpin the Company's reputation and credibility, thereby serving to attract a discerning clientele and esteemed investors. Aligned with this guiding principle, Megaworld implements a comprehensive array of anti-corruption policies and initiatives meticulously designed to safeguard the integrity of its systems, processes and business operations against any form of corrupt practices.

At the core of Megaworld's anti-corruption framework is the Money Laundering and Terrorist Financing Prevention Program, carefully crafted to ensure stringent compliance with applicable laws, regulations and international standards, thereby fortifying the Company's defenses against illicit financial activities. Complementing this program is the steadfast enforcement of the Anti-Corruption and Non-Acceptance Gift Policy, which unequivocally prohibits employees, officers and directors from soliciting or accepting gifts from any entity or individual with vested interests in the Company's affairs.

Moreover, Megaworld maintains a robust Conflict of Interest Policy, mandating that all employees remain steadfastly aligned with the company's objectives and refrain from engaging in any activities that may compromise the organization's interests. This policy ensures that business decisions are made solely in the best interests of Megaworld, free from any undue influence or personal biases.

In response to reports of misconduct, Megaworld has established a dedicated Ethics Committee tasked with meticulously investigating such matters involving directors, senior management, and employees. This mechanism ensures the confidentiality of whistleblowers and underscores the company's unwavering commitment to fostering a culture of accountability, transparency, and ethical conduct throughout its operations.

Acknowledging grave implications of corruption on its financial performance and corporate reputation, Megaworld remains resolutely committed to upholding the highest standards of integrity and compliance with anti-corruption laws and regulations. Through these concreted efforts, the Company not only preserves its ethical standing but also upholds its fiduciary responsibilities to its stakeholders, thereby sustaining its reputation as a beacon of integrity within the business landscape.

ENVIRONMENTAL

RESOURCE MANAGEMENT

ENERGY CONSUMPTION

Energy Consumption within the Organization

Disclosure	Quantity		Units
	2023	2022 (Restated)	
Energy Consumption (renewable sources - biodiesel)	**0**	0	GJ
Energy Consumption (Gasoline)	**6,691.30**	5,385.94	GJ
Energy Consumption (LPG)	**45,658.52**	39,207.53	GJ
Energy Consumption (Diesel)	**199,952.94**	145,630.60	GJ
Energy Consumption (Electricity)	**817,504.94**	1,641,219.81	GJ
TOTAL ENERGY CONSUMPTION	**1,069,806.92**	1,831,443.88	GJ

Despite improvements in the operational capacity of office tenants, a full return to office work has not been realized due to ongoing work-from-home arrangements. This shift, coupled with the company's energy-saving initiatives, has resulted in a significant decrease in energy consumption in the common areas of office buildings. This trend reflects a broader adjustment to new working norms and highlights the impact of strategic energy management practices within the organization.

An internal audit conducted in July-August 2023 revealed a misclassification in the categorization of electricity consumption for tenants and retailers. Previously recorded under Scope 2, which covers indirect emissions from purchased electricity used directly by the organization, this consumption was found to be more accurately categorized as Scope 3 Other Indirect Emissions, which includes emissions not directly controlled by the organization. The audit disclosed that, on average, 73% of the electricity consumption and corresponding emissions previously attributed to Scope 2 should have been reported under Scope 3.

Reduction of Energy Consumption

Disclosure	Quantity		Units
	2023	2022 (Restated)	
Energy Consumption (Gasoline)	**Not Available**	86.24	GJ
Energy Consumption (LPG)	**Not Available**	0	GJ
Energy Consumption (Diesel)	**Not Available**	105.98	GJ
Energy Consumption (Electricity)	**Not Available**	1,985.87	GJ
TOTAL REDUCTION OF ENERGY CONSUMPTION	**Not Available**	2,178.09	GJ

To further enhance efficiency, Megaworld's property management team has optimized the testing of generator sets, effectively reducing their standard operational time. This optimization has led to a significant reduction in diesel fuel consumption. Additionally, the adoption of advanced fleet management strategies has optimized business travel, further decreasing gasoline usage. These measures align with Megaworld's commitment to adopting more sustainable practices and reducing its environmental footprint.

Since 2019, the management has put a directive that all future office buildings to be built will be LEED-certified. This is coupled with adopting an open layout plan for passive cooling and natural lighting in common spaces. Hence, natural ventilation was provided while lowering the need for energy-consuming cooling and ventilation equipment as well as artificial lighting. Megaworld’s ongoing township developments and projects also included the following:

1. Installation of solar panel systems on buildings
2. Double glazed and tinted windows
3. Use of LED lights as a standard in all properties
4. Use of occupancy sensors at hallways and parking areas
5. Requiring High EE rating for mechanical equipment
6. Green roofs, open spaces and pocket garden features in its buildings

In compliance with RA 11285 or the Energy Efficiency and Conservation Act of the Philippines, the Company successfully audited 100% of its establishments and was able to comply with the Department of Energy’s deadline on the submission of Energy Audit Reports. Through these energy audits, the Company was able to identify priority projects that helped in reducing energy consumption in properties.

Megaworld’s Management Approach on Energy Consumption

Megaworld spearheads a transformative approach to managing its resources by incorporating sustainability in its approach to environmental stewardship. Megaworld incorporated two major programs Sustainable Townships and the Road to Zero Carbon, which both encompass the proper approach to managing energy consumption within the real estate landscape, demonstrating an unparalleled commitment to environmental stewardship and sustainability. Sustainable Townships focuses on how Megaworld properly manages its resources including energy while Road to Zero Carbon is Megaworld’s answer to lower down its emissions.

The Company’s pledge to transition all contestable properties to renewable energy by 2027 serves as a clear demonstration of its dedication to addressing climate change, a part of Megaworld's strategic plan to notably reduce its environmental impact, establishing a new standard for sustainable development that harmonizes economic growth with the essential need for environmental preservation. Moreover, Megaworld continuously innovate to further transition non-contestable properties in the succeeding years by installing on-site renewable energy sources and by enrolling to the Green Energy Option Program.

In pursuit of optimizing operational efficiency, the Company invests in advanced infrastructure technologies. The introduction of LED lighting and sophisticated heating, ventilation, and air conditioning (HVAC) systems represents a significant investment, markedly reducing energy consumption across Megaworld’s portfolio. These technologies play a crucial role in reducing the carbon footprint of the Company's operations while simultaneously ensuring optimal comfort and productivity for its building occupants.

Moreover, Megaworld's adherence to globally recognized green building standards, including Leadership in Energy and Environment Design (LEED)., highlights its commitment to environmentally conscious construction practices. These standards inform the energy-efficient design and construction of buildings, substantially mitigating environmental impact and fostering more sustainable living and working environments.

The integration of smart building technologies into Megaworld's energy management framework exemplifies the company's unique methods for optimizing energy consumption in its approach to energy management. These technologies allow for precise and immediate monitoring and adaptable regulation of energy usage, guaranteeing effective energy utilization that is customized to the actual occupancy and seasonal requirements.

Engagement with stakeholders is a key element of Megaworld's comprehensive energy management strategy. The Company initiates educational campaigns and programs designed to cultivate a culture of sustainability among employees, tenants, and the wider community, thereby amplifying the effectiveness of its energy conservation efforts. This approach highlights the collective responsibility towards achieving environmental stewardship.

Megaworld's commitment to continuous improvement is evident in its systematic monitoring and reporting on energy consumption, which allows it to assess the effectiveness of its energy management strategies and identify opportunities for further enhancements. Championing the shift towards more sustainable development models, the energy management strategy employed by Megaworld is a testament to its profound commitment to environmental sustainability within the real estate sector. Embracing renewable energy, incorporating advanced energy-efficient technologies, maintaining strict adherence to green building standards, fostering active stakeholder engagement in its sustainability vision, and continuously striving for enhancement, the company emerges as a paragon of environmental stewardship. With the ambitious goal of achieving Carbon Neutrality by 2035 and through the vigorous pursuit of the MEGreen Program, Megaworld stands at the forefront of driving inclusive and sustainable energy practices, marking its indelible impact on the path towards a greener, more eco-conscious future.

WATER CONSUMPTION

Water Consumption within the Organization

Disclosure	Quantity		Units
	2023	2022 (Restated)	
Water Withdrawal	**8,088.61**	6,301.49	Megaliters
Water Consumption	**3,174.19**	1,575.37	Megaliters
Water Recycled and Reused	**Not Available**	Not Available	Megaliters

Water is an indispensable resource for the smooth functioning of various operations within townships developed by Megaworld. It is utilized across a spectrum of activities, ranging from essential functions like chiller and cooling systems to maintaining the lush greenery of landscapes, ensuring the cleanliness of facilities, supporting hotel operations, and facilitating sanitation measures vital for property upkeep.

Despite the increased demand for water in areas such as hotels and office spaces, there has been an overall reduction in water consumption. This decline can be attributed to the decrease in construction activities, which typically require significant water usage. As construction operations diminish, the overall water withdrawn decreases, contributing to a more sustainable water usage pattern across Megaworld's township.

Effluents

Disclosure	Quantity		Units
	2023	2022 (Restated)	
Total Volume of Water Discharges	**5,165.18**	4,726.12	Megaliters
Percent of Wastewater Recycled	**Not Available**	Not Available	%

The decrease in water discharge can be attributed to several factors. One significant factor contributing to this reduction is the decrease in construction operations during the period. Construction activities typically require substantial water usage for tasks such as concrete mixing, dust suppression, and equipment cooling. As construction activities decreased in 2023 compared to the previous year, the overall water usage associated with these activities also decreased, leading to a reduction in water discharge.

Megaworld's Management Approach on Water and Effluents

Megaworld demonstrates a proactive commitment to environmental stewardship through its integrated water and effluent management practices. With a strategic focus on sustainability, the company has adopted a series of initiatives to conserve water resources. These include the use of grey water recycling systems in office buildings for non-potable purposes, which substantially cuts down on the need for fresh water. In addition, Megaworld employs rainwater harvesting and installs water-efficient fixtures throughout its properties to further reduce water usage.

A key to Megaworld's strategy is its strict compliance with environmental regulations, emphasizing its dedication to protecting natural resources. The acquisition of Wastewater Discharge Permit (WWDP) from the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) and Laguna Lake Development Authority (LLDA) ensures that the Company's wastewater discharges meet safe environmental standards.

Aiming to maintain high water quality, Megaworld has made significant enhancements to its water treatment systems. These improvements are designed to benefit both the Company's customers and the environment, indicating a deep understanding of its responsibility towards community health and ecological balance. Furthermore, the company engages in water conservation education and promotes sustainability practices among its stakeholders, fostering an environment-friendly culture.

Megaworld's initiatives in water conservation and effluent treatment not only bolster its operational sustainability but also positively impact the environmental health of the communities it serves. The company's strategic management of water resources, strict adherence to regulatory compliance, and dedication to process efficiency collectively reflect a professional commitment to the principles of global sustainable development.

MATERIALS

Materials Used within Organization

Disclosure	Quantity		Units
	2023	2022 (Restated)	
Materials Used by Weight or Volume			
Renewable Materials	**3,360.40**	96,037.47	kgs
Non-renewable	**231,720,117.91**	35,403,058.24	kgs
TOTAL MATERIALS USED	**231,720,117.91**	35,499,095.71	
Percentage of recycled input materials used to manufacture the organization’s primary products and services	**Not Available**	21.69%	%

Megaworld’s Management Approach on Materials

Megaworld emphasizes its dedication to responsible sourcing practices of its input materials for construction, showcasing its commitment to sustainability and ethical practices. Meticulously orchestrating its approach to materials use, Megaworld ensures efficiency, sustainability, and compliance with international environmental standards in its construction operations.

A significant portion of materials utilized in Megaworld's projects is sourced through a carefully selected network of accredited contractors and vendors, all of whom must adhere to ISO 14001 compliance standards for environmental management. In cases where projects require direct sourcing of materials due to contractor limitations, Megaworld takes a hands-on approach to ensure that the sourced materials meet both its high standards and sustainability objectives. Moreover, the company prioritizes the local sourcing of owner-supplied materials to minimize carbon emissions associated with transportation, supporting local economies and reinforcing its commitment to responsible corporate conduct.

Through continuous monitoring and management of sourced materials, Megaworld underscores its commitment to resource efficiency and environmental conservation, ensuring efficient material utilization to minimize waste and ecological footprint. Megaworld is able to identify areas for improvement, implement sustainable practices, and mitigate environmental impacts resulting from its operations.

ECOSYSTEMS AND BIODIVERSITY

Ecosystems and Biodiversity (Upland/Watershed or Coastal/Marine)

Disclosure	Quantity		Units
	2023	2022 (Restated)	
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Boracay Newcoast, Twin Lakes, Sta. Barbara Heights, The Hamptons Caliraya, Paragua Coastown, Arden Botanical Estate, 9 Sites (IBP Residential Condo 5, Kingsquare Residential Suite, Maple Grove Residential Subdivision, Arden Westpark Village Land Development, Uptown Global Residence, Davao Whisky Park, Boracay Newcoast, Mactan Newtown, Twin Lakes)		#
Habitats Protected or Restored	240 ha in Barangays Alimodias, Dalije, and Cabalaunan, Miag-ao, Iloilo City	Not Available	ha

Megaworld recognizes the importance of biodiversity conservation and the protection of species listed on the International Union for Conservation of Nature (IUCN) Red List and national conservation lists. Within the areas affected by its operations, Megaworld has identified habitats critical to the survival of these species and has implemented measures to protect and restore them.

One significant initiative undertaken by Megaworld is the protection and restoration of habitats covering 240 hectares in Barangays Alimodias, Dalije, and Cabalaunan, Miag-ao, Iloilo City. This effort aims to safeguard the diverse ecosystems within these areas and provide a sanctuary for various plant species, including those listed on the IUCN Red List and national conservation lists.

Among the species found in these habitats, some are classified as "Least Concern," indicating that their populations are relatively stable and not currently facing significant threats.

Least Concern

Gmelina arborea
Gliricidia sepium
Lagerstroemia speciosa
Melanolepis multiglandulosa
Leucaena leucocephala (Lam.) de Wit
Alstonia macrophylla
Albizia procera (Roxb.) Benth.
Petersianthus quadrialatus
Albizia saman
Cassia javanica

Ficus nota
Ficus balete Merr
Tabernaemontana pandacaqui
Cratoxylum sumatranum
Ficus minahassae (Teijsm. & Vriese) Miq.
Antidesma bunius (L.) Spreng
Pithecellobium dulce
Ficus pseudopalma Blanco
Ficus septica
Acacia confusa

Flueggea virosa
Pinus kesiya
Garcinia binucao (Blanco) Choisy
Mangifera indica Linn.
Palaquium luzoniense (Fern-Vill.) Vidal
Macaranga tanarius (Linn.) Muell-Arg
Tamarindus indica L.
Pouteria campechiana
Cordia dichotoma
Averrhoa bilimbi

Bixa orellana
Spondias pinnata
Pterocymbium Tinctorium
Castanopsis philippinensis
Pterospermum diversifolium Blume
Broussonetia luzonica
Anacardium occidentale
Canarium asperum var. asperum
Wrightia pubescens
Cassia nodosa

Artocarpus blancoi Caryota mitis Leea aculeata Dysoxylum gaudichaudianum (A. Juss.) Miq.	Syzygium cumini Antidesma bunius Azadirachta excelsa Cnesmocarpus excelsus Zipp. ex-Blume	Terminalia catappa Ficus ulmifolia Lam. Muntingia calabura	Polyalthia longifolia Psidium guajava

Threatened," "Vulnerable," "Endangered," "Critically Endangered," or "Data Deficient," signifying varying degrees of risk to their survival.

Near Threatened	**Critically Endangered**	**Vulnerable**	**Data Deficient**
Litsea philippinensis Kleinhovia hospita Caryota mitis Sandoricum koetjape Bridelia insulana	Ligustrum quadriloculare Blanco **Endangered** Coffea arabica	Ficus ulmifolia Lam. Sindora supa Merr. Ehretia philippines Polyscias nodosa Acalypha amentacea Roxb	Mangifera indica *(Malapako) Ludwigia octovalvis (Jacq.) P.H.Raven Nephelium lappaceum Linn.
Pinus kesiya	Swietenia macrophylla	Artocarpus camansi Blanco	

To mitigate the negative impact of its operations on these species, Megaworld employs various management approaches. These include implementing habitat restoration programs, conducting biodiversity assessments, and collaborating with local communities and conservation organizations. By prioritizing the conservation of habitats and species diversity, Megaworld aims to contribute to the long-term sustainability of ecosystems and biodiversity conservation efforts in the regions where it operates.

Megaworld’s Management Approach on Biodiversity

Megaworld's commitment to biodiversity centers on preserving the natural ecosystems within and adjacent to its townships, reflecting a deep understanding of the symbiotic relationship between urban development and environmental conservation. is driven by an understanding of biodiversity's crucial role in ensuring ecological balance, enhancing community well-being, and underpinning sustainable development. Through a series of targeted actions and principles, Megaworld aims to safeguard and enrich natural habitats within and surrounding its expansive townships.

A pivotal element of Megaworld’s biodiversity strategy is the preservation of natural forests and landscapes not only within its developments but also in areas outside Megaworld. As of the end of 2023, Megaworld has adopted a total of 1,473.30 hectares of forest for reforestation and protection. 525.3 hectares of which are within Megaworld’s landbank

Forest protection and reforestation projects across its developments, include Twin Lakes, Arden Botanical Estate, Paragua Coastown, and selected landbank in Nasugbu, Batangas. This preservation effort ensures that development activities are conducted in harmony with the natural environment, thereby maintaining ecological integrity and the inherent beauty of these areas. Complementing this, Megaworld dedicates at least 40% of its township areas to open and green spaces, creating vital habitats for a diverse array of flora and fauna and offering natural oases within urban settings.

Megaworld's commitment to biodiversity extends into its urban townships, where special emphasis is placed on preserving existing trees, particularly those endemic to the Philippines. This dedication not only supports urban biodiversity and air quality but also upholds the cultural heritage of the country. By thoughtfully integrating the natural landscape into urban planning and architectural designs, Megaworld ensures developments coexist with and enhance the natural environment.

The Company also adopts sustainable design and construction practices, utilizes eco-friendly materials, and engages in comprehensive biodiversity assessments and ongoing monitoring. These initiatives are supported by community engagement and educational programs like the MEGreen Program and the Sampaguita initiative at Megaworld Hotels, which raise awareness and foster active participation in conservation efforts.

Moreover, Megaworld collaborates with government units, environmental organizations, and academic institutions to further habitat restoration, species protection, and environmental education. These collaborations are bolstered by a commitment to comply with regulatory bodies promoting environmental conservation, ensuring Megaworld's projects align with broader environmental protection efforts. Since 2021, Megaworld has been reforesting a 240-hectare forest in Barangays Alimodian, Dalije, and Cabalaunan in the Municipality of Miag-ao in Iloilo. And since then, around 72,000 trees have already been planted together with the local community. This reforestation project not only enhances biodiversity in the area but also provides livelihood to the community. In the coming years, additional adopted forests will be reforested by Megaworld and partner organizations.

Enhancing both urban and marine biodiversity, Megaworld's initiatives include vertical gardens in hotel properties, significant reforestation and forest management programs, and coastal clean-up activities in Boracay Newcoast and Paragua Coastown. These efforts exemplify how urban development and sustainability can be harmoniously integrated, setting a benchmark for the industry.

Megaworld's multifaceted approach to biodiversity management reflects its strong commitment to environmental stewardship and sustainable growth. Focused on conserving natural and endemic landscapes, implementing sustainable practices, and adhering to environmental regulations, Megaworld significantly boosts both the ecological and visual appeal of its townships. This not only positions Megaworld at the forefront of sustainable urban and tourism development but also underscores its commitment to broadening its environmental initiatives, aiming to make a comprehensive contribution to worldwide efforts in biodiversity conservation and sustainable development.

ENVIRONMENTAL IMPACT MANAGEMENT

AIR EMISSIONS

Greenhouse Gas

Disclosure	Quantity	Unit	Unit
	2023	**2022**	
Direct (Scope 1) GHG Emissions	**33,575.29**	13,679.13	Tonnes CO2e
Energy Indirect (Scope 2) GHG Emissions	**162,302.63**	324,687.99	Tonnes CO2e
Scope 3	**198,734.21**		Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	**Not Available**	Not Available	

In 2023, Megaworld concentrated its efforts on reducing emissions derived from electricity, which account for 95% of the organization's greenhouse gas (GHG) emissions. The company's primary strategy was to transition its electricity supply to renewable sources through power purchase agreements, complemented by the purchase of carbon offsets for any remaining emissions. These initiatives are crucial steps toward ensuring Megaworld's owned buildings and developments are progressing towards a more sustainable future, significantly lowering their net emissions.

To address emissions from fuels that are not yet feasible to convert to renewable sources, Megaworld is exploring nature-based solutions, such as reforestation projects, to help mitigate these impacts.

For the year 2023, buildings fully owned by Megaworld produced a total of 68,763.21 tonnes of CO2 equivalent (tCO2e) for Scopes 1 and 2 emissions. Of this, 35,816.29 tCO2e were offset by the use of renewable energy sources. Additionally, the carbon forest in Iloilo contributed to sequestering 1,215.48 tCO2e of carbon. Consequently, the net emissions for Megaworld's wholly owned buildings in 2023 amounted to approximately 31,731.44 tCO2e. These measures reflect Megaworld's proactive approach to reducing its carbon footprint and advancing its sustainability goals.

Air Pollutants

Disclosure	Quantity		Unit
	2023	2022	
NOx	Not Available	Not Available	kg
SOx	Not Available	Not Available	kg
Persistent organic pollutants (POPs)	Not Available	Not Available	kg
Volatile organic compounds (VOCs)	Not Available	Not Available	kg
Hazardous air pollutants (HAPs)	Not Available	Not Available	kg
Particulate matter (PM)	Not Available	Not Available	kg

Megaworld's Management Approach on Emissions

Megaworld's strategy to manage and reduce air emissions is a key component of its sustainability framework, demonstrating a strong commitment to environmental stewardship. By integrating advanced technology, thoughtful urban planning, and active community engagement, Megaworld aims to improve air quality and promote a culture of sustainability.

The company focuses on energy efficiency in its developments by implementing advanced energy-saving technologies and green building practices. These measures significantly reduce energy consumption and greenhouse gas emissions, setting a standard for sustainable construction and property management. Additionally, Megaworld is shifting toward renewable energy, using solar power and partnering with renewable energy providers to supply its townships and commercial properties with cleaner energy.

To mitigate transportation's impact on air quality, Megaworld offers sustainable mobility solutions in its townships. These include pedestrian-friendly pathways, bike lanes, free shuttle services, and electric vehicle charging stations, which collectively reduce reliance on cars, decrease traffic congestion, and support cleaner transportation alternatives.

Megaworld's township concept integrates green spaces, energy-efficient buildings, and sustainable transportation options, promoting sustainable living practices among residents. The presence of parks, pocket gardens, and vertical gardens not only beautifies the urban landscape but also helps filter pollutants and provides recreational spaces.

To ensure the effectiveness of its emissions management, Megaworld adheres to strict environmental standards, regularly monitors emissions, and collaborates with government bodies, NGOs, and industry groups. The company actively engages with stakeholders to build an environmentally conscious community.

The Township Analytics Technology Laboratory (TAT Lab) further enhances the sustainability and safety of Megaworld's townships. Equipped with cutting-edge technology, the lab enables estate managers to monitor and analyze events in real-time, ensuring comprehensive and timely responses to emergencies.

Megaworld is deepening its commitment to carbon neutrality through its MEGreen Program, targeting carbon neutrality by 2035. This commitment includes enhancing its emissions inventory and implementing various strategies to reduce GHG emissions, such as transitioning to renewable energy and using nature-based solutions like reforestation to offset emissions.

In 2023, the company prioritized reducing emissions from electricity, its major source of GHG emissions, by transitioning to renewable sources and purchasing carbon offsets. These efforts are part of Megaworld’s broader strategy to lead in sustainable property development, balancing business objectives with environmental accountability and setting an industry benchmark for others to follow.

SOLID AND HAZARDOUS WASTES

Solid Waste

Disclosure	Quantity		Unit
	2023	2022	
Total Solid Waste Generated	**92,375.36**	39,878.63	Metric tonnes
Reusable	**0.00**	1.57	Metric tonnes
Recyclable	**11,893.79**	1,143.89	Metric tonnes
Composted	**2,489.97**	501.30	Metric tonnes
Incinerated	**0.00**	0.00	Metric tonnes
Other Recovery Operation	**4,197.91**	197.80	Metric tonnes
Residuals/Landfilled	**75,413.89**	38,034.07	Metric tonnes

Hazardous Waste

Disclosure	Quantity		Unit
	2023	2022	
Total Weight of Hazardous Waste Generated	**1,763.66**	240.94	Metric tonnes
Total Weight of Hazardous Waste Transported	**1,763.66**	207.64	Metric tonnes

Megaworld's Management Approach on Waste Management

Megaworld's waste management strategy has evolved in response to the challenges of the previous years, marked by the launch of its waste management programs and initiatives. These efforts have been accompanied by comprehensive information, education and communication campaigns aimed at enhancing the awareness of employees and stakeholders. Megaworld seeks to address waste accumulation effectively and promote sustainable practices among its workforce and partners.

Central to Megaworld's waste management program is its commitment to controlling waste accumulation and minimizing environmental impact. As part of the MEGreen Program, Megaworld has launched a comprehensive waste reduction initiative called Goal Zero Waste to enhance and efficiently manage, ensure compliance with environmental regulations, and foster a clean and healthier environment within its properties.

The Company has collaborated took measures with DENR-Accredited third-party haulers and recyclers to divert any waste away from landfills like BEST's Trash to Cash to divert recyclables and with ABS CBN Lingkod Kapamilya Foundation, Inc. to divert used cooking and diesel oil, thereby promoting resource recovery and reducing the burden on the environment directed to landfills. Through this partnership, Megaworld This approach also ensures that upcycling partners derive benefits from the initiative, fostering a circular economy and promoting sustainable waste management practices.

Megaworld is also committed to complying with RA 11898 or the Extended Producers Responsibility Law. For 2023, Megaworld was able to divert 27.39 metric tons of plastics from going to the oceans. This is equivalent to 100% of sold plastic bottles in Megaworld Lifestyle Malls, which means Megaworld is beyond compliant for the RA 11898. Aside from this, a total of 57.68 metric tons of recyclables are collected and diverted from four townships of Megaworld, namely, McKinley Hill, Newport City, Uptown Bonifacio, and Arcovia through the Trash to Cash Program.

Megaworld's waste management strategy reflects its proactive approach to environmental stewardship and sustainability. Through a combination of waste reduction initiatives, recycling programs, community engagement efforts, and technological innovations, Megaworld aims to minimize waste generation, maximize resource recovery, and promote a circular economy within its developments. By integrating environmental sustainability into its business operations and collaborating with stakeholders, Megaworld contributes to the creation of healthier, more sustainable communities and a greener future.

ENVIRONMENTAL COMPLIANCE

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity		Unit
	2023	2022	
Total Amount of Monetary Fines	None	None	Php
Number of non-monetary sanctions	None	None	#
Number of cases resolved	None	None	#

In 2023, Megaworld demonstrated a continued commitment to environmental compliance, with no instances of monetary fines or non-monetary sanctions reported. Similarly, in 2022, the company also recorded zero monetary fines and non-monetary sanctions related to environmental non-compliance. This consistent performance shows that the company successfully mitigated environmental risks and addressed any regulatory concerns through proactive measures.

Moreover, Megaworld places particular emphasis on obtaining and maintaining Environment Compliance Certificates (ECC) issued by regulatory agencies such as the Department of Environment and Natural Resources (DENR) or the Laguna Lake Development Authority (LLDA). Through rigorous compliance measures and ongoing coordination with regulatory bodies, Megaworld continues to set a benchmark for environmental responsibility within the real estate industry, demonstrating its dedication to creating sustainable communities that prioritize environmental protection and accountability.

SOCIAL

EMPLOYEE MANAGEMENT

EMPLOYEE HIRING AND BENEFITS

Employee Data

Disclosure	Quantity		Unit
	2023	2022	
Total number of employees	**6,204**	5,859	#
Total number female of employees	**3,520**	3,061	#
Total number of male employees	**2,684**	2,798	#
Attrition Rate	**Not available**	**Not available**	rate
Ratio of lowest paid employee against minimum wage	1.08:1	1.08:1	rate

The employee diversity data for a company with a total workforce of 6,204 employees reveals insightful distributions by position and gender. Staff roles, ranging from Rank and File (R&F) to Senior Staff (SS), form the majority of the workforce, comprising approximately 76% of all employees. This significant proportion underscores a robust base of operational support. Middle management, encompassing positions from Assistant Manager (AM) to Senior Assistant Vice President (SAVP), represents 21% of the workforce, with responsibilities that include overseeing functions and managing teams. Senior management, which includes roles from Vice President (VP) to President (P), accounts for about 3% of the workforce, playing a crucial role in strategic decision-making at the highest levels.

Regarding gender distribution, the workforce is composed of 43% male and 57% female employees, illustrating a predominance of women. This substantial female representation across various organizational levels indicates a commitment to an inclusive workplace that values gender diversity. Such diversity is vital, as it brings a range of perspectives to the table, which is essential for fostering innovation and driving the comprehensive success of the company.

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	57.10	42.90
PhilHealth	Y	71.97	28.03
Pag-ibig	Y	62.83	37.17
Parental Leaves	Y	68.75	31.25
Vacation Leaves	Y	52.27	47.73
Sick Leaves	Y	54.63	45.37
Medical Benefits (Aside from PhilHealth)	Y	0.00%	0.00%
Retirement Fund (Aside form SSS)	Y	0.00%	100%
Further education support	N	0.00%	0.00%

Company stock options	N	0.00%	0.00%
Telecommunications (Work-From-Home)	N	0.00%	0.00%
Flexible working hours	Y	9.09%	90.91%
Life Insurance	Y	0.00%	0.00%
Housing Assistance (aside from Pag-ibig)	Y	0.00%	100%

Megaworld's Management Approach on Employment

Megaworld employs a distinctive and effective approach towards employment management, encapsulating both its hiring practices and the benefits it extends to its employees. In terms of recruitment, the company is committed to attracting a diverse pool of candidates, encompassing both fresh graduates and seasoned professionals across various domains, thereby fostering an environment rich in different perspectives. The Company's meticulous selection process ensures a match not only of skills but also alignment with the organizational culture and values, utilizing a blend of assessments to identify suitable candidates.

Upon joining, Megaworld introduces employees to a competitive compensation package that includes bonuses and performance-based incentives, recognizing individual achievements and contributions. The Company places a significant emphasis on health and wellness, providing extensive health insurance and wellness programs to promote a balanced lifestyle. Furthermore, Megaworld invests in the continuous professional development of its employees, offering training and development opportunities to support career advancement within the industry.

To enhance employee engagement and morale, Megaworld implements various initiatives, such as recognition programs that acknowledge professional milestones, fostering a sense of belonging and appreciation. The organization also values work-life balance, implementing flexible working arrangements and ample time off, allowing employees to enjoy personal pursuits alongside their professional responsibilities.

The employment management strategy extends to detailed internal policies found within the employee handbooks of the different subsidiaries of Megaworld. These policies underscore a culture of internal consideration for vacancies, promoting a culture of growth from within, and transparent and competitive selection processes for hiring. The employee benefits articulated in the handbooks complement statutory benefits with additional company-initiated perks, such as various leave credits, healthcare benefits, and financial support plans, contributing to a comprehensive welfare system for employees.

Moreover, the outlined organizational culture and conduct policies emphasize the importance of a professional environment that respects diversity, creativity, excellence, and integrity. Such an environment is cultivated through clear guidelines on dress code, office equipment uses, confidentiality, and business ethics, ensuring productivity and mutual respect.

The employment management approach of Megaworld offers a holistic strategy aimed at attracting, retaining, and nurturing talent. This strategy encompasses a competitive selection process, an extensive range of benefits, and clear expectations regarding performance and conduct. Together, these elements reflect Megaworld's commitment to its employees' growth and well-being, reinforcing its position as a leading force in the real estate and property development sectors. This approach not only contributes to individual employee success but also to the Company's overarching goals and continued innovation in the industry.

TRAINING AND DEVELOPMENT

Employee Training and Development

Disclosure	Quantity		Unit
	2023	2022	
Total training hours provided to employees			
Female of employees	**75,674.27**	34,786.37	Hrs.
Male employees	**55,277.88**	36,127.98	Hrs.
Average training hours provided to employees			
Female of employees	**28.52**	18.56	hrs./employee
Male employees	**27.77**	21.29	hrs./employee

Megaworld's Management Approach on Training and Development

Megaworld prioritizes its workforce, recognizing employees as pivotal assets essential for driving innovation, excellence, and sustainable growth. This recognition underpins the company's substantial investment in comprehensive training and development programs, aimed at bolstering employees' skills, knowledge, and overall well-being. The commitment to nurturing both professional and personal growth reflects Megaworld's belief in its employees' potential to advance the company's objectives.

The Megaworld Learning Academy stands as the cornerstone of this commitment, offering a wide-ranging curriculum of master classes essential for professional and personal development. These classes cover key areas such as customer service, health management, personality development, digital tool proficiency, psychological wellness, and leadership skills, demonstrating the company's dedication to continuous learning.

Megaworld's training programs have proven effective in retaining talent and improving employee capabilities. Initiatives such as inclusive training and Train-the-trainers' sessions are critical components of this strategy. Planned to extend into the next year, these initiatives aim to improve the skill sets of employees across Megaworld and its subsidiaries, thus ensuring a broad impact on professional development. Collaboration between the Megaworld Learning Academy, HR Business Partners, Organizational Development, and additional Training Groups plays a vital role in the strategy's implementation. This partnership is essential for promoting and managing development initiatives across the organization, establishing a robust framework for learning and development.

The introduction of DZHR in 2023 marked a significant advancement in employee engagement. This internal podcast-like program featuring monthly themes with special guests and experts, facilitates meaningful interactive conversations. Similarly, the TEN Talks by Megaworld Learning Academy illustrates the Company's innovative learning approaches, engaging a substantial segment of executive and middle management.

The launch of the MEGreen Program in 2023 demonstrates the deep integration of Megaworld's sustainability commitment into its corporate culture. This initiative actively involves its employees in the Company's carbon neutrality goals, demonstrating the importance of employee participation in sustainability efforts.

Megaworld incorporates a unique aspect, not typically observed in corporate environments, within its comprehensive employee development strategy: the Spiritual Development Program. This initiative demonstrates Megaworld's understanding that holistic employee development involves not only physical and mental advancement, but also spiritual cultivation. Megaworld provides a voluntary and inclusive program that acknowledges and respects the diverse spiritual backgrounds of its workforce. This program offers multiple pathways for employees to explore and enhance their spiritual lives. The program includes a series of workshops and seminars focused on spiritual topics, as well as interfaith dialogues aimed at fostering mutual respect and understanding among employees with diverse beliefs. In addition, the program facilitates the alignment of acts of service with spiritual growth, promoting and fostering volunteerism and community engagement. Implemented by the Company's HRCAD, the program's activities are thoughtfully scheduled outside of core working hours to ensure maximum accessibility without impinging on professional responsibilities. Participation is entirely voluntary, with the initiative designed to appeal to a broad spectrum of spiritual interests.

Multiple award-giving bodies have recognized the Human Resources and Corporate Administration Department's (HRCAD) record-breaking achievements r in engagement, learning and development, and wellness. These accomplishments underscore the effectiveness of its employee engagement programs, which boasts 87% is the overall employee training coverage, including 21 training programs and 84 accredited external trainings, alongside numerous engagement and wellness programs.

The HRCAD conducts periodic needs assessments to evaluate and ensure the continued relevance and impact of training programs. This strategic review aligns initiatives with the evolving requirements of the Company and its employees, maximizing effectiveness.

Megaworld's strategic approach to training and development—marked by innovative engagement programs, a strong commitment to sustainability, and collaborative efforts—positions the company as a leader in fostering an empowered, continuously evolving workforce. This strategy not only supports individual employee growth but also aligns with Megaworld's broader objectives of innovation, sustainability, and excellence in the real estate sector.

LABOR-MANAGEMENT RELATIONS

Labor-Management Relations

Disclosure	Quantity		Unit
	2023	2022	
% of employees covered with Collective Bargaining Agreements*	**0**	0	%
Number of consultations conducted with employees concerning employee-related policies	**0**	0	#

*The Company has no collective bargaining agreements.

In both 2023 and 2022, Megaworld stated that its employees were not covered by Collective Bargaining Agreements (CBAs), indicating the absence of formal agreements between the company and its workforce regarding employment terms. Furthermore, the company did not involve employees in any discussions regarding employee-related policies during this time period. This suggests a direct method of policy communication and decision-making, without engaging in formal negotiations or discussions with employees regarding these issues. Megaworld's labor-management relations approach emphasizes unilateral policy establishment and direct communication methods as key elements of its operational framework.

DIVERSITY AND EQUAL OPPORTUNITY

Diversity and Equal Opportunity

Disclosure	Quantity		Unit
	2023	2022	
% of female workers in the workforce	**53**	52	%
% of male workers in the workforce	**47**	48	%
Number of employees from indigenous communities and/or vulnerable sector*	**Not Available**	Not Available	#

**Vulnerable sectors include 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).*

Megaworld’s Management Approach on Diversity and Equal Opportunity

Megaworld adopts a forward-thinking approach to employment diversity and equal opportunity, recognizing the intrinsic value and potential that a diverse workforce brings to the organization. The commitment to inclusivity and equity is deeply integrated into Megaworld’s corporate culture, evident through the implementation of a range of policies, practices, and initiatives aimed at cultivating a work environment that is fair and welcoming to all.

The Company implements a comprehensive policy that mandates equal treatment and opportunity for all employees and job applicants. This policy is rooted in the principle that diversity across various dimensions–such as race, gender, age, cultural background, religious belief, sexual orientation, and life experiences–enriches the organizational culture and enhances business performance. Discrimination or harassment of any form is strictly prohibited, ensuring a safe and respectful workplace for everyone.

The recruitment strategy implemented by Megaworld is specifically designed to effectively attract a wide range of candidates with diverse backgrounds. The formulation of job advertisements and postings is designed to promote inclusivity and attract applications from individuals with diverse backgrounds and experiences. The selection processes employed by the Company adhere to standardized and objective criteria. These processes prioritize the evaluation of candidates’ qualifications, skills, and potential contributions to the organization. As a result, the Company ensures fairness and equality in employment opportunities.

WORKPLACE CONDITION

Occupational Health and Safety

Disclosure	Quantity		Unit
	2023	2022	
Safe Man-Hours	**107,885,336**	52,127,835	Man-hours
No. of work-related injuries	**327**	215	#
No. of work-related fatalities	**0**	0	#
No. of work-related ill-health	**7,902**	338	#
No. of safety drills	**128**	54	#

During the transition from 2022 to 2023, Megaworld achieved a significant increase in safe man-hours, rising from 52,127,835 to 107,885,336. This growth signals not only an expansion in operational activities but also a marked improvement in safety protocols and standards. Despite this progress, there was an uptick in the number of work-related injuries, climbing from 215 to 327, reflecting the company's efforts to fortify its safety measures alongside adopting more stringent incident reporting practices. Crucially, Megaworld maintained a zero-fatality record throughout this period, underscoring the efficacy of its comprehensive safety measures and protocols.

Additionally, there was a notable surge in reported cases of work-related ill-health, which increased from 338 in 2022 to an alarming 7,902 in 2023. This sharp rise is indicative of Megaworld's intensified health surveillance and more robust reporting mechanisms. The company also significantly increased its focus on emergency preparedness and safety training, evidenced by the doubling of safety drills from 54 in 2022 to 128 in 2023. Megaworld's holistic approach to Occupational Health and Safety (OHS) highlights its unwavering commitment to creating a secure and health-conscious work environment, even as it navigates the complexities of managing a growing number of work-related injuries and health issues.

Megaworld’s Management Approach on Occupational Health and Safety

Recognizing the intrinsic value of its workforce, Megaworld, along with its subsidiaries, has committed itself to fostering a work environment that is not only safe and healthy but also supportive and conducive to productivity across all its operations. Megaworld demonstrates this commitment by strictly adhering to health and safety standards, implementing comprehensive wellness programs, and cultivating a workplace culture that prioritizes each employee's well-being.

Since 2022, a key strategy for reinforcing this commitment has been the strategic deployment of Safety Protocol Officers across various departments. These officers are instrumental in promoting compliance with safety protocols, thereby instilling a culture of awareness and prevention of workplace hazards. Their role underscores Megaworld’s dedication to ensuring that safety practices are not just policies on paper but are actively lived values within the company.

Megaworld’s approach to maintaining workplace safety and health is meticulous, characterized by comprehensive audits and continuous monitoring. This approach enables the precise identification, assessment, and mitigation of risks, showcasing the company's proactive stance in prioritizing the safety of its employees as a matter of utmost importance. To bolster its dedication to creating a safe work environment, Megaworld has implemented a variety of systems and procedures. This includes steadfastly upholding the company's Environment, Health, and Safety (EHS) policy, ensuring compliance with all Occupational Safety and Health (OSH) reportorial requirements, and nurturing a pervasive culture of safety throughout the organization. The engagement with contractor safety group committees is a testament to Megaworld's commitment to effective dissemination of OSH policies and programs across its numerous sites, reflecting the expansive reach of its safety initiatives.

Beyond safety measures, Megaworld places a high priority on the overall well-being of its employees. Nurses and physicians from the company help to provide critical health services. Employees can receive medical consultations, complimentary medications, and first aid treatments, ensuring that they have access to the necessary health care resources. This holistic approach not only emphasizes physical health but also contributes to a supportive atmosphere that recognizes the diverse needs of its workforce.

Megaworld upholds its reputation as a top employer dedicated to excellence by implementing an integrated management approach to workplace conditions that combine strict safety procedures, extensive wellness initiatives, and culture that prioritizes employee well-being. The Company prioritizes the creation of secure, healthy, and engaging environments to exceed regulatory standards and promote an empowered, satisfied, and productive workforce. The strategic focus not only yields benefits for the employees, but also serves to align with Megaworld’s overall objectives of innovation, sustainability, and operational excellence.

LABOR STANDARDS

Labor Laws and Human Rights

Disclosure	Quantity		Unit
	2023	2022	
No. of legal actions or employee grievances involving forced or child labor	0	0	#

Megaworld reported no instances of legal actions or employee grievances related to forced or child labor in both 2022 and 2023. The Company’s firm commitment to maintaining ethical labor practices and protecting workers’ rights demonstrates its strong adherence to principles of social responsibility and ethical conduct within the workplace.

HUMAN RIGHTS

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

Topic	Yes or No	If yes, cite reference in the company policy
Forced Labor	Yes	The Company conducts thorough audits on its vendors and contractors to ensure that underage workers are not employed in their operation.
Child Labor	Yes	
Human Rights	Yes	- Policy against Sexual Harassment - Policy for Supporting Breastfeeding Employees - Policy supporting the Magna Carta for Women - Policy in support of the Family Welfare Act

		- Special Leave Benefits for Women Employees - Workplace policy and program on Hepatitis B - Anti-discrimination policy

Megaworld has established a comprehensive suite of policies that underline its commitment to upholding labor laws and human rights, reflecting a proactive approach to fostering a respectful, safe, and inclusive workplace. Each policy explicitly disallows violations such as harassment, bullying, forced labor, and child labor, among others, ensuring that the company's operations and extended networks adhere to ethical standards and legal requirements.

The company has instituted a Forced Labor Policy, conducting rigorous audits on vendors and contractors to prevent the employment of underage workers and ensure that all labor is voluntary and compliant with national and international labor laws. This practice underscores Megaworld's dedication to ethical labor practices, safeguarding against exploitation within its supply chain and operations.

In addressing Child Labor, Megaworld adheres strictly to legal age requirements for employment, ensuring that its workforce is of appropriate age for the types of work they perform. This policy not only complies with legal standards but also reflects the company's stance on protecting the rights and well-being of children.

Megaworld's commitment to Human Rights is broad and encompassing, with several policies designed to protect the rights and dignity of its employees. The Policy against Sexual Harassment aims to create a work environment free from unwanted conduct of a sexual nature, ensuring safety and respect for all employees. Similarly, the Policy for Supporting Breastfeeding Employees facilitates a supportive environment for nursing mothers, recognizing the importance of work-life balance and the health benefits of breastfeeding.

The company's support for the Magna Carta for Women, Family Welfare Act, and Special Leave Benefits for Women Employees further demonstrates its commitment to gender equality and family welfare. These policies ensure that women employees receive equal opportunities and support, including special leave benefits to address personal and family health needs.

Addressing health concerns, Megaworld has also implemented a Workplace Policy and Program on Hepatitis B, aimed at preventing discrimination against employees living with Hepatitis B and promoting awareness and understanding within the workplace.

Lastly, the Anti-discrimination Policy solidifies Megaworld’s commitment to creating an inclusive work environment where all employees, regardless of gender, race, religion, or health status, are treated with fairness and respect. This policy ensures that all employment decisions are based on merit and competence, furthering the company's dedication to diversity and inclusion.

Through these policies, Megaworld not only adheres to regulatory requirements but goes beyond compliance to ensure that its workforce is empowered, protected, and valued. This comprehensive approach to upholding labor laws and human rights exemplifies Megaworld’s dedication to ethical practices and the promotion of a positive and productive work culture.

SUPPLY CHAIN MANAGEMENT

Megaworld's supply chain management strategy is characterized by a comprehensive and rigorous approach, firmly grounded in the Company's dedication to sustainability, ethics, and social responsibility. Megaworld ensures the integrity and sustainability of its property developments by carefully choosing suppliers and contractors who meet essential quality and performance standards and align with the company's values.

The foundation of this strategy is an improved accreditation system that encompasses every stage of property development, including construction, operation, and building phases. The implementation of this stringent system necessitates a comprehensive appraisal and examination of all prospective suppliers and contractors prior to the finalization of any agreements, ensuring the sole use of superior and secure materials. The meticulous selection process is crucial for maintaining an efficient supply chain. This, in turn, enables timely project completions and ensures standardized construction practices across the board.

The MEGreen Program is a manifestation of Megaworld's supply chain philosophy, with sustainability as a fundamental pillar. Megaworld actively integrates green building strategies, codes, and standards into its construction and real estate activities as part of its initiative to minimize the environmental impact. The commitment to adherence to relevant government and industry standards extends to the requirements for vendors and contractors. This ensures that each project not only meets but surpasses compliance and quality benchmarks. Megaworld is actively expanding its portfolio by incorporating an increasing number of sustainable and environmentally friendly buildings. Megaworld is committed to promoting a greener construction industry.

The implementation of digital supply chain processes represents a significant aspect of Megaworld's operational strategy. Using software solutions, the Company has achieved significant improvements in supply chain management. This has resulted in increased accuracy and reduced losses in terms of time and materials. Technology adoption enables the implementation of more efficient operations and improves project management, resulting in optimal resource utilization throughout all phases of development.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Yes or No	If yes, cite reference in the company policy
Environmental Performance	Yes	The Company has a third-party accreditation firm that handles the screening process and ensures that these metrics are considered.
Forced Labor	Yes	
Child Labor	Yes	
Human Rights	Yes	
Bribery and Corruption	Yes	

When accrediting suppliers, Megaworld places a significant emphasis on sustainability topics, including environmental performance, forced labor, child labor, human rights, and bribery and corruption. A third-party accreditation firm assumes the responsibility of screening suppliers against these metrics and ensuring comprehensive compliance throughout Megaworld's supply chain. The aforementioned approach exemplifies the company's steadfast commitment to upholding ethical practices and promoting sustainability, thereby extending its influence beyond its immediate operations.

RELATIONSHIP WITH THE 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	**Township Development**
Location	Philippines
Vulnerable groups, if applicable	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)
Does the particular operation have impacts on indigenous people (Y/N)?	Does not directly impact indigenous people as most projects are in developed area
Collective or individual rights that have been identified that or particular concern for the community	As the pioneer of township developments, it has always been Megaworld's pursuit to create game-changing property innovations that will improve the livelihood and positively impact the nation. By spurring stronger economic activity through its townships, Megaworld will be able to promote reverse migration and persuade those who have left their localities to come back and build a career in their own hometowns. This way, the Company also helps keep Filipino families intact.
Mitigating measures (if negative) or enhancement measures (if positive)	As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of the society.

Megaworld employs a strategic approach in the development of its extensive portfolio, which includes 31 townships, tourism estates, and integrated lifestyle communities throughout the Philippines. This approach reflects the company's strong dedication to the preservation of local culture and heritage. The aforementioned philosophy guarantees that every development project not only integrates harmoniously with its environment but also improves it by actively embracing and incorporating the unique cultural identity and values of the local area. The company's meticulous design process, focused on creating spaces that are sustainable, economically vibrant, and culturally resonant, clearly demonstrates its dedication.

This holistic approach nurtures a strong bond between residents and their cultural heritage, fostering community pride and safeguarding cultural authenticity amid rapid urbanization. Megaworld's commitment to incorporating a distinct cultural essence into each township exemplifies the company's dedication to fostering the social and cultural development of the communities it contributes to shaping.

Illustrating this commitment further, Megaworld plays a pivotal role in encouraging reverse migration by establishing townships that are not only economically sustainable but also culturally enriching. This strategy incentivizes Filipinos to return to their hometowns, contributing to local economies, supporting familial ties, and revitalizing community prosperity.

Prominent examples of Megaworld’s dedication to cultural preservation include esteemed developments like Capital Town Pampanga, Maple Grove in Cavite, Iloilo Business Park in Iloilo City, The Mactan Newtown in Cebu, and The Upper East in Bacolod. Each project serves as a testament to Megaworld’s ability to blend local culture seamlessly into contemporary urban landscapes.

These developments serve as vibrant demonstrations of how urbanization can coalesce with cultural conservation, fostering sustainable and inclusive growth within Philippine communities. By ensuring that each township resonates with local culture and traditions, Megaworld not only safeguards cultural heritage but also enhances the allure of these communities as cultural tourism destinations.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations	**Real Estate Development**
Location	Philippines
Vulnerable groups, if applicable	N/A
Does the particular operation have impacts on indigenous people (Y/N)?	Does not directly impact indigenous people as most projects are in developed area
Collective or individual rights that have been identified that or particular concern for the community	As Megaworld crafts a legacy of bringing value to people’s lives through its real estate offerings, the Company is also pursuing opportunities that will allow it to become more transformative and impactful as a developer.
Mitigating measures (if negative) or enhancement measures (if positive)	As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of the society.

Megaworld's strategic approach to residential development in the Philippines is deeply informed by its commitment to inclusivity and community impact. The Company’s projects are carefully designed to consider their societal impacts, ensuring that developments situated predominantly in urbanized locations do not adversely affect indigenous populations or their lands. This ethical development practice is part of Megaworld's broader strategy to mitigate potential negative effects on indigenous cultures and lands, aligning with its dedication to responsible and ethical real estate development.

Central to Megaworld’s philosophy is the diversification of its residential offering to cater to various market segments, thereby ensuring housing solutions are inclusive and accessible to a broad spectrum of Filipino population. This commitment to inclusivity and accessibility in housing is adeptly implemented through the distinct positioning and offerings of its subsidiaries, each serving specific segments of the market with tailored solutions.

Megaworld itself is positioned to attract the upper mid-to-high-end market segment, delivering premium residences that epitomize luxury and sophistication for discerning customers desiring upscale living environments. This offering aligns with the expectations of a clientele looking for exceptional living spaces within vibrant communities.

In parallel, Global-Estate Resorts, Inc. carves its niche within the upper mid-to-high-end segment as well, but with a distinctive emphasis on tourism-related developments and vacation homes. This focus caters to those seeking residences that double as leisure retreats, blending the comforts of home with the allure of vacation-like amenities and settings.

Empire-East addresses the needs of the low-to-mid market segment, offering residential solutions strategically located near Metro Manila’s main thoroughfares. These developments serve as convenient halfway homes for professionals who navigate the daily commute between the bustling metro and the quieter outskirts, providing practical and accessible living spaces.

Suntrust extends Megaworld’s reach into the affordable housing segment, broadening the accessibility of quality residences to encompass a wider demographic. This initiative ensures that quality housing is not just a privilege of the few but an accessible option for many, supporting the aspirations of a broader base of the Filipino population.

Lastly, Stateland ventures into both affordable and economical segments, particularly targeting South Luzon and parts of Metro Manila. These developments are in line with government shelter programs and are strategically located in areas identified for potential economic growth. This approach not only supports national housing initiatives but also pioneer development in regions with untapped potential, contributing to local economic development and community growth.

A key aspect of making homeownership more attainable, especially for Filipinos working abroad, is Megaworld's implementation of flexible payment terms. This initiative significantly enhances the affordability of its diverse range of housing options, empowering more Filipinos, including overseas workers, to invest in and own property in their home country. By offering more accessible payment schemes, Megaworld not only broadens its market reach but also contributes substantially to the socioeconomic development of local communities, supporting the dream of homeownership for regular people and ensuring a wide array of housing options that meet various needs and preferences.

Furthermore, Megaworld's strategic expansion into new locations is leveraged to generate employment and stimulate business opportunities, fostering local economic growth and societal advancement. The company's operational strategy, emphasizing inclusivity, diversity, economic empowerment, and ethical practices, solidifies its position as a transformative force in the real estate sector. Megaworld demonstrates responsible and impactful business practices in the Philippine residential development landscape by integrating concerns for collective and individual rights and aligning its development projects with broader community development and economic inclusivity goals. Megaworld sets benchmarks for innovation, sustainability, and responsible development in the real estate industry through its thoughtful approach to development and commitment to making property ownership more accessible.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations	Office Development and Leasing
Location	Philippines
Vulnerable groups, if applicable	N/A
Does the particular operation have impacts on indigenous people (Y/N)?	Does not directly impact indigenous people as most projects are in developed area
Collective or individual rights that have been identified that or particular concern for the community	Megaworld designs its buildings to adhere to green building standards. This promotes employee well-being, which increases productivity in the workplace. Green developments also help reduce the carbon footprint of these buildings thus minimizing any unfavorable impact to the environment. These types of developments not only attract multinational corporations to locate their offices in the country, but also contribute over the long term to the government's efforts to provide more job opportunities in the country.
Mitigating measures (if negative) or enhancement measures (if positive)	As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of the society.

Megaworld's strategic approach to office development and leasing significantly impacts local communities across the Philippines, with a particular emphasis on ethical and responsible business operations. By focusing its activities in developed areas, the company thoughtfully mitigates potential impacts on indigenous communities, demonstrating a deep commitment to preserving land rights and cultural heritage.

A pivotal element of Megaworld's office development strategy is its rigorous adherence to green building standards. This approach not only fosters employee well-being and productivity by creating healthier work environments but also plays a critical role in reducing the carbon footprint of its office buildings. Such sustainable practices underscore Megaworld's leadership in eco-friendly office space development, aligning with global sustainability efforts and minimizing environmental impacts.

The establishment of green office developments has a broad and positive effect on both the local and national scales. Attracting multinational corporations to these eco-conscious spaces supports the Philippine government's objectives of bolstering economic development and generating employment opportunities. Furthermore, Megaworld's initiatives significantly contribute to the country's appeal as an attractive location for international business, promoting economic vibrancy and job creation.

Megaworld's expansion of office buildings outside Metro Manila stands as a testament to its support for the government's decentralization efforts and the promotion of reverse migration. By developing office spaces in regions beyond the capital, Megaworld not only diversifies economic opportunities but also encourages Filipinos to consider living and working in their hometowns or in less congested cities. This strategy helps alleviate the overconcentration of businesses and population in Metro Manila, fostering balanced regional development and enhancing the quality of life for many Filipinos.

In addition to promoting reverse migration, Megaworld's expansion into new locations across the Philippines significantly boosts local economies. By providing more employment and business opportunities, the company stimulates economic growth in emerging cities and provinces, contributing to the broader goal of national development and socio-economic upliftment.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations	**Mall Development and Leasing**
Location	Philippines
Vulnerable groups, if applicable	N/A
Does the particular operation have impacts on indigenous people (Y/N)?	Does not directly impact indigenous people as most projects are in developed area
Collective or individual rights that have been identified that or particular concern for the community	Megaworld Lifestyle Malls epitomizes the Philippines most inventive lifestyle centers that offer groundbreaking experiences to the metropolitan communities of the country. Each mall has a unique personality and story that takes its guests on a world-class adventure through pioneering design, state of the art facilities, and commercial establishments never before seen in the Philippines. This way, Filipinos are exposed to world-class amenities and shopping experiences, while celebrating the country's local finest. Megaworld Lifestyle Malls likewise has converted several open spaces in it select lifestyle malls into outdoor farmers' markets to support Filipino farmers, fisherfolks and food entrepreneurs who have been directly impacted by the global pandemic to showcase and market their products while giving the mall-going public access to a wide range of fresh fruits, vegetables, seafood, meat products, and other food choices in a much safer shopping environment. This is part of the Company's continuing support to the government's thrust to help the economy recover fast.
Mitigating measures (if negative) or enhancement measures (if positive)	Philippines

Megaworld's strategic approach to mall development and leasing in the Philippines transcends traditional commercial objectives, embedding significant positive impacts on local communities into the core of its business operations. Through the establishment of Megaworld Lifestyle Malls, the company not only pioneer innovative lifestyle centers but also ensures these ventures serve as platforms for societal and economic development.

Situated predominantly in developed areas to mitigate impacts on indigenous populations, these malls are conceptualized to be more than mere commercial spaces. They are envisioned as hubs where the community can experience groundbreaking shopping and lifestyle experiences that reflect world-class standards while celebrating the richness of Filipino culture. Each mall's unique design and offering bring the global marketplace to the local community's doorstep, enhancing Filipino consumers' access to diverse products and services.

In line with its commitment to community development, Megaworld forges strategic partnerships with local governments to initiate livelihood programs adjacent to its malls. These programs aim to bolster the local economy by providing residents with opportunities for skill development and economic advancement, thereby enhancing community self-sufficiency and resilience.

Moreover, Megaworld actively encourages the participation of Micro, Small, and Medium Enterprises (MSMEs) and local producers by inviting them to showcase their fresh produce and native delicacies within its malls. This initiative not only grants local entrepreneurs access to a broader market but also enriches the mall-going experience with a taste of local culinary and cultural heritage. Such efforts are particularly poignant in the wake of the global pandemic, as Megaworld adapts its spaces to include outdoor farmers' markets, supporting local farmers and food entrepreneurs while offering consumers safer shopping environments.

As Megaworld expands its footprint of lifestyle malls across more locations, the company's role in generating employment, fostering business opportunities, and providing platforms for local community support becomes increasingly significant. This expansion reflects a deliberate strategy to promote local economic growth, support community livelihoods, and enhance the socio-economic well-being of the communities Megaworld serves.

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations	**Hotel Development and Operations**
Location	Philippines
Vulnerable groups, if applicable	N/A
Does the particular operation have impacts on indigenous people (Y/N)?	Does not directly impact indigenous people as most projects are in developed area
Collective or individual rights that have been identified that or particular concern for the community	Megaworld has been developing world-class hotels and resorts that befit the status of the Philippines as a prime haven for international travelers. The Company has been closely working with the Department of Tourism (DoT) to ensure that the Company is able to customize its developments and services to the needs and peculiarities of the local tourism market through Megaworld Hotels. More than just developing hotels, Megaworld enlivens its hotels with the warmth and hospitality inherent to the Filipino culture. This Filipino brand of hospitality has become Megaworld Hotel’s signature brand of service, setting them apart from other hotel developers and operators in the country.

Mitigating measures (if negative) or enhancement measures (if positive)	As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of the society.

Megaworld’s strategic foray into hotel development and operations significantly impacts local communities across the Philippines, serving as a beacon of progress and cultural promotion beyond its core business functions. Through its thoughtful collaboration with the Department of Tourism (DoT), Megaworld has become instrumental in enhancing the Philippines' allure as a premier international tourism destination. This partnership ensures that Megaworld's ventures are precisely attuned to the local tourism market's nuances, thereby addressing the evolving preferences of travelers and solidifying the nation's stature on the global tourism stage.

Central to this impact is the expansion strategy that Megaworld employs, which not only broadens its operational footprint but also seeds substantial socio-economic growth across various localities. By venturing into new markets, Megaworld fosters job creation and spawns a myriad of business opportunities, thereby nurturing the economic fabric of the communities it touches.

Enhancing Megaworld's contributions to local communities and the broader cultural landscape is the Sampaguita Project, an innovative cultural initiative that extends beyond typical hotel amenities to envelop guests in the rich fabric of Filipino heritage. Named after the Philippines' national flower, this project is a celebration of local artistry, music, crafts, and cuisine, all showcased within the precincts of Megaworld hotels. It serves as a dynamic stage for local artisans, performers, and culinary experts, significantly enriching the guest experience while uplifting local economies and projecting Filipino culture onto a broader canvas.

Crucially, the Sampaguita Project also plays a pivotal role in supporting local livelihood programs, particularly those centered around the cultivation and creative utilization of the sampaguita. From the farmers who nurture the sampaguita flowers to the artisans who craft products like soap, air fresheners, and other items infused with the essence of sampaguita, the project fosters an integrated ecosystem that benefits various stakeholders in the community. By sourcing materials and products derived from the sampaguita, Megaworld not only pays homage to this national symbol but also provides tangible support to local economies.

Complementing these initiatives is Megaworld's notable achievement of holding the greatest number of room keys in the country, with 4,713 room keys across 13 hotels. This distinction underscores Megaworld's dominant presence in the Philippine hospitality industry, offering a wide range of accommodations that cater to diverse market segments and embody the renowned Filipino hospitality.

Moreover, Megaworld's development of convention centers capable of hosting a large number of participants for Meetings, Incentives, Conferences, and Exhibitions (MICE) activities marks a strategic move that benefits the local community and economy indirectly. These convention centers not only make the Philippines a preferred venue for international conferences but also stimulate local economies by driving demand for local services and products, thus contributing to community development and economic diversification.

In addition to these business-driven initiatives, Megaworld extends its impact through partnerships with local governments, offering livelihood programs and inviting MSMEs and local producers to showcase their offerings in its hotels and malls. This not only aids in the economic recovery of local businesses but also ensures the wider community benefits from Megaworld's operations.

Through its integrated approach, combining the promotion of Filipino culture, strategic expansion, and the development of MICE facilities, Megaworld demonstrates an exemplary model of how business operations can significantly contribute to community development, economic inclusivity, and the global promotion of Filipino heritage. This cohesive strategy not only positions Megaworld as a transformative force in the hospitality sector but also as a key player in enhancing the Philippines' reputation as a hospitable, culturally rich destination while fostering the socio-economic advancement of the communities it serves.

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	Not Applicable	
CP secured	Not Applicable	
Certificates	Quantity	Units

Properties owned by the organization are not located within ancestral domains and are mostly located in the central districts of localities.

Megaworld’s Management Approach on Local Communities

The philosophy that champions holistic community development over transient economic success deeply embeds Megaworld’s management approach in local communities. The Company’s operational townships exemplify its “live-work-play-learn" concept, which prioritizes sustained societal progress. A focused commitment to educational support, manifested in scholarship programs and infrastructure development, particularly within educational institutions, further enriches this concept and propels community advancement.

The impact of Megaworld’s community engagement and development initiatives is both broad and profound, with a remarkable 13,961 individuals having benefited from these programs. This figure represents the tangible influence of the company’s commitment to fostering communities that are not only economically robust but also enriched with opportunities for personal growth and learning.
As Megaworld has cemented its position as a premier township developer, marked by significant expansion and innovation, the company’s dedication to community welfare has steadfastly remained at the forefront. The company's unwavering commitment ensures that the economic growth it stimulates surpasses mere business metrics. Instead, it creates a multitude of employment opportunities, bolsters the market appeal, and, more importantly, contributes to nation-building. The township development, while enhancing Megaworld’s portfolio, simultaneously engenders vibrant communities equipped with the resources and facilities to thrive.

Megaworld’s strategy intertwines the growth of its townships with the prosperity of its communities, adopting a technical and integrated approach to community management. This methodical strategy is characterized by a thoughtful synthesis of educational support, environmental stewardship, health initiatives, economic empowerment, and cultural preservation. As a result, Megaworld’s approach ensures that the communities within and around its developments benefit from a comprehensive growth plan that echoes the company’s vision to uplift lives, impact society, and help shape the nation’s future. Megaworld’s approach exemplifies the philosophy that the company’s expansion is intrinsically linked to the growth and welfare of the communities it serves, embodying a corporate vision that truly understands the interdependence of business success and community development.

CUSTOMER MANAGEMENT

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer Satisfaction	**3.4/5**	N

Megaworld conducted an internal customer satisfaction survey, achieving a score of 3.4 out of 5.

Health and Safety

Disclosure	Quantity		Unit
	2023	2022	
No. of substantiated complaints on product or service health and safety*	**72**	0	#
No. of complaints addressed	**70**	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.*

The Company addressed 70 customer complaints that underscores Megaworld swift resolution in providing safe and satisfactory customer experience.

Megaworld's Management Approach on Customer Health and Safety

Megaworld is committed to the health and safety of its customers and integrates rigorous standards across all operational facets to ensure the highest levels of safety in its properties. Adherence to local and international health and safety regulations forms the foundation of the company's management approach. This adherence is complemented by the proactive implementation of industry best practices, which guide the integration of safety and accessibility features right from the planning and construction phases of development.

Regular safety audits and the deployment of advanced monitoring technologies are integral to Megaworld's approach to ensuring the operational integrity of critical safety systems. These systems include fire alarms, emergency exits, and security protocols within all its properties. By consistently evaluating these mechanisms, the company guarantees that they remain functional and effective at all times. This proactive safety strategy significantly reduces the risk of accidents and enhances the ability to respond swiftly and efficiently in emergency situations, ensuring the safety and security of all occupants.

In response to global health challenges, such as the COVID-19 pandemic, Megaworld has enhanced its health and sanitation protocols. Standard practices now include thorough cleaning regimens, mandatory health screenings at property entry points, and strict adherence to social distancing guidelines. These measures are designed to protect both customers and staff, promoting a safe and healthy environment.

Megaworld's emergency preparedness strategy includes detailed evacuation plans and regular safety drills. These drills are designed to ensure that all occupants are familiar with emergency procedures and can respond quickly and safely in crisis situations. The staff receive ongoing training to maintain high readiness levels and to manage emergency situations effectively.

Engagement with stakeholders is a key component of Megaworld's approach. Feedback is actively sought from customers, employees, and other stakeholders to continually refine health and safety strategies. Training programs are comprehensive, covering both technical and adaptive skills to enhance staff capabilities in managing health and safety issues.

Recognizing the link between environmental sustainability and public health, Megaworld integrates facilities that promote physical wellness and sustainable lifestyles into its developments. These include green spaces, walking paths, bike lanes, and fitness centers, which are designed to enhance the quality of life for residents and visitors.

Through these systematic and structured practices, Megaworld ensures a secure, safe, and health-oriented environment across all its properties. The company's commitment extends beyond meeting regulatory requirements to actively enhancing the well-being of its community, thereby contributing significantly to the development of sustainable and thriving living spaces.

MARKETING AND LABELING

Marketing and Labeling

Disclosure	Quantity		Unit
	2023	2022	
No. of substantiated complaints on product or service health and safety*	**0**	0	#
No. of complaints addressed	**0**	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.*

Marketing and labeling were not identified as material to the organization.

CUSTOMER PRIVACY

Customer Privacy

Disclosure	Quantity		Unit
	2023	2022	
No. of substantiated complaints on customer privacy*	0	0	#
No. of complaints addressed	0	0	#
No. of customers, users and account holders whose			

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

DATA SECURITY

Data Security

Disclosure	Quantity		Unit
	2023	2022	
No. of data breaches, including leaks, thefts and losses			

Megaworld's Management Approach on Customer Privacy and Data Security

Megaworld rigorously upholds customer privacy and data security through a multifaceted management approach that aligns with global data protection standards and local regulations, such as the Data Privacy Act of 2012 in the Philippines. The foundation of Megaworld's approach is its comprehensive data protection policies, which are meticulously crafted to ensure the security and confidentiality of customer information. These policies are subject to regular reviews and updates to incorporate changes in law and technology, ensuring that Megaworld remains compliant with evolving legal frameworks and technological advancements.

To safeguard customer data effectively, Megaworld employs advanced technological solutions, including encrypted databases and secure cloud storage systems, which are designed to prevent unauthorized access and data breaches. Access to sensitive customer information is stringently controlled, with permissions granted solely to authorized personnel based on their specific roles and the necessity of data access for operational purposes. This ensures that customer data is handled securely and is only accessible to individuals who require it to perform their job functions.

Recognizing the importance of proactive security measures, Megaworld regularly conducts comprehensive security audits and continuous monitoring of its IT infrastructure. These audits are performed by both internal security teams and external cybersecurity experts, helping to identify potential vulnerabilities and implement timely mitigations. This rigorous scrutiny helps to fortify the company's defenses against cyber threats and data breaches.

In the event of a data breach or security incident, Megaworld has established a robust incident response plan that outlines procedures for swift action, including the containment and investigation of the breach, and the subsequent mitigation strategies to address any impacts. The plan also includes clear notification protocols to inform affected individuals and regulatory authorities, ensuring transparency and compliance with legal obligations.

Furthermore, Megaworld is committed to transparency and open communication with its customers regarding the processing of their data. The company provides clear information about data collection practices, usage, and protection measures, empowering customers with knowledge about their privacy rights and the procedures for accessing, correcting, or requesting the deletion of their personal data.

Additionally, Megaworld extends its data security measures to include the management of third-party service providers who may have access to customer data. The company ensures that all third-party contracts include stringent data protection terms and that these providers adhere to Megaworld's high standards of data security. This comprehensive oversight helps to prevent any potential data security lapses that might arise from external partnerships.

Through these extensive and thorough practices, Megaworld ensures the highest level of privacy and data security for its customers, demonstrating its steadfast commitment to protecting sensitive information and maintaining customer trust.

UN SUSTAINABLE DEVELOPMENT GOALS

Megaworld's portfolio of key products and services includes real estate development, focusing on residential, commercial, retail, and hospitality sectors. These offerings significantly contribute to urban development and enhance the quality of life for communities.

TOWNSHIP DEVELOPMENTS

Megaworld Corporation excels in its innovative approach to township developments, which strategically integrate residential, commercial, leisure, and retail spaces into expansive, cohesive communities. This development model effectively harnesses urban space to enhance quality of life, drive economic growth, and promote sustainable living, closely aligning with various United Nations Sustainable Development Goals (UN SDGs).

- **SDG 6 (Clean Water and Sanitation):** The company has implemented sewage treatment plants (STPs) across its properties to ensure proper wastewater management before discharge.
- **SDG 7 (Affordable and Clean Energy):** The developments prioritize energy efficiency and aim to integrate renewable energy sources to reduce carbon footprints and promote environmental sustainability.
- **SDG 8 (Decent Work and Economic Growth):** The construction and operation of townships generate thousands of jobs, thereby boosting local economies and providing sustainable employment and growth opportunities.
- **SDG 9 (Industry, Innovation, and Infrastructure):** Megaworld invests in high-quality infrastructure that supports economic development and human well-being. The townships are equipped with innovative technology solutions, including smart-city components that enhance connectivity and resilience.
- **SDG 11 (Sustainable Cities and Communities):** By designing self-sufficient townships that minimize the need for residents to travel long distances for work or leisure, Megaworld promotes more sustainable urban environments. These developments are planned to be accessible, safe, resilient, and sustainable, incorporating public spaces that are inclusive for all demographics, including the disabled.
- **SDG 13 (Climate Action):** The company is actively engaged in carbon credit procurement and forest conservation efforts to offset emissions and enhance biodiversity.

The ambitious scale of township developments, while beneficial, also carries potential environmental and social risks:

NEGATIVE IMPACT	MANAGEMENT APPROACH
The construction phase can significantly affect local ecosystems through the clearance of land, increased pollution, and habitat disruption. Ongoing operations can contribute to high levels of energy and water consumption.	Megaworld adheres to strict environmental standards and seeks to mitigate impacts through the use of sustainable construction practices and technologies. Initiatives such as extensive green spaces, water recycling systems, and waste reduction programs are integral to the design and operation of the townships.

The demand for water, energy, and materials necessary for constructing and maintaining extensive townships can place substantial strain on local resources, potentially leading to sustainability challenges.	The company promotes efficient resource use by implementing systems that reduce water and energy consumption across all its developments. This includes advanced building materials and technologies that enhance the sustainability of the infrastructure.
Large-scale developments can disrupt existing communities, displacing residents and local businesses, which might lead to economic displacement and social unrest if not managed properly.	Megaworld engages with local communities through transparent communication and participatory planning processes. This approach ensures that developments are not only beneficial to new residents but also to those existing populations potentially impacted by new projects. Compensation strategies, community development programs, and the integration of local labor and businesses into the supply chain are critical components of this strategy.

REAL ESTATE DEVELOPMENT

Megaworld specializes in residential development and sales, focusing on the construction and marketing of various residential properties, including high-rise condominiums, townhouses, and luxury apartments. These developments are often part of larger, integrated urban townships that include commercial, recreational, and business facilities, providing comprehensive living solutions to enhance urban living experiences. The Company's residential development initiatives contribute to several United Nations Sustainable Development Goals (SDGs), including:

- **SDG 1 (No Poverty):** Megaworld contributes to poverty alleviation by providing affordable housing solutions that improve living conditions for low-income families. The company collaborates with local governments and non-profit organizations to develop housing that is financially accessible to underserved communities, directly supporting efforts to end poverty in all its forms everywhere.
- **SDG 8 (Decent Work and Economic Growth):** The company's projects generate a broad range of employment opportunities, from construction to sales, driving sustained, inclusive economic growth and promoting decent work for all. These initiatives not only stimulate local economies but also ensure fair wages and create an environment conducive to job creation and economic development.
- **SDG 9 (Industry, Innovation, and Infrastructure):** Megaworld incorporates innovative construction technologies and sustainable infrastructure, advancing the construction of resilient infrastructure and promoting inclusive and sustainable industrialization. The adoption of prefabrication, modular building, and green technologies minimizes environmental impact and enhances efficiency.
- **SDG 11 (Sustainable Cities and Communities):** The company's developments are aimed at enhancing urban environments by providing sustainable, safe, and affordable housing. This includes integrating green spaces, utilizing sustainable building materials, and designing infrastructures that support inclusive urban living, making cities and human settlements inclusive, safe, resilient, and sustainable.

Despite having these benefits, residential developments can have several adverse effects. Megaworld employs a robust management strategy to mitigate these challenges, focusing on sustainability, resource efficiency, and community engagement.

NEGATIVE IMPACT	MANAGEMENT APPROACH
Construction activities can result in habitat destruction, increased pollution, and significant resource use.	Sustainable construction methods and materials are used to minimize environmental impact and ensure compliance with environmental standards such as LEED certification.
The demand for construction materials can lead to the depletion of natural resources, including water and minerals.	Adopt resource-efficient techniques such as water recycling and the use of renewable materials.
Urban development projects may contribute to gentrification, displacing existing communities as property values and living costs rise.	The company engages local communities during the planning stages to ensure projects are well-integrated into the existing social fabric and provide tangible benefits to local residents. Affordable housing initiatives are also incorporated to make developments accessible to a broader demographic.

OFFICE LEASING

Megaworld makes substantial contributions to the United Nations Sustainable Development Goals (SDGs) through its office leasing business. This aspect of their operations plays a pivotal role in promoting sustainable economic growth and development in urban areas.

- **SDG 8 (Decent Work and Economic Growth):** Megaworld Corporation not only facilitates direct employment through its office facilities but also catalyzes economic diversification and job creation in a variety of sectors by developing state-of-the-art office spaces. These developments are specifically designed to meet the needs of both global and local businesses, thereby enriching the economic fabric of the communities in which they operate.
- **SDG 9 (Industry, Innovation, and Infrastructure):** Megaworld's office buildings stand as pivotal hubs for innovation and economic activity, drawing a diverse array of businesses, especially from the IT and BPO sectors. These sectors are integral to propelling local and national economic growth. The integration of smart building technologies enhances connectivity and operational efficiency, creating an environment that is conducive to innovation and technological progress.
- **SDG 11 (Sustainable Cities and Communities):** By strategically locating office developments within versatile townships that amalgamate residential, commercial, and recreational facilities, Megaworld significantly curtails the necessity for daily commuting. This approach not only reduces traffic congestion and pollution but also supports the development of sustainable, well-integrated urban communities.
- **SDG 12 (Responsible Consumption and Production):** Megaworld is committed to sustainability, implementing initiatives across its office buildings to minimize waste and boost

energy efficiency. Efforts such as robust recycling programs and the adoption of energy-efficient technologies not only benefit the environment but also provide cost savings for tenants, thereby promoting a culture of sustainability within the business ecosystem.

- **SDG 13 (Climate Action):** Dedicated to minimizing its environmental impact, Megaworld has embarked on ambitious initiatives to achieve carbon neutrality in its operations. This commitment includes the adoption of renewable energy sources in office buildings and enhancements in energy efficiency practices. Furthermore, the corporation actively engages in carbon credit trading and supports various projects aimed at mitigating climate change on a global scale.

While driving significant economic and social benefits, Megaworld also faces challenges related to environmental and social impacts. Recognizing these potential adverse effects, Megaworld has implemented strategic management approaches to mitigate them effectively.

NEGATIVE IMPACT	MANAGEMENT APPROACH
Office buildings are notorious energy consumers, mainly due to their demands for heating, cooling, and lighting. Additionally, the construction phase generates substantial emissions, including greenhouse gases and volatile organic compounds.	Megaworld implements energy management systems across its office properties to control and reduce energy usage. This includes installing LED lighting, energy-efficient HVAC systems, and utilizing smart sensors. The company adopts construction methods that prioritize environmental sustainability, such as using low-VOC materials, sourcing sustainable alternatives, and implementing waste management practices to minimize landfill waste.
The construction and maintenance of office buildings require extensive materials like steel and concrete, as well as significant water usage, contributing to resource depletion.	Megaworld prioritizes the use of recycled and locally sourced materials to lessen the environmental impact of material extraction and processing. The company focuses on durable construction practices that extend material lifecycles. Moreover, Megaworld implements water-saving fixtures and systems, such as low-flow faucets and toilets, rainwater harvesting, and greywater recycling.
New office developments can drive up property values, potentially displacing existing communities. Moreover, these developments may strain local infrastructure, leading to increased traffic congestion and burdened public services.	Megaworld engages in comprehensive stakeholder engagement processes to ensure that developments are integrated into communities without causing displacement. This involves creating affordable housing within developments and contributing to local infrastructure enhancements. The company endeavors to alleviate traffic congestion associated with its developments by providing ample parking, supporting public transit solutions, and encouraging alternative transportation methods like biking and carpooling.

The concentration of large office buildings can exacerbate the urban heat island effect, resulting in higher local temperatures.	Incorporating green building features such as green roofs, urban green spaces, and reflective building materials helps mitigate heat absorption and provides environmental benefits. Additionally, Megaworld participates in and develops carbon offset programs to compensate for unavoidable emissions, supporting reforestation or renewable energy projects.

MALL OPERATIONS

Megaworld's mall operations make notable contributions to several United Nations Sustainable Development Goals (UN SDGs), aligning with global efforts to promote sustainable development. Here are some key ways in which Megaworld's malls contribute to the SDGs:

- **SDG 1 (No Poverty):** By creating job opportunities and providing spaces for entrepreneurs and small businesses to thrive, Megaworld's malls contribute to poverty alleviation by stimulating economic growth and providing avenues for income generation.
- **SDG 2 (Zero Hunger):** Megaworld's malls support local food producers and vendors through farmers' markets, food bazaars, and specialty stores, promoting access to nutritious and locally sourced food options within communities.
- **SDG 5 (Gender Equality):** Megaworld's malls prioritize gender equality by promoting diversity and inclusion in their workforce and supporting women entrepreneurs through initiatives such as women-led businesses and empowerment programs.
- **SDG 7 (Affordable and Clean Energy):** Megaworld's malls implement energy-efficient technologies and renewable energy solutions to reduce energy consumption and promote clean energy usage, contributing to sustainable energy practices.
- **SDG 8 (Decent Work and Economic Growth):** Megaworld's malls create employment opportunities and foster economic growth by providing jobs in various sectors such as retail, hospitality, and services, thereby promoting decent work and economic development.
- **SDG 9 (Industry, Innovation, and Infrastructure):** Megaworld's malls serve as hubs for innovation and entrepreneurship, providing platforms for businesses to showcase innovative products and services while promoting the development of sustainable infrastructure and technology.
- **SDG 10 (Reduced Inequalities):** Megaworld's malls promote inclusivity and reduce inequalities by providing accessible spaces for people of all backgrounds and socioeconomic statuses to come together, interact, and access goods and services.
- **SDG 11 (Sustainable Cities and Communities):** Megaworld's malls contribute to creating sustainable and resilient cities by serving as community hubs that offer diverse amenities, promote active lifestyles, and foster social cohesion within urban areas.
- **SDG 12 (Responsible Consumption and Production):** Megaworld's malls promote responsible consumption by offering sustainable and eco-friendly products, implementing waste management practices, and raising awareness about environmental conservation among visitors and tenants.

While Megaworld's mall operations contribute significantly to local economies and communities, they also pose various challenges and negative impacts on the environment, society, and local businesses. From environmental degradation to social disruption and economic displacement, the operation of malls can have far-reaching consequences. However, Megaworld has recognized these issues and implemented proactive management approaches to mitigate these negative impacts.

NEGATIVE IMPACT	MANAGEMENT APPROACH
Megaworld's mall operations contribute to environmental degradation through energy consumption, waste generation, and pollution from transportation to and from the malls.	Implementing sustainable design principles such as energy-efficient lighting, water-saving fixtures, and waste management systems to minimize environmental impact.
The construction and operation of malls can disrupt local communities, leading to issues such as increased traffic congestion, noise pollution, and changes in local culture and identity.	Engaging with local communities through stakeholder consultations, supporting local initiatives, and fostering partnerships with community organizations to address concerns and minimize disruptions.
The concentration of commercial activities in malls can lead to the displacement of small local businesses, resulting in economic challenges for local entrepreneurs and communities.	Providing support and incentives for local businesses to thrive within its malls, including affordable rental rates, marketing assistance, and access to training and development programs.
Integrating transportation planning into mall developments to minimize traffic congestion and reduce emissions by providing ample parking space, promoting public transit options, and implementing bicycle-friendly infrastructure.	Organizing educational campaigns and initiatives to raise environmental awareness among mall visitors and tenants, promoting sustainable behaviors such as recycling, energy conservation, and responsible consumption.

HOTEL OPERATIONS

Megaworld's Hotel Development and Operations make significant contributions to various United Nations Sustainable Development Goals (SDGs), aligning closely with efforts to promote sustainable economic growth, environmental conservation, social inclusion, and cultural preservation.

- **SDG 1 (No Poverty):** Megaworld's hotel projects create employment opportunities and stimulate economic growth, contributing to poverty alleviation by providing stable incomes for employees and supporting local businesses within the hospitality supply chain.
- **SDG 2 (Zero Hunger):** Through corporate social responsibility initiatives and partnerships, Megaworld's hotels may support local food security programs, such as food banks or community gardens, to alleviate hunger and improve nutrition in surrounding communities.
- **SDG 5 (Gender Equality):** Megaworld promotes gender equality within its hotel operations by implementing policies that ensure equal opportunities for men and women in recruitment, training, and career advancement. Additionally, the company may support initiatives that empower women in hospitality leadership roles.
- **SDG 6 (Clean Water and Sanitation):** Megaworld's hotels prioritize water conservation and sustainable water management practices to minimize water usage and promote access to clean and safe water. Efforts may include implementing water-saving technologies, recycling wastewater, and supporting local water conservation projects.
- **SDG 10 (Reduced Inequalities):** Megaworld's inclusive hiring practices and community engagement initiatives aim to reduce inequalities by providing equal opportunities for

individuals from diverse backgrounds, including marginalized communities, to access employment, training, and economic benefits associated with hotel development and operations.

- **SDG 14 (Life Below Water):** Megaworld's hotel operations actively promotes the conservation and sustainable use of marine resources, safeguarding coastal ecosystems, and supporting the long-term health and resilience of ocean environments, especially in its operations in Boracay Newcoast, which include waste management systems to prevent marine pollution, promoting responsible tourism, supporting coastal rehabilitation projects, conducting environmental education programs, and ensuring responsible supply chain management.
- **SDG 15 (Life on Land):** Megaworld's commitment to sustainable land use and biodiversity conservation can positively impact terrestrial ecosystems affected by hotel development. The company may prioritize the preservation of green spaces, reforestation projects, and habitat restoration efforts to support biodiversity conservation and ecosystem resilience.
- **SDG 17 (Partnerships for the Goals):** Megaworld actively engages in partnerships with governments, non-profit organizations, and other stakeholders to advance sustainable development goals related to hotel development and operations. These partnerships may involve collaborative initiatives to address social, environmental, and economic challenges, promote best practices, and share knowledge and resources for collective impact.

While contributing significantly to economic growth and tourism, the hotel sector also poses challenges in terms of environmental and social impacts.

NEGATIVE IMPACT	MANAGEMENT APPROACH
Hotel development and operations can contribute to environmental degradation through energy consumption, waste generation, and water usage. Construction activities may disrupt local ecosystems, and ongoing operations can result in emissions and resource depletion.	Megaworld implements sustainable practices throughout the hotel development and operation lifecycle to mitigate environmental impact. This includes employing energy-efficient building designs, implementing waste reduction and recycling programs, and integrating water-saving technologies and practices. Additionally, the company prioritizes the use of eco-friendly materials and engages in environmental impact assessments to minimize ecological disruption during construction.
The construction of hotels may lead to the displacement of local communities, and the influx of tourists can strain local infrastructure and resources. Additionally, tourism development may contribute to cultural homogenization and loss of authenticity in local communities.	Megaworld prioritizes community engagement and inclusivity in its hotel development projects. This involves conducting thorough stakeholder consultations, collaborating with local authorities and communities, and ensuring that development plans align with community needs and aspirations. The company also invests in community development initiatives, including skills training programs, job creation, and cultural preservation efforts, to enhance local resilience and promote socio-economic sustainability.

Rapid hotel development can lead to over-reliance on tourism as the primary economic driver, creating vulnerabilities to fluctuations in tourist arrivals and economic downturns. Additionally, the benefits of tourism development may not be equally distributed, exacerbating economic disparities within communities.	Megaworld adopts a diversified economic development strategy to mitigate the risks associated with tourism dependency. This involves investing in complementary industries and infrastructure to foster economic resilience and reduce reliance on tourism revenue. The company also promotes inclusive growth by providing opportunities for local businesses to participate in the tourism value chain and supporting initiatives that enhance local livelihoods and economic diversification.
The development of hotels in culturally significant areas may pose risks to heritage sites, traditions, and local identities. Overdevelopment and commercialization can lead to the erosion of cultural authenticity and loss of intangible cultural heritage.	Megaworld prioritizes cultural preservation and heritage conservation in its hotel development projects. This includes conducting thorough heritage assessments, consulting with local cultural experts and indigenous communities, and implementing design and operational measures that respect and celebrate local culture and heritage. The company also supports initiatives aimed at promoting cultural awareness, education, and sustainable tourism practices to safeguard cultural diversity and heritage integrity.

CORPORATE CITIZENSHIP (Corporate Social Responsibility)

Megaworld's corporate citizenship initiatives align closely with the United Nations Sustainable Development Goals (SDGs), reflecting the company's commitment to social responsibility and community development. Through various programs and partnerships, Megaworld addresses key societal challenges while promoting sustainable development across different sectors.

- **SDG 1 (No Poverty):** Megaworld's "Hands in Harmony" program empowers persons with disabilities (PWDs) to become self-sufficient and productive members of their communities, thereby reducing poverty and promoting inclusivity.
- **SDG 2 (Zero Hunger):** Initiatives like "One Spoon at a Time" and the "Rice Together Campaign" aim to address hunger by providing nutritious meals and supporting sustainable food sources for vulnerable communities.
- **SDG 3 (Good Health and Well-being):** Medical missions organized by Megaworld provide essential healthcare services to underserved populations, contributing to improved health outcomes and well-being.
- **SDG 4 (Quality Education):** Programs such as the "Hope Bottle Program" and participation in "Brigada Eskwela" support quality education by providing infrastructure, materials, and scholarships to students in need.
- **SDG 5 (Gender Equality):** Megaworld supports the education of abused girls, promoting gender equality and empowering marginalized individuals.

- **SDG 8 (Decent Work and Economic Growth):** Livelihood programs like "Stitches to Riches" and partnerships with local communities create job opportunities, fostering economic growth and promoting decent work.
- **SDG 10: Reduced Inequalities:** Support for marginalized groups, including Deaf students, aims to reduce inequalities and promote inclusivity within society.
- **SDG 12 (Responsible Consumption and Production):** Megaworld promotes responsible consumption and production through zero waste events and e-waste collection drives, contributing to sustainable resource management.
- **SDG 13 (Climate Action):** Tree planting activities and partnerships for biodiversity protection demonstrate Megaworld's commitment to climate action and environmental sustainability.
- **SDG 14 (Life Below Water):** Support for the Plastic Smart Cities Campaign contributes to efforts to protect marine ecosystems and reduce plastic pollution.
- **SDG 15 (Life on Land):** Through tree planting initiatives and forest conservation efforts, Megaworld contributes to preserving terrestrial ecosystems and biodiversity.

As Megaworld steadfastly pursues its corporate citizenship initiatives aimed at uplifting communities and promoting sustainable development, it must confront the reality of potential negative impacts that may arise from its well-intentioned efforts. Despite the company's commitment to social responsibility, there exist challenges and unintended consequences that require careful consideration and proactive management.

NEGATIVE IMPACT	MANAGEMENT APPROACH
Continuous reliance on corporate assistance may foster a culture of dependency within communities, preventing them from developing self-sufficiency and sustainable solutions to their challenges.	Megaworld focuses on empowering communities by involving them in the planning, implementation, and monitoring of projects. This participatory approach helps build local capacity and promotes ownership of initiatives, reducing dependency over time.
There may be instances where the benefits of Megaworld's initiatives are not distributed equitably among community members, leading to potential resentment and social tensions.	The company implements transparent and inclusive processes for selecting beneficiaries and allocating resources to ensure that the benefits of its initiatives are distributed fairly among community members.
Despite efforts to promote environmental sustainability, certain activities associated with corporate citizenship initiatives, such as tree planting or waste management, may inadvertently contribute to environmental degradation if not properly managed.	Megaworld adopts sustainable practices and technologies to minimize environmental impact. This includes adhering to best practices in waste management, promoting biodiversity conservation, and investing in renewable energy solutions to reduce carbon emissions.
Without proper planning and integration into broader community development strategies, Megaworld's corporate citizenship initiatives may lack long-term sustainability and fail to address underlying systemic issues.	Megaworld invests in capacity-building programs aimed at enhancing the skills and knowledge of community members. By providing training and resources, the company enables individuals and groups to become more self-reliant and resilient in addressing their needs.

If stakeholders, including local communities and government agencies, feel marginalized or excluded from the decision-making process, it may lead to disengagement and resistance to Megaworld's initiatives.	Megaworld actively engages with stakeholders to solicit feedback, address concerns, and foster collaboration. This approach ensures that initiatives are contextually relevant and responsive to community needs, enhancing their acceptance and effectiveness.

Annex B: Topic Guide

In line with the Disclosure Topic and Management Approach discussion above, this Annex will provide a guide on what to disclose in the Topics provided in the Reporting Template. The guide is based on the GRI Standards, SASB Standards and Recommendations of the Task Force on Climate-related Financial Disclosures.

ECONOMIC

Economic disclosures relate to how the company directly increases the pool of economic resources that flows in the local and national economy. Included in the disclosures are the risks and opportunities due to climate change, procurement practices with respect to local suppliers and anti-corruption.

Economic Performance

Measuring the direct economic value generated, measured as revenue and distributed (costs) shows that an organization does not just create economic value for itself but also ensures that this value flows back to its various stakeholders such as stockholders, suppliers, employees, government, and the community. This also discloses the remaining value that is retained in the company for liquidity and for future investments. Figures for this disclosure can be derived using the audited financial statement with the revenue as the economic value generated for the reporting period.

This disclosure answers the questions:

- How much direct economic value (revenue) did you generate?
- How much of this flowed back to society (costs disaggregated according to stakeholders)?
- How much of this was retained in the company for liquidity and to fund future investments?

See *GRI 201-1* for more guidance on the disclosure.

Disclosure of an organization's climate-related issues helps stakeholders make sound and reasonable assessments of the impact climate change may have on the organization. Companies should disclose the climate-related risks and opportunities they have identified and how they assess and manage those issues. See *GRI 201-2* and *the Recommendations of the Task Force on Climate-related Financial Disclosures* for more guidance on the disclosure.

Procurement Practices

Disclosure on the proportion of spending on local suppliers' show an organization's support for local groups, including those owned by women or members of vulnerable sectors. Supporting local suppliers can indirectly attract additional investments to the local economy. The disclosure describes the policies and practices used to select locally-based suppliers and to promote economic inclusion when selecting suppliers. See *GRI 204* for more guidance on disclosures

Anti-corruption

Disclosures on training on anti-corruption policies and procedures show how the company ensures that it has the necessary capability to fight against corruption through proper training and awareness building for its directors, management, employees and business partners. Disclosures on incidents of corruption and how the company responded on the incidents show how serious an organization is on combatting corruption. See *GRI 205* and *SASB Standards General Issue Category: Business Ethics* for more guidance on the disclosures.

ENVIRONMENTAL

Environmental disclosures relate to how the company manages the natural resources it needs for its business, as well as how it minimizes its negative impacts to the environment, including biodiversity. The company's ability to access materials needed for its operations is critical to the company's long-term success.

Resource Management

Disclosures on resource management such as energy consumption, water consumption, and materials use show how efficiently an organization uses scarce natural resources, which has implications on reduction of environmental impacts from extraction and processing of these resources. The efficiency of managing resources relates to profitability of the organization. See *GRI 301*, *GRI 302*, *GRI 303* and *SASB Standards General Issue Categories: Energy Management; Water and Wastewater Management; Material Sourcing and Efficiency* for more guidance on the disclosures.

Ecosystems and Biodiversity

Disclosure on activities that show how an organization protects, conserves, or rehabilitates ecosystems and biodiversity therein such as in watersheds and coastal and marine areas gives an idea of how that organization appreciates the ecosystem and the services it gives that make business thrive. Ecosystems and Biodiversity is vital to human existence. Companies have the responsibility and clear business case for ensuring ecosystems and biodiversity around its sites are protected and restored. See *GRI 303*, *GRI 304* and *SASB Standards General Issue Category: Ecological Impacts* for more guidance on the disclosures.

Environmental Impact Management

Reporting on an organization's impact on air, soil, and water through emissions, wastes, and effluents provides a basis for companies to manage these impacts. Responsible companies take an effort to minimize such impacts through cleaner production and pollution prevention measures. Companies should disclose their performance on these topics including how well the organization mitigates, reduces, and/or prevents these impacts to the environment in compliance to Philippine Environmental Laws or on efforts beyond compliance. See *GRI 305*, *GRI 306* and *SASB Standards General Issue Categories: GHG Emissions; Air Quality; Water & Wastewater Management; Waste & Hazardous Materials Management* for more guidance on the disclosures.

Environmental Compliance

Disclosure on an organization's compliance with environmental laws and/or regulations shows an organization's ability to conform to certain performance parameters. The strength of an organization's compliance indicates its concern for environmental protection. See *GRI 307* and *SASB Standards General Issue Categories: Ecological Impacts; Air Quality; Water & Wastewater Management; Waste and Hazardous Materials Management* for more guidance on the disclosures

SOCIAL

Disclosures on social topics relate to how the organization relates and manages its relationship with its stakeholders such as employees, communities, customers, and suppliers.

Employee Management

Disclosing on employee management indicates of how good an employer the organization is in engaging its employees. It also provides a sense on how the organization develops its employees and gives equal opportunity for all, such as indigenous people and those coming from vulnerable groups which include 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). See *GRI 401*, *GRI 402*, *GRI 404*, *GRI 405*, *GRI 406*, *GRI 407*, *GRI 102-8*, *GRI 102-41* and
SASB Standards General Issue Categories: Labor Practices; Employee, Engagement Diversity & Inclusion
for more guidance on the disclosures.

Workplace Conditions, Labor Standards and Human Rights

Disclosures on workplace conditions and labor standards show how an organization gives importance to occupational health and safety and how it upholds labor standards and human rights in the workplace. See *GRI 403*, *GRI 408*, *GRI 409*, *GRI 412* and *SASB Standards General Issue Category: Employee Health & Safety* for more guidance on the disclosures.

Supply Chain Management

Disclosures on supply chain management is most relevant for companies with a significant portion of value creation carried out by suppliers. Organizations can report on how the reporting company ensures that supplier upholds with sustainability standards and practices including compliance to Philippine laws. The reporting company may also disclose how it influences its suppliers to be sustainable through supplier accreditation processes, among other approaches. See *GRI 308*, *GRI 414* and *SASB Standards General Issue Category: Supply Chain Management* for more guidance on the disclosures.

Relationship with Community

These disclosures show how an organization meaningfully engages the community around their sites and how it aims to create a net positive impact to its host or neighbors. These also includes how the company contributes in addressing issues of indigenous people and those coming from vulnerable groups [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)] in its business operations. See *GRI 411*, *GRI 412*, *GRI 413* and *SASB Standards General Issue Category: Human Rights & Community Relations* for more guidance on the disclosures.

Customer Management

Disclosing on customer management shows how well an organization upholds the rights of its customers to privacy, safety, and security from probable negative impacts of its products and services. See *GRI 416*, *GRI 417*, *GRI 418* and *SASB Standards General Issue Categories: Product*

Quality & Safety; Customer Welfare; Selling Practices & Product Licensing for more guidance on the disclosures.

Data Security

Reporting on the number of data breaches, including leaks, thefts and losses of data shows how much importance an organization places on keeping data secure. Organizations can indicate how they manage risks related to the collection, retention and use of sensitive information. See *SASB Standards General Issue Category: Data Security* for more guidance on the disclosure.

UN SUSTAINABLE DEVELOPMENT GOALS

The SDG Compass can be used as guidance for companies on how they can align their strategies as well as measure and manage their contribution to the realization of the SDGs. The SDG Compass can be accessed at https://sdgcompass.org/

Moreover, a recent publication with the title: *Integrating the SDGs into Corporate Reporting: A Practical Guide*,[20] helps companies of all sizes to prioritize SDG targets to act and report on, set related business objectives, and measure and report on progress. This is a co-production between GRI and UN Global Compact (UNGC).

Companies may also use the following framework to determine which area of sustainable development its company is contributing to improve people's quality of life.

For more information on how the private sector can contribute to sustainable development, companies may visit www.sdgsbiz.ph.