CR02650-2024

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   - ☐ Preliminary Information Statement
   - ☑ Definitive Information Statement
2. Name of Registrant as specified in its charter
   MEGAWORLD CORPORATION
3. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines
4. SEC Identification Number
   167423
5. BIR Tax Identification Code
   000-477-103
6. Address of principal office
   30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines
   Postal Code
   1634
7. Registrant's telephone number, including area code
   (632) 8894-6300/6400
8. Date, time and place of the meeting of security holders
   13 May 2024, 8:30 a.m. by livestream access via https://megaworldcorp.com/asm2024
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Apr 19, 2024
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor
    Not applicable
    Address and Telephone No.
    Not applicable

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

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

13. 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 Shares

MEGAWORLD

Megaworld Corporation
MEG

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	May 13, 2024
Type (Annual or Special)	Annual
Time	8:30 AM
Venue	by livestream access via https://megaworldcorp.com/asm2024
Record Date	Apr 12, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Please see attached Definitive Information Statement of Megaworld Corporation.

Filed on behalf by:

Name	Anna Michelle Llovido
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-1S
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter: **MEGAWORLD CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines

4. SEC Identification Number: **167423**

5. BIR Tax Identification Code: **000-477-103**

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

7. Registrant's telephone number, including area code: **(632) 8894-6300/6400**

8. Date, time and place of the meeting of security holders
   13 May 2024, 8:30 a.m.
   by livestream access via https://megaworldcorp.com/asm2024

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   19 April 2024

10. In case of Proxy Solicitations:
    Name of Person Filing the Statement/Solicitor: Not applicable
    Address and Telephone No.: Not applicable

11. Securities registered pursuant to Sections 8 and 12 of the Code 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**

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

    Yes [X] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange **Common Shares**

* As of 12 April 2024

MEGAWORLD

30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS
Megaworld Corporation

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of Megaworld Corporation (the "Company") will be held on **13 May 2024** at 8:30 a.m**.** to be conducted virtually, through the link <https://www.megaworldcorp.com/asm2024> that can be accessed through the Company's website, with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on 16 June 2023
4. Annual Report of Management
5. Appointment of External Auditors
6. Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management
7. Election of Directors
8. Adding Entering into Guaranty or Surety Arrangements as Among the Secondary Purposes of the Corporation, and Amending the Second Article of the Articles of Incorporation for the Purpose
9. Increasing the Authorized Capital Stock from Php40,200,000,000 to Php45,700,000,000 and Amending the Seventh Article of the Articles of Incorporation for the Purpose
10. Amending the By-Laws Provisions on the Conduct of Annual and Special Meeting of the Stockholders, Sending of Notices, and the Conduct of Meetings of the Board of Directors, and Amending Article I, Sections 1, 2 and 3, and Article II, Section 3 of the By Laws for the Purpose
11. Other Matters
12. Adjournment

Stockholders of record as of **12 April 2024** will be entitled to notice of, and to vote at, the Annual Meeting.

For our stockholder's convenience and to allow greater opportunity for them to participate at the Annual Meeting, the Company decided to hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or in *absentia,* or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 AM of **24 April 2024** until 5:00 PM of **30 April 2024**. The procedure for participation via remote communication and in *absentia* are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 PM of **30 April 2024,** to the Office of the Corporate Secretary at the 10th Floor, Two World Square, 24 Upper McKinley Rd, McKinley Hill, Taguig City 1634 or by email to corporatesecretary@megaworldcorp.com. Validation of proxies shall be held on **02 May 2024**. A sample proxy form will be enclosed in the Information Statement for your convenience.

Taguig City, Philippines.

ANNA MICHELLE T. LLOVIDO
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. **Call to Order**

The meeting will be formally opened at approximately 8:30 o'clock in the morning.

2. **Certification of Notice and Quorum**

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify that a quorum exists, and the stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Pursuant to Article 1, Sections 4 and 6 of the Company's Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or *in absentia* by the stockholders, stockholders may register by submitting requirements via email at corporatesecretary@megaworldcorp.com and vote through remote communication or *in absentia* on the matters for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2024 Annual Meeting for complete information on remote participation or voting in absentia, as well as on how to join the livestream for the 2024 Annual Meeting.

3. **Approval of Minutes of the Previous Annual Meeting**

The minutes of the meeting held on 16 June 2023 are available at the Company's website, https://www.megaworldcorp.com/investors/meg-asm-2023.

4. **Annual Report of Management**

The performance of the Company for fiscal year 2023 will be reported.

5. **Appointment of External Auditors**

The appointment of Punongbayan & Araullo as the external auditor of the Company for the ensuing year will be endorsed to the stockholders for approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on its accuracy.

6. **Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management**

The actions of the Board of Directors and its committees were those taken since the annual stockholders' meeting on 16 June 2023 until 12 May 2024. These include the approval of agreements, projects, investments, treasury-related matters, matters covered by disclosures to the Securities and Exchange Commission and The Philippine Stock Exchange, and other similar activities of the Company. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

7. **Election of Directors**

Nominees for election of seven (7) members of the Board of Directors, including three (3) independent directors, will be submitted for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

8. **Adding Entering into Guaranty or Surety Arrangements as Among the Secondary Purposes of the Corporation, and Amending the Second Article of the Articles of Incorporation for the Purpose**

Stockholders' approval is being sought to amend the Second Articles of the Articles of Incorporation to add entering into guaranty and surety arrangements as part of the Company's secondary purposes to enable the Corporation to support the business operations and growth of its subsidiaries and affiliates by acting as a guarantor or surety of its subsidiaries and affiliates, as well as having the power to mortgage, pledge, or encumber the properties and assets of the Corporation to secure the obligations of its subsidiaries and affiliates.

9. **Increasing the Authorized Capital Stock from Php40,200,000,000 to Php45,700,000,000 and Amending the Seventh Article of the Articles of Incorporation for the Purpose**

Stockholders' approval is being sought to amend the Seventh Articles of the Articles of Incorporation to increase the authorized capital stock of the Company from Php40,200,000,000, divided into 40,140,000,000 common shares with par value of Php1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of Php0.01 per share to Php45,700,000,000, divided into 45,640,000,000 common shares with par value of Php1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of Php0.01 per share. The Company intends to increase its authorized capital stock to support growth and future business expansions in line with the Company's strategies and directions.

10. **Amending the By-Laws Provisions on the Conduct of Annual and Special Meeting of the Stockholders, Sending of Notices, and the Conduct of Meetings of the Board of Directors, and Amending Article I, Sections 1, 2 and 3, and Article II, Section 3 of the By Laws for the Purpose**

Stockholders' approval is being sought to amend Article I, Sections 1, 2 and 3, and Article II, Section 3 of the By Laws in order to: (i) comply with the provisions in the Revised Corporation Code, and other relevant rules and regulations and good corporate governance standards; (ii) to remove the time fixed for the holding of the annual stockholders' meeting to afford flexibility in scheduling the meeting; (iii) to allow the holding of stockholders' meeting fully or partially through teleconferencing, video conferencing or other remote or electronic means of communication, in accordance with the relevant regulations of the Securities and Exchange Commission, and consistent with prevailing practices by publicly-listed corporations; and (iv) to provide for alternative means for sending of notices of annual and special meetings to stockholders, as well as sending of notices of Board meetings to directors, in accordance with the relevant regulations of the Securities and Exchange Commission, and consistent with prevailing practices by publicly-listed corporations.

11. **Other Matters**

Other concerns or matters raised by stockholders will be discussed.

12. **Adjournment**

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

SAMPLE ONLY

PROXY

MEGAWORLD CORPORATION
2024 ANNUAL STOCKHOLDERS' MEETING

I/WE hereby name and appoint ______________________________________, or in his/her absence, the Chairman of the meeting, as my/our proxy at the annual stockholders' meeting of **MEGAWORLD CORPORATION** ("Megaworld") to be held on **13 May 2024** and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of Megaworld, which appointment shall not exceed five (5) years from date hereof.

In particular, I/We hereby direct my/our said proxy to vote all my/our shares on the agenda items set forth below as I/We have expressly indicated by marking the same with an "X".

Items No.	Subject	Action		
		For	Against	Abstain
3.	Approval of Minutes of the Previous Annual Meeting held on 16 June 2023			
5.	Appointment of External Auditors			
6.	Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management			
7.	Election of Directors			
	a. Andrew L. Tan			
	b. Katherine L. Tan			
	c. Kingson U. Sian			
	d. Enrique Santos L. Sy			
	e. Jesus B. Varela (Independent Director)			
	f. Cresencio P. Aquino (Independent Director)			
	g. Alejo L. Villanueva, Jr. (Independent Director)			
8.	Adding Entering into Guaranty or Surety Arrangements as Among the Secondary Purposes of the Corporation, and Amending the Second Article of the Articles of Incorporation for the Purpose			
9.	Increasing the Authorized Capital Stock from Php40,200,000,000 to Php45,700,000,000 and Amending the Seventh Article of the Articles of Incorporation for the Purpose			
10.	Amending the By-Laws Provisions on the Conduct of Annual and Special Meeting of the Stockholders, Sending of Notices, and the Conduct of Meetings of the Board of Directors, and Amending Article I, Sections 1, 2 and 3, and Article II, Section 3 of the By Laws for the Purpose			
FULL DISCRETION				

______________________________ ______________________________
PRINTED NAME OF STOCKHOLDER AUTHORIZED SIGNATORY

THIS PROXY SHOULD BE SUBMITTED UNTIL 5:00 PM OF 30 April 2024, TO THE OFFICE OF THE CORPORATE SECRETARY AT THE 10TH FLOOR, TWO WORLD SQUARE, 24 UPPER MCKINLEY RD., MCKINLEY HILL, TAGUIG CITY, OR BY EMAIL TO CORPORATESECRETARY@MEGAWORLDCORP.COM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THIS PROXY DOES NOT NEED TO BE NOTARIZED.

(Partnerships, Corporations and Associations must attach certified resolutions designating their proxies/representatives and authorized signatories)

INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

Date of meeting	:	13 May 2024
Time of meeting	:	8:30 a.m.
Place of meeting	:	To be called and presided by the Presiding Officer in Taguig City and to be conducted virtually by remote communication via https://megaworldcorp.com/asm2024[1]
Approximate distribution date of this statement	:	19 April 2024[2]
Complete mailing address of the principal office of the	:	30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634

The Board has decided to hold the 2024 Annual Stockholders' Meeting at an earlier date in view of the fact that certain directors and key officers of the Company will be unavailable on said date. The Board has determined that the holding of the Annual Stockholders' Meeting at an earlier date will benefit the stockholders since they will be provided with timely and relevant information regarding the performance and management of the Company. Further, as the Company intends to amend its Articles of Incorporation and By-Laws, setting the Annual Stockholders' Meeting at an earlier date would facilitate the early filing and processing of the application for amendment, and approval thereof by the Securities and Exchange Commission.

The Company is not soliciting proxies. We are not asking you for a proxy. Neither are you required to send us a proxy.

Item 2. Dissenters' Right of Appraisal

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case the corporation decides to invest its funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; (3) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and (4) in case of merger or consolidation.

[1] The link shall be operational on the date of distribution of the Notice of Meeting and Information Statement to the stockholders.

[2] Pursuant to SEC Notice dated 23 February 2024, digital copies of the Information Statement, Management Report, Annual Report, and other relevant documents will be made available at the Company's website: https://www.megaworldcorp.com/asm2024 and through the PSE Edge.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. **A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.** Failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If the fair value is not determined, within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

There is no proposed corporate action in the agenda for the annual meeting of stockholders that will grant appraisal rights pursuant to the Revised Corporation Code of the Philippines to dissenting stockholders. The proposed amendments to the articles of incorporation will not have the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Company, or any nominee for election as a director of the Company, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No director of the Company has informed it in writing that he intends to oppose any action to be taken by the Company at the annual meeting of stockholders.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

Number of Shares Outstanding

As of 31 March 2024, the Company had outstanding shares of 31,183,251,872 common stock (excluding 1,187,614,000 Treasury Shares) and 6,000,000,000 voting preferred stock. Each common share and preferred share are entitled to one (1) vote.

Record Date of Meeting

All stockholders on record as of 12 April 2024 will be entitled to notice of, and to vote at, the annual meeting of stockholders.

Manner of Voting

Pursuant to Article 1, Sections 4 and 6 of the Company's Amended By-Laws, Sections 23 and 57 of the Revised Corporation Code, and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, stockholders may now participate in the 2024 Annual Meeting by remote communication and cast their votes in absentia. A stockholder may cast his/her votes by remote communication or *in absentia* until 5:00 pm of 30 April 2024. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2024 Annual Meeting for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the 2024 Annual Meeting.

Cumulative Voting Rights

Each stockholder shall be entitled to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. With respect to the election of the members of the board of directors of the Company, each stockholder shall have cumulative voting rights. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Voting Stock as of 31 March 2024

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	Alliance Global Group, Inc. (AGI)[3], 7/F 1880 Eastwood Avenue, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	Alliance Global Group, Inc.[4]	Filipino	15,180,921,058	40.83%
Preferred		The beneficial owner of Alliance Global Group, Inc. is Mr. Andrew L. Tan.		6,000,000,000	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.	Filipino	7,230,389,240	19.45%
Common	New Town Land Partners, Inc. (NTLPI)[5], 26th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City 1634	New Town Land Partners, Inc.[6]	Filipino	5,668,530,324	15.24%

[3] The Chairman of the Board of AGI, Mr. Andrew L. Tan, is also Chairman of the Board and President of the Company.
[4] The Board of Directors of AGI has voting and investment power over shares of stock held by AGI in the Company. AGI authorizes its Chairman, or in his absence, the Chairman of the Meeting, to vote shares of stock held in the Company.
[5] NTLPI is an affiliate of the Company.
[6] The Board of Directors of NTLPI has voting and investment power over shares of stock held by NTLPI in the Company. NTLPI authorizes the Chairman of the Board of the Company, or in his absence the Chairman of the Meeting, to vote shares of stock held by NTLPI 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	3,148,995,912	8.47%

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

Security Ownership of Management as of 31 March 2024

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[7]	Filipino	.00509%
		21,180,921,058[8]	Filipino	56.9636%
		5,668,530,324[9]	Filipino	15.2448%
Common	Cresencio P. Aquino	1	Filipino	.00000%
Common	Kingson U. Sian	1	Filipino	.00000%
		612,500[10]	Filipino	.00164%
Common	Katherine L. Tan	1,891,632	Filipino	.00509%
		1[11]	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	.00022%
CEO and Four Most Highly Compensated Officers				
Common	Andrew L. Tan	Same as above		
Common	Lourdes T. Gutierrez-Alfonso	806,271	Filipino	.00262%
		167,973[12]		
Common	Francisco C. Canuto	369,054	Filipino	.00099%
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Kevin Andrew L. Tan	367,205[13]	Filipino	.00099%
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
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[14]	4,295,193		0.0115514%

[7] Indirect ownership; shares beneficially owned by spouse Katherine L. Tan.
[8] 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.
[9] 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.
[10] Shares are lodged with PCD Nominee Corporation.
[11] Indirect ownership; shares beneficially owned by spouse Andrew L. Tan.
[12] Shares are lodged with PCD Nominee Corporation.
[13] Shares are lodged with PCD Nominee Corporation.
[14] Refers to the total of shares individually held by the Directors and Management.

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 5. Board of Directors and Senior Management

Background of Directors and Executive Officers

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 Certification on the connection of the directors/officers with any government agencies or its instrumentalities is attached hereto as **Annex "B".**

Information concerning the background of the directors and executive officers of the Company is provided in pages 43 to 50 of the Company's Management Report.

Procedure for Nomination and Election of Independent Directors

Pursuant to Article II, Section 2 of the Company's Amended By-Laws, the nomination and election of independent directors shall be conducted in accordance with Securities Regulation Code (SRC) Rule 38.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Corporate Governance Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Securities and Exchange Commission (the "SEC" or the "Commission") and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

Nominees

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee composed of Jesus B. Varela as Chairman, Cresencio P. Aquino and Alejo L. Villanueva, Jr. as members accepts nominees to the Board of Directors, including nominees for independent director. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees and candidates for members of the Board of Directors:

1. Andrew L. Tan
2. Katherine L. Tan
3. Kingson U. Sian
4. Enrique Santos L. Sy
5. Jesus B. Varela – Independent Director
6. Cresencio P. Aquino – Independent Director
7. Alejo L. Villanueva, Jr. – Independent Director

Independent Directors

This year's nominees for directors include three (3) persons who qualify as independent directors. Mr. Luke Tan nominated Mr. Jesus B. Varela as independent director, while Ms. Maria Rosario Justo nominated Messrs. Cresencio P. Aquino and Alejo L. Villanueva, Jr. as independent directors. Ms. Justo and Messrs. Tan, Varela, Garcia and Villanueva are not related by consanguinity or affinity up to the fourth civil degree.

Copies of the Certifications of the Independent Directors are attached hereto as **Annex "C".**

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 and President 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 and is also a director and Corporate Secretary of Alliance Global Brands, Inc. and a director of publicly listed subsidiaries Empire East Land Holdings, Inc. and Global-Estate Resorts, Inc., Director, President and CEO of MREIT, Inc., and Director, Chief Executive Officer and Vice Chairman of parent company, Alliance Global Group, Inc.

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.

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

Related Transactions

The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered in strict adherence to the principle of arm's length dealings and on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into transaction. Directors, officers and key management personnel involved in the related party transaction shall have no participation in the approval of the transaction. None of the Company’s directors and officers have entered into self-dealing and related party transactions with or involving the Company in 2023.

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 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.

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

Resignation/Disagreement

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

Summary Compensation Table

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 (and not as directors) of the Company, 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.

Aggregate compensation paid to Megaworld's Chief Executive Officer and the four (4) 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 / Bonus**	**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 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 Php1,175,000 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.

Options Outstanding

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 on 29 October 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*

Note: *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 7. Independent Public Accountants

The Board of Directors of the Company, in consultation with the Audit Committee composed of Jesus B. Varela as Chairman and Cresencio P. Aquino, and Alejo L. Villanueva, Jr. as members, all independent directors, will recommend to the stockholders the engagement of Punongbayan & Araullo as the external auditors of the Company for 2024.

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.

Representatives of Punongbayan & Araullo are expected to be present at the Annual Meeting of stockholders. They will have the opportunity to make a statement if they desire to do so and, are expected to be available to respond to appropriate questions.

Financial Information

Financial Statements of the Company and its subsidiaries as of 31 December 2023 and the Management's Discussion and Analysis of Results of Operations and Financial Condition for the corresponding periods are contained in the Company's Annual Report to Stockholders and are incorporated herein by reference.

Action with Respect to Reports

The minutes of the annual meeting of stockholders held on 16 June 2023 will be submitted to the Company's stockholders for approval. The minutes will refer to the adoption of stockholders' resolutions pertaining to, among others, the following matters:

1. Approval of Minutes of the Previous Annual Meeting held on 17 June 2022
2. Appointment of External Auditors
3. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
4. Election of Directors

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

Description of Securities

The Board of Directors approved on 25 March 2024 the increase in the Company's authorized capital stock from Php40,200,000,000, divided into 40,140,000,000 common shares with par value of Php1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of Php0.01 per share to Php45,700,000,000, divided into 45,640,000,000 common shares with par value of Php1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of Php0.01 per share. The Company intends to increase its authorized capital stock to support growth and future business expansions in line with the Company's strategies and directions.

Dividends, Voting and Pre-Emption Rights of Common Stockholders

Stockholders shall be entitled to dividends. Pursuant to Article VI of the Amended By-Laws, dividends shall be declared only from surplus profits and shall be payable in cash or in shares of the unissued stock of the Company at such times and in such amounts as the Board of Directors shall determine.

In accordance with Article I, Section 1 of the Amended By-Laws, at every meeting of the stockholders of the Corporation, every stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the Corporation. Stockholders may vote in person. through remote communication or in absentia. electronically or otherwise. subject to compliance with such rules and regulations as may be issued by the Securities and Exchange Commission. Voting by proxy shall also be allowed, provided the instrument authorizing a proxy shall be filed with the Secretary before or during the meeting.

Pursuant to Twelfth Articles of the Amended Articles of Incorporation, all stockholders of the Company shall not enjoy any pre-emptive right to subscribe to any issue or disposition of shares of any class of the Company.

Other Material Rights of Stockholders

Stockholders shall have other rights granted to them by law such as the right to inspect and/or reproduce corporate records, right to financial statements, and appraisal rights.

Provision in the Charter or By-Laws that would Delay, Defer or Prevent a Change in Control of the Issuer

There are no provisions in the Company's Articles of Incorporation or By-Laws that would delay, defer or prevent a change in control of the Company.

Item 10. Modification or Exchange of Securities

There is no action to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial Information

Attached herewith is the copy of the Company's Audited Financial Statements for the fiscal year end December 31, 2023.

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

There is no action to be taken with respect to mergers, consolidations, acquisitions, sales or other transfers of all or any substantial part of the assets of the Company, liquidation or dissolution of the Company, and similar matters.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to the acquisition or disposition of any significant Company property.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are to be submitted for approval or consideration of the stockholders during the Annual Meeting:

1. Approval of Minutes of the Previous Annual Meeting held on 16 June 2023, a copy of the minutes is available at https://www.megaworldcorp.com/investors/meg-asm-2023, and attached hereto as **Annex "D".**

2. Report of Management

3. Appointment of External Auditors

4. Ratification of all resolutions of the Board of Directors and the Board Committees and acts of Senior Management adopted during the period covering 17 June 2023 through 12 May 2024.These include, among others, the following matters:
    a. Appointment of Contract Signatories

b. Application for Permits, Licenses, Clearances, Accreditations and Registration for Projects
c. Registration of Master Deeds and Restrictions Covering Projects
d. Operation of Bank Accounts and Other Bank Transactions
e. Appointment of Proxies and Nominees
f. Development, Marketing and Operation of Projects
g. Approval of Plans and Titling of Projects
h. Property Acquisitions, Dispositions, Leases, and Joint Ventures
i. Declaration of Cash Dividends
j. Application for, and Renewal of, Corporate Permits, Licenses and Accreditations
k. Holding of 2024 Annual Meeting of Stockholders
l. Amendment of the Second Article of the Articles of Incorporation by Adding Entering into Guaranty or Surety Arrangements as Among the Secondary Purposes of the Company
m. Amendment of the Seventh Article of the Articles of Incorporation by Increasing the Authorized Capital Stock from Php40,200,000,000 to Php45,700,000,000
n. Amendment of Article I, Sections 1, 2 and 3, and Article II, Section 3 of the By Laws on the Conduct of Annual and Special Meeting of the Stockholders, Sending of Notices, and the Conduct of Meetings of the Board of Directors

5. Election of Directors

Requirements under Section 49 of the Revised Corporation Code of the Philippines

Please refer to **Annex "E"** on the Requirements under Section 49 of the Revised Corporation Code of the Philippines.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-Laws or Other Documents

The amendment of the Second and Seventh Articles of the Articles of Incorporation, which was approved by the Board on 25 March 2024, shall be submitted for the stockholders' consideration and approval at the Annual Stockholders Meeting on 13 May 2024. The details regarding the amendment and the rationale thereof are provided below:

Amendment/s			**Rationale**
Article No.	**From**	**To**	
Second	That the purposes for which said Corporation is formed are: **PRIMARY PURPOSE** x x x x x x x x x **SECONDARY PURPOSES** x x x x x x x x x f) To borrow money, to make and issue notes, and other evidences of indebtedness of all kinds and to secure the same by mortgage, pledge or otherwise, in amounts as the business of the Corporation may require.	That the purposes for which said Corporation is formed are: **PRIMARY PURPOSE** x x x x x x x x x **SECONDARY PURPOSES** x x x x x x x x x f) To borrow money, to make and issue notes, and other evidences of indebtedness of all kinds and to secure the same by mortgage, pledge or otherwise, in amounts as the business of the Corporation may require. g) To undertake, guarantee and/or act as a guarantor or surety of the debts, liabilities, obligations, or loans of a subsidiary or	To enable the Company to support the business operations and growth of its subsidiaries and affiliates by acting as a guarantor or surety of its subsidiaries and affiliates, as well as having the power to mortgage, pledge, or encumber the properties and assets of the Company to secure the obligations of its subsidiaries and affiliates.

		affiliate corporation, and mortgage, pledge, or encumber the properties and assets of the Corporation to secure the obligations of such subsidiary or affiliate.	
Seventh	That the authorized capital stock of the Corporation is FORTY BILLION TWO HUNDRED MILLION PESOS (PhP40,200,000,000), Philippine Currency, divided into FORTY BILLION ONE HUNDRED FORTY MILLION (40,140,000,000) common shares with par value of One Peso (PhP1.00) per share and SIX BILLION (6,000,000,000) voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of One Centavo (PhP0.01) per share. Preferred shares shall have preference over common shares in case of liquidation or dissolution of the Corporation. x x x x x x x x x	That the authorized capital stock of the Corporation is FORTY-FIVE BILLION SEVEN HUNDRED MILLION PESOS (PhP45,700,000,000), Philippine Currency, divided into FORTY-FIVE BILLION SIX HUNDRED FORTY MILLION (45,640,000,000) common shares with par value of One Peso (PhP1.00) per share and SIX BILLION (6,000,000,000) voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of One Centavo (PhP0.01) per share. Preferred shares shall have preference over common shares in case of liquidation or dissolution of the Corporation. x x x x x x x x x	To support growth and future business expansions in line with the Company's strategies and directions

The amendment of Article I, Sections 1, 2 and 3, and Article II, Section 3 of the By-Laws, which was approved by the Board on 25 March 2024, shall likewise be submitted for the stockholders' consideration and approval at the Annual Stockholders Meeting on 13 May 2024. The details regarding the amendment and the rationale thereof are provided below:

Amendment/s			Rationale
Article and Section Nos.	**From**	**To**	
Article I, Section 1	The annual meeting of the stockholders shall be held at the principal office of the Corporation in Metro Manila, Philippines, on the third Friday of June of each year at 8:30 A.M., unless such day is a legal holiday, in which case it shall be held on the next business day following.	The annual meeting of the stockholders shall be held at the principal office of the Corporation, or, if not practicable, in any city where the principal office of the Corporation is located, on the third Friday of June of each year, unless such day is a legal holiday, in which case it shall be held on the next business day following. Upon the determination of the Board of Directors, the Corporation may conduct the annual meeting of the stockholders fully or partially through teleconferencing, video conferencing or other remote or electronic means of communication, in accordance with the relevant regulations of the Securities and Exchange Commission.	• To comply with the provisions in the Revised Corporation Code, and other relevant rules and regulations and good corporate governance standards. • To remove the time fixed for the holding of the annual stockholders' meeting to afford flexibility in scheduling the meeting.
Article I, Section 2	Section 2. Special Meetings. Special meetings of the stockholders may be called by the President, or by the majority of the Board of Directors, whenever he or they shall deem it necessary.	Section 2. Special Meetings. Special meetings of the stockholders may be called by the President, or by the majority of the Board of Directors, whenever he or they shall deem it necessary. Upon the determination of the Board of Directors, the Corporation may conduct the annual meeting of the stockholders fully or partially through teleconferencing, video conferencing or other remote or electronic means of communication, in accordance with the relevant regulations of the Securities and Exchange Commission.	• To allow the holding of stockholders' meeting fully or partially through teleconferencing, video conferencing or other remote or electronic means of communication, in accordance with the relevant regulations of the Securities and Exchange
Article I, Section 3	Section 3. Notices. Notices of the time and place of the annual and special meetings of the stockholders shall be given either	Section 3. Notices. Notices of the time and place of the annual and special meetings of the stockholders shall be given either: (i) by mailing the same enclosed in a postage	Commission, and consistent with prevailing practices by publicly-listed

	by mailing the same enclosed in a postage prepaid envelope, addressed to each stockholder of record at the address left by such stockholder with the Secretary of the Corporation, or at his last known post office address, or by delivering the same to him in person, at least one week before the date set for such meeting. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the stockholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Corporation Code. Stockholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of stockholders and any action taken at meetings pursuant to such waiver shall be valid and binding.	prepaid envelope, addressed to each stockholder of record at the address left by such stockholder with the Secretary of the Corporation, or at his last known post office address, (ii) by delivering the same to him in person, (iii) through electronic mail, electronic transmission or other recognized means of electronic transfer or data or information; (iv) by publishing the notice of meeting in the business section of two (2) newspapers of general circulation, in print and online format, for two consecutive days, or (v) by such other manner as the Securities and Exchange Commission shall allow under its guidelines, no later than twenty-one (21) days prior to the date of the meeting. In the case of sending of notices by publication, the last publication of the notice of meeting (print and online) shall be made no later than twenty-one (21) days prior to the scheduled annual meeting or one (1) week prior to the scheduled special meeting. The Board of Directors shall determine the manner of sending the notices of meeting, taking into account the requirements under relevant regulations of the Securities and Exchange Commission. The notice of meeting shall inform the stockholders of the following: 1. Date, time and place of meeting and other information as may be required under the Revised Corporation Code and other regulations of the Securities and Exchange Commission; and 2. As applicable, the availability of an electronic copy of the Information Statement, Management Report, SEC Form 17-A and other pertinent documents, as may be necessary under the given circumstance: (a) on the Corporation's website, and (b) on PSE Edge or any successor facility. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the stockholders present, entitled to vote. Stockholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of stockholders and any action taken at meetings pursuant to such waiver shall be valid and binding.	corporations. • To provide for alternative means for sending of notices of annual and special meetings to stockholders, as well as sending of notices of Board meetings to directors, in accordance with the relevant regulations of the Securities and Exchange Commission, and consistent with prevailing practices by publicly-listed corporations.
Article II, Section 3	Section 3. Board Meetings. The Board of Directors shall hold regular monthly meetings, at such time and place as said Board may prescribe. Special meetings of the Board may be called by the President, or by written request by any two (2) Directors. Notice of any special meeting of the Board of Directors shall be mailed to each Director at his last known post-office address or delivered to him personally or left at his office, or transmitted by telegraph or telephone at least three	Section 3. Board Meetings. The Board of Directors shall hold regular meetings at least six (6) times in a year, the schedule of which shall be fixed before the start of the year, at such time and place as said Board may prescribe. Special meetings of the Board may be called by the President, or by written request by any two (2) Directors. Notice of any special meeting of the Board of Directors shall be mailed to each Director at his last known post-office address or delivered to him personally or left at his office, or transmitted by telegraph or telephone, e-mail, or any other electronic	

	(3) days previous to the date fixed for the meeting. No notice need be given of regular meetings of the Board at a time and place previously fixed by the Board of Directors. Directors may participate and vote in their meetings through remote communication. Such as videoconferencing or teleconferencing. And shall be deemed present for purposes of determining the existence of quorum.	means, at least two (2) days previous to the date fixed for the meeting, unless notice of meeting is waived by the director expressly or impliedly. No notice need be given of regular meetings of the Board at a time and place previously fixed by the Board of Directors. Directors may participate and vote in their meetings through remote communication. such as videoconferencing or teleconferencing, and shall be deemed present for purposes of determining the existence of quorum.	

Item 18. Other Proposed Action

No action is to be taken with respect to any matter not specifically referred above.

Item 19. Voting Procedures

<u>Vote Required</u>

1. In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the Board of Directors, provided that there shall be elected at least three (3) independent directors in the Company's board of directors.

2. For the amendment of the Articles of Incorporation, the affirmative vote of at least two-thirds (2/3) of the outstanding capital stock of the Company shall be required to approve the same.

3. For other matters submitted to a vote, a majority vote of the stockholders is necessary for the approval of such matter.

<u>Method of Counting of Votes</u>

Each common share entitles the person in whose name it is registered in the books of the Company to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. In the election of directors, each holder of common share may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Stockholders may cast their votes by remote communication or in *absentia,* or by proxy. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2024 Annual Meeting for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the 2024 Annual Meeting.

The Company shall provide, without charge, to each stockholder a copy of its Annual Report on SEC Form 17-A, upon written request addressed to Megaworld Corporation, Attention: The Corporate Secretary, 10th Floor, Two World Square, 24 Upper McKinley Rd., McKinley Hill, Taguig City 1634.

[*Signature page follows.*]

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on 15 April 2024.

MEGAWORLD CORPORATION

By:

FRANCISCO C. CANUTO
Senior Vice President and Treasurer

MEGAWORLD

MANAGEMENT REPORT

<u>BUSINESS</u>

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'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.

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 Php59.5 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%

Subsidiaries and Associates

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%
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 Strategy

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:

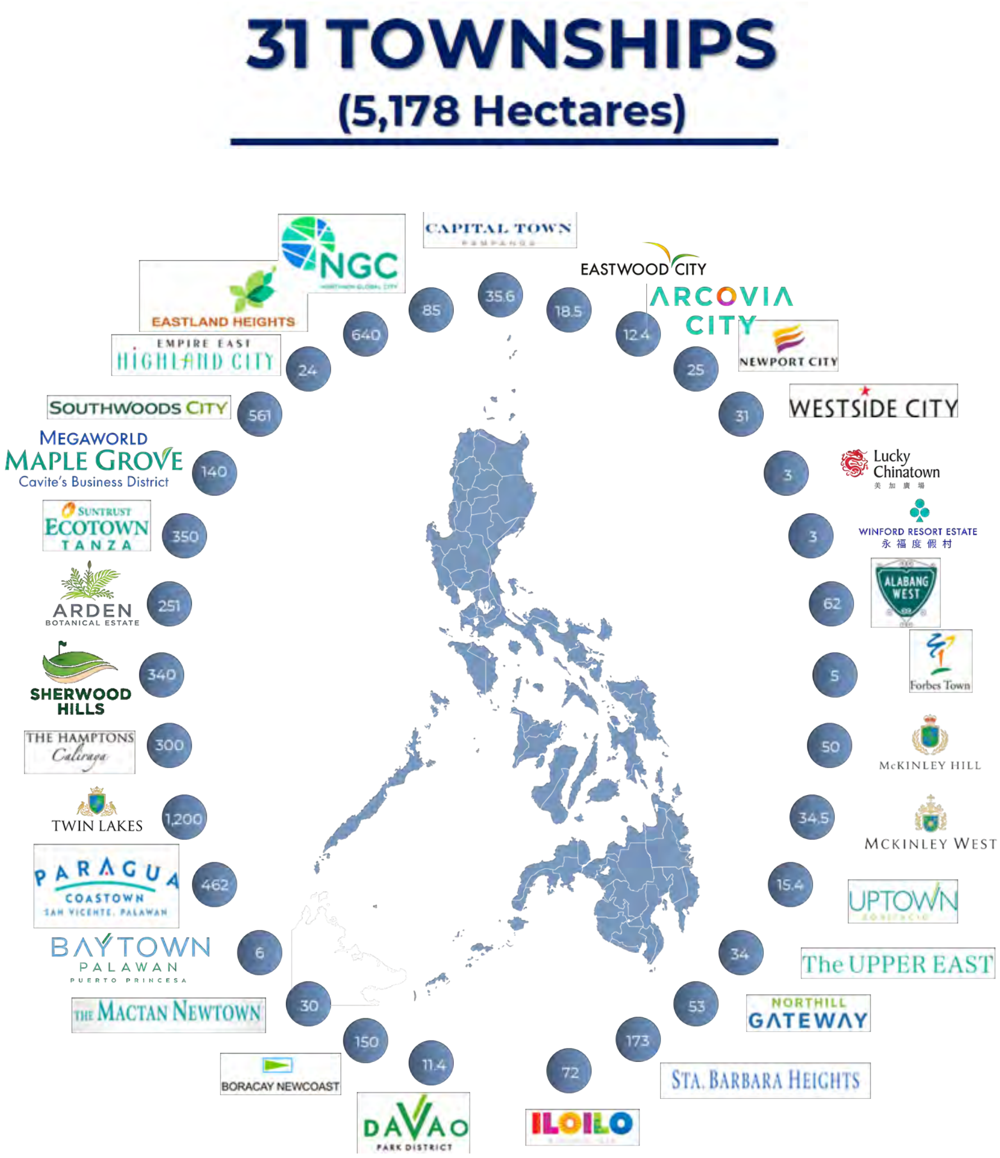
- Maximize earnings through integrated community township developments.
- Capitalize on brand and reputation.
- Build on synergies across the Megaworld group and the larger Alliance Global Group, Inc. group of companies.
- Maintain a strong financial position.
- Sustain a diversified development portfolio.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

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.

<u>Boracay Newcoast</u>

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.

<u>Twin Lakes</u>

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.

<u>Iloilo Business Park</u>

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.

<u>Suntrust Ecotown</u>

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.

<u>Davao Park District</u>

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.

<u>Southwoods City</u>

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)

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)

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)

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)

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

MARKET PRICE INFORMATION

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol of MEG. The Company's common stock was first listed on the PSE on 15 June 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	1.93			
	Low	1.90			
04/01/2024	Close	1.91			

Market price of the Issuer's Shares as of 12 April 2024 was ₱1.83 per share.

HOLDERS

As of 31 March 2024, the Company had 2,374 shareholders of record. The following table sets forth the 20 largest shareholders of the Company as of 31 March 2024.

Rank	Name of Stockholder	Number of Common Shares	Number of Voting Preferred Shares	Percentage of Ownership
1.	Alliance Global Group, Inc.	15,180,921,058		40.83%
			6,000,000,000	16.14%
2.	PCD Nominee Corporation (Filipino)	7,230,389,240[15]		19.45%
3.	New Town Land Partners, Inc.	5,668,530,324		15.24%
4.	PCD Nominee Corporation (Non-Filipino)	3.148.995.912		8.47%
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 J. Tanchan, Jr.)	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 Ang and/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 Ang &/or Teresa 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	1,861,632		0.01%
20.	Aboitiz Equity Ventures	1,842,750		0.01%

DIVIDENDS AND 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.

[15] This excludes 105,723,000 shares beneficially owned by Alliance Global Group, Inc.

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.

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 relationship 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.

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 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 Division
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, 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, 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, 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, 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, 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, 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, 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, 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, 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 companies, Alliance Global Group, Inc., as well as the Director, 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, 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, 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, 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, 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, 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, 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 (30 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, 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, 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, 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, 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, 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.

Board Attendance at Meetings for Year 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	9	9	100%
Cresencio P. Aquino	9	9	100%
Alejo L. Villanueva, Jr.	9	9	100%

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 Php21,836,930 in 2023 and Php20,618,958 in 2022 for audit and audit related services.

The other fees billed pertain to 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, and which amounted to Php212,500 and P138,600 for the years ended December 31, 2023 and 2022, respectively.

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

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

Compliance with Leading Practices on Corporate Governance

Pursuant to the Company's Revised Manual, the Board created each of the following Board Committees and appointed Board members thereto.

Audit Committee

The Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight financial management functions, pre-approving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors. On 03 October 2012, the Board approved the Audit Committee Charter which provides for the purpose, membership, structure, operations, duties and responsibilities of the Audit Committee. The Company's Audit Committee has three (3) members, all of whom are independent directors. The members of the Audit Committee are Jesus B. Varela, Chairman, Cresencio P. Aquino and Alejo L. Villanueva, Jr., members.

Audit Committee
2023 Meeting Attendance Report

Name	Designation	Meetings Attended	Percentage
Jesus B. Varela	Chairman	5/5	100%
Alejo L. Villanueva, Jr.	Member	**35**	60%
Cresencio P. Aquino	Member	5/5	100%

Corporate Governance Committee

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It also oversees the implementation, review and periodic evaluation of the corporate governance framework It also recommends continuing relevant education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance, as well as establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers. It is also responsible for determining the nomination and election process for the Corporation's directors and the general profile of board members and ensures that this process is conducted in accordance with qualifications prescribed by Philippine law and the Company's Manual on Corporate Governance. The members of the Corporate Governance Committee are Jesus B. Varela, Chairman, Alejo L. Villanueva, Jr. and Cresencio P. Aquino, members, all of whom are independent directors.

Corporate Governance Committee
2023 Meeting Attendance Report

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

Board Risk Oversight Committee

The Board Risk Oversight Committee is responsible for the development, evaluation, and oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. It also advises the Board on its risk appetite levels and risk tolerance limits, and reviews the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business. The Company's Board Risk Oversight Committee consists of three (3) members, including at least one (1) independent director. The members of the Board Risk Oversight Committee are Cresencio P. Aquino, Chairman (Independent Director), Alejo L. Villanueva (Independent Director), Jr. and Enrique Santos L. Sy, members.

Related Party Transaction Committee

The Related Party Transaction Committee is responsible for reviewing all material related party transactions of the Company. This Committee shall evaluate on an ongoing basis the existing relations between and among business and counterparties to ensure that all related parties are continuously identified, related party transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured, and evaluate all material related party transactions to ensure that these are in strict adherence to the principle of arm's length dealings and not undertaken on more favourable economic terms. The Company's Related Party Transaction Committee consists of three (3) members, including at least one (1) independent director. The members of the Related Party Transaction Committee are Alejo L. Villanueva, Jr., Chairman (Independent Director), Cresencio P. Aquino (Independent Director) and Enrique Santos L. Sy, members.

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.

Evaluation System

The Board conducts regular annual 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 include determining compliance with the corporate governance requirements under the Code, the Revised

Manual, and other relevant laws, regulations and standards. The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance.

Deviations from Manual and Sanctions Imposed

The Company fully complies with the Code and the Revised 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 provision of the same.

Plan to Improve Corporate Governance

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

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.

FINANCIAL INFORMATION

The Audited Financial Statements of the Company and its subsidiaries (the "Group") as of 31 December 2023 is attached hereto and incorporated herein by reference.

Management's Discussion and Analysis of Results of Operations and Financial Condition

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

Review of December 31, 2023 versus December 31, 2022

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 Company is setting a capital expenditure budget of PHP 55 billion for the year 2024. This will be funded with internally generated funds and external borrowings.

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.

Capital Expenditures

The total project and capital expenditures in 2023 amounted to Php50.0 billion. These were funded by internally generally funds and external borrowings.

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

	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 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 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 previous year.

Total costs and expenses amounted to Php44.15 Billion, an increase of 21.38% from Php36.38 Billion last year. 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

	As of December		Change year-on-year	
Selected Balance Sheet Data	**2022**	**2021**	**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 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.

Capital Expenditures

The total project and capital expenditures in 2022 amounted to Php45.9 billion. These were funded by internally generally funds and external borrowings.

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 last year.

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 this year.

	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 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 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 the year.

***Hotel Operations*.** The 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

	As of December		Change year-on-year	
Selected Balance Sheet Data	**2021**	**2020**	**In Pesos**	**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 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 company and its majority-owned subsidiaries 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.

Capital Expenditures

The total project and capital expenditures in 2021 amounted to Php38.2 billion. These were funded by internally generally funds and external borrowings.

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.

MREIT REINVESTMENT PLAN

Initial Public Offering

The Company received net proceeds amounting to Php14,790,536,193.20 from the Initial Public Offering of MREIT, Inc. As of 30 September 2022, the proceeds from the MREIT, Inc. Initial Public Offering have been fully disbursed by the Company in accordance with its Reinvestment Plan.

The details of the disbursements are as follows:

Gross Proceeds from the Initial Public Offering	15,292,383,750.00
Less:	
Underwriters and Initial Public Offering related fees deducted from proceeds	(267,616,715.63)
Disbursement for transaction costs	(234,230,841.17)
Net proceeds received	14,790,536,193.20

Less:	
Disbursements from Oct 01 to Dec 31, 2021	(1,554,182,362.90)
Disbursements from Jan 01 to Mar 31, 2022	(3,336,183,047.51)
Disbursements from Apr 01 to Jun 30, 2022	(3,470,723,632.79)
Disbursements from Jul 01 to Sep 30, 2022	(6,429,447,150.00)
Net Balance of Initial Public Offering proceeds as of 30 September 2022	0.00

Asset Sale

On 20 December 2021, the Company sold to MREIT, Inc. four (4) prime, Grade A buildings located in PEZA-registered Zones, namely: Two Techno Place, Three Techno Place, One Global Center and World Finance Plaza for a purchase price of Php9.116 Billion, with net proceeds amounting to Php8.657 Billion.

The Company has already disbursed the total net proceeds amounting to Php8,657,830,000.00 in accordance with its reinvestment plan.

The details of the disbursements are as follows:

Gross Proceeds from the Asset Sale Less:	9,116,000,000.00
Disbursement for transaction costs	(458,170,000.00)
Net proceeds received Less:	8,657,830,000.00
Disbursements from Jan 01 to Mar 31, 2022	(735,000,000.00)
Disbursements from April 1 to Jun 30, 2022	(2,853,865,31147)
Disbursements from Jul 1 to Sep 30, 2022	(1,567,500,000.00)
Disbursements from Oct 1 to Dec 19, 2022	(3,501,464,688.53)
Net Balance of Asset Sale proceeds as of December 19, 2022	0.00

Block Sale

On 20 July 2023, the Company an overnight placement of Two Hundred Seventy Nine Million Four Hundred Thousand (279,400,000) common shares of MREIT at an offer price of Php13.00 per share, equivalent to Php3,632,200,000.00 (before deduction for fees and taxes), under a block sale transaction. On 27 July 2023, the proceeds from the block sale were settled, and the Company received the net proceeds of Php3,606,018,012.74.

As of 31 December 2023, the Company has already disbursed the total net proceeds amounting to Php1,675,051,955.30 in accordance with its reinvestment plan.

The details of the disbursements are as follows:

Net Proceeds from the Block Sale	3,606,018,012.74
Less:	
Disbursements from July 1 to Sep. 30, 2023	(1,045,051,955.30)

Disbursements from Oct. 1 to Dec. 31, 2023	(630,000,000.00)
Net Balance of Asset Sale proceeds as of December 19, 2022	1,930,966,057.44

EXTERNAL AUDITORS; 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.

DISCLOSURE REQUIREMENTS UNDER SECTION 49 OF THE REVISED CORPORATION CODE

In compliance with Section 49 of the Revised Corporation Code, the list of Disclosure Requirements is attached herein as **"Annex E"** and a copy of the Minutes of the previous annual stockholders' meeting is attached herein as **Annex "D".**

The Company undertakes to provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to Megaworld Corporation, Attention: The Corporate Secretary, 10th Floor, Two World Square, 24 Upper McKinley Rd, McKinley Hill, Taguig City 1634

ANNEX "A"

MEGAWORLD CORPORATION

Procedures and Requirements for Voting and Participation in the 2024 Annual Stockholders' Meeting

Pursuant to Article 1, Sections 4 and 6 of the Company's Amended By-Laws, Sections 23 and 57 of the Revised Corporation Code, and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, Megaworld Corporation (the "Company") will dispense with the physical attendance of its stockholders for the 2024 Annual Stockholders' Meeting ("Annual Meeting"). Instead, the Company will conduct the Annual Meeting scheduled on 13 May 2024 at 8:30 AM by remote communication and will conduct electronic voting *in absentia*.

Only stockholders of record as of 12 April 2024 are entitled to participate and vote in the Annual Meeting.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the Annual Meeting.

I. **ONLINE REGISTRATION STEPS AND REQUIREMENTS**

A. Stockholders may register from 9:00 AM of 24 April 2024 until 5:00 PM of 30 April 2024 to signify his/her/its intention to participate in the Annual Meeting by remote communication. The registration steps and requirements are available on the Company's website: https://www.megaworldcorp.com/asm2024.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at corporatesecretary@megaworldcorp.com:

B.1 For Individual Stockholders –

(i) Scanned copy of stock certificate issued in the name of the individual stockholder;
(ii) Valid email address and active contact number;
(iii) Scanned copy of valid government-issued identification card; and
(iv) Recent photo of stockholder.

B.2 For Stockholders with Joint Accounts –

(i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the vote(s) (the "Authorized Stockholder");
(ii) Scanned copy of stock certificate issued in the name of the joint stockholders;
(iii) Valid email address and active contact number of the Authorized Stockholder;
(iv) Scanned copy of valid government-issued identification card of the Authorized Stockholder; and
(v) Recent photo of the Authorized Stockholder.

B.3 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares' –

(i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
(ii) Broker's Certification on the stockholder's number of shareholdings;
(iii) Valid email address and active contact number of the stockholder;
(iv) Scanned copy of valid government-issued identification card of stockholder; and
(v) Recent photo of stockholder.

B.4 For Corporate Stockholders –

(i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder (the "Authorized Representative");
(ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
(iii) Valid email address and active contact number of the Authorized Representative;
(iv) Valid government-issued identification card of the Authorized Representative; and
(v) Recent photo of the Authorized Representative.

C. The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company by 3 May 2024. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the Annual Meeting livestreaming link.

II. ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the Annual Meeting through electronic voting *in absentia*. In order to do so, the stockholder must register and submit his/her accomplished ballot not later than 5:00 PM of **30 April 2024**. Beyond this date, stockholders may no longer avail of the option to electronically vote *in absentia.*

B. The ballot shall be available for download at **https://megaworldcorp.com/asm2024**, and shall be accomplished as follows:

(1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.

(2) For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.

(3) The stockholder shall proceed to submit the accomplished ballot via email to corporatesecretary@megaworldcorp.com not later than 5:00 PM of **30 April 2024**.

(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

C. Thereafter, the Office of the Corporate Secretary, through election inspectors appointed for the meeting, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies, subject to validation by representatives of the Company's external auditors.

D. Registered stockholders shall have until 5:00 PM of **30 April 2024** to cast their votes *in absentia.* Stockholders will not be allowed to cast votes during the livestream of the Annual Meeting.

III. VOTING BY PROXY

A. For individual stockholders holding certificated shares of the Company – Download the proxy form available at **https://megaworldcorp.com/asm2024**.

B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form available at https://www.megaworldcorp.com/asm2024. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders - Download the proxy form available at **https://megaworldcorp.com/asm2024**. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form. For reference, a sample Secretary's Certificate is also available at **https://megaworldcorp.com/asm2024**.

D. General Instructions on Voting by Proxy:

(1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.

(2) Send a scanned copy of the duly executed proxy form via email to corporatesecretary@megaworldcorp.com or submit the original proxy form to the Office of the Corporate Secretary at the 10th Floor, Two World Square, 24 Upper McKinley Rd, McKinley Hill, Taguig City 1634

(3) Deadline for the submission of proxies is at 5:00 PM of **30 April 2024**.

(4) Validation of proxies will be on **03 May 2024**.

(5) If a stockholder avails of the option to cast his/her vote electronically *in absentia* and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

A. Only duly registered stockholders will be included in determining the existence of a quorum.

B. Duly registered stockholders may send their questions and/or comments prior to the Annual Meeting through email at corporatesecretary@megaworldcorp.com. The deadline for submitting questions shall be at **5:00 PM** of **30 April 2024**.

C. The proceedings during the Annual Meeting will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at corporatesecretary@megaworldcorp.com.

ANNEX "B"

CERTIFICATION ON CONNECTION WITH GOVERNMENT AGENCIES AND INSTRUMENTALITIES

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

CERTIFICATION

I, **NELILEEN S. BAXA**, of legal age, Filipino, and with office address at the 30th Floor Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634, Philippines, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Assistant Corporate Secretary of **MEGAWORLD CORPORATION** (the "**Company**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 30th Floor Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634, Philippines.

2. In my capacity as Assistant Corporate Secretary, I have custody of the books and records of the Company.

3. Mr. Jesus B. Varela, the Lead Independent Director, is a Regent of Universidad de Manila and has the required permission from the University President of Universidad de Manila to be an independent director in the Company pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

4. Apart from the foregoing, to the best of my knowledge, I certify that none of the members of the Board of Directors, including the other independent director and officers of the Company, are appointed to or are employees in any government agency as of the date of this Certification. I further certify that, to the best of my knowledge and apart from the foregoing, none of the nominees to the Board of Directors in the 2024 Annual Stockholders' Meeting and the candidates for election to become officers of the Company for the ensuing year are appointed to or are employees in any government agency as of the date of this Certification.

05 APR 2024

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _________ in MAKATI CITY, Philippines.

NELILEEN S. BAXA
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me, a notary public in and for the city named above, personally appeared Nelileen S. Baxa exhibiting to me her Social Security System Number 0033-8300166-8 who is personally known to me to be the same person who executed the foregoing instrument, signed the same in my presence and who took an oath before me, as to such instrument.

Doc. No. 42;
Page No. 10;
Book No. 320;
Series of 2024.

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

OFFICE OF THE UNIVERSITY PRESIDENT

28 September 2023

CERTIFICATION

This to confirm Regent Jess Varela's Appointment as Independent Director of Megaworld Corp., Travellers Inc., Suntrust Resorts Holdings, MREIT Inc. and Global Estate Resorts Inc. interposing No Objection, per Board Resolution No. 63 Series of 2023.

Issued upon the request of Regent Jess Varela for whatever legal purposes this might serve.

MA. FELMA CARLOS-TRIA, Ed.D.
University President

ANNEX "C"

CERTIFICATION OF INDEPENDENT DIRECTORS

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JESUS B. VARELA**, of legal age, Filipino, and a resident of 119B Gonzalez Street, Varsity Hills Subdivision, Loyola Heights, Quezon City, Philippines, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of **MEGAWORLD CORPORATION** (the "**Company**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 30th Floor, Alliance Global Tower, 36th comer 11th Avenue, Uptown Bonifacio, Taguig City, Metro Manila, Philippines, and have been its independent director since 17 June 2016.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
MREIT Inc.	Independent Director	2021 to Present
Universidad de Manila	Regent	2019 to Present
Philippine Daily Tribune	Independent Director	2018 to Present
Travellers International Hotel Group, Inc.	Independent Director	2016 to Present
Megaworld Corporation	Independent Director	2016 to Present
Global-Estate Resorts, Inc.	Independent Director	2016 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), its Implementing Rules and Regulations ("**IRR**"), and other issuances of the Securities and Exchange Commission ("**SEC**").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I have the required permission from the University President of Universidad de Manila to be an independent director in the Company pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules, as evidenced by the Certification attached hereto as **Annex "A".**

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the above-mentioned information within five (5) days from its occurrence.

[*Signature page follows.*]

05 APR 2024 MAKATI CITY

Done, this ____________ at ____________, Philippines.

JESUS B. VARELA
Affiant

05 APR 2024 MAKATI CITY

SUBSCRIBED AND SWORN to before me this ____________ at ____________, Philippines, affiant personally appeared before me and exhibited to me his OSCA ID Number 11700 issued on January 23, 2017.

Doc. No. 41;
Page No. 10;
Book No. 320;
Series of 2024.

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

UNIVERSIDAD DE MANILA
Republic of the Philippines
City of Manila

OFFICE OF THE UNIVERSITY PRESIDENT

28 September 2023

CERTIFICATION

This to confirm Regent Jess Varela's Appointment as Independent Director of Megaworld Corp., Travellers Inc., Suntrust Resorts Holdings, MREIT Inc. and Global Estate Resorts Inc. interposing No Objection, per Board Resolution No. 63 Series of 2023.

Issued upon the request of Regent Jess Varela for whatever legal purposes this might serve.

MA. FELMA CARLOS-TRIA, Ed.D.
University President

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALEJO L. VILLANUEVA, JR.**, of legal age, Filipino, and a resident of Block 30 Lot 4 Elbert Street, Ridgeview Estates Nuvali, Canlubang, Calamba City, Laguna, Philippines, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of **MEGAWORLD CORPORATION** (the "**Company**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 30th Floor, Alliance Global Tower, 36th comer 11th Avenue, Uptown Bonifacio, Taguig City, Metro Manila, Philippines, and have been its independent director since 17 June 2022.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Ridgeview Estates Nuvali Homeowners Association, Inc.	Director	July 2021 - present
MREIT Property Managers, Inc.	Independent Director	April 2021 - present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), its Implementing Rules and Regulations ("**IRR**"), and other issuances of the Securities and Exchange Commission ("**SEC**").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

7. I shall inform the Corporate Secretary of the Company of any changes in the above-mentioned information within five (5) days from its occurrence.

[*Signature page follows.*]

Done, this 04 APR 2024 at MAKATI CITY, Philippines.

ALEJO L. VILLANUEVA, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 04 APR 2024 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Social Security System No. 03-0714112-5.

Doc. No. 417;
Page No. 85;
Book No. 319;
Series of 2024.

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CRESENCIO P. AQUINO**, of legal age, Filipino, and a resident of No 8 Apeecho Street, Portofino Heights, Daang Hari, Almanza Dos, Las Pinas, Metro Manila, Philippines, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of **MEGAWORLD CORPORATION** (the "**Company**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 30th Floor, Alliance Global Tower, 36th corner 11th Avenue, Uptown Bonifacio, Taguig City, Metro Manila, Philippines, and have been its independent director since 15 February 2018.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Empire East Land Holdings, Inc.	Independent Director	2018 - Present
Global-Estate Resorts, Inc.	Independent Director	2018 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), its Implementing Rules and Regulations ("**IRR**"), and other issuances of the Securities and Exchange Commission ("**SEC**").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

7. I shall inform the Corporate Secretary of the Company of any changes in the above-mentioned information within five (5) days from its occurrence.

[*Signature page follows.*]

APR 15 2024 QUEZON CITY

Done, this ____________ at _____________, Philippines.

CRESENCIO P. AQUINO
Affiant

QUEZON CITY
APR 15 2024

SUBSCRIBED AND SWORN to before me this ______________ at _________, Philippines, affiant personally appeared before me and exhibited to me his Passport Number P8626994A issued on September 6, 2018 expiring on September 5, 2028.

Doc. No. 323;
Page No. 65;
Book No. XLV A
Series of 2024.

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No.Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D 01/03/2024 Roll No. 33332 / TIN # 129-871-009-000
MCLE No. 7 & 8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

ANNEX "D"

MINUTES OF 2023 ANNUAL STOCKHOLDERS' MEETING

Draft only; For approval in the next stockholders' meeting.

MEGAWORLD CORPORATION
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
16 June 2023 / 8:30 a.m.
Conducted virtually via https://megaworldcorp.com/asm2023

Total Number of Outstanding and Voting Shares as of Record Date	Total Number of Shares Present	Percentage of Total
37,183,251,872	30,022,507,823	80.74%

Directors Present:

Andrew L. Tan	- Chairman and President - Executive Committee Chairman
Katherine L. Tan	- Director
Kingson U. Sian	- Director - Executive Committee Member
Enrique Santos L. Sy	- Director - Board Risk Oversight Committee and Related Party Transaction Committee Member
Jesus B. Varela	- Lead Independent Director - Audit Committee and Corporate Governance Committee Chairman
Cresencio P. Aquino	- Independent Director - Board Risk Oversight Committee Chairman - Executive Committee, Audit Committee, Corporate Governance Committee and Related Party Transaction Committee Member
Alejo L. Villanueva, Jr.	- Independent Director - Related Party Transaction Committee Chairman - Audit Committee, Corporate Governance Committee and Board Risk Oversight Committee Member

Also Present:

Lourdes T. Gutierrez-Alfonso	- Chief Operating Officer
Kevin Andrew L. Tan	- Executive Vice President and Chief Strategy Officer
Francisco C. Canuto	- Senior Vice President, Chief Finance Officer, Treasurer, Chief Audit Executive, Compliance Officer and Corporate Information Office
Noli D. Hernandez	- Executive Vice President for Sales and Marketing
Giovanni C. Ng	- Senior Vice President and Finance Director
Maria Victoria M. Acosta	- Executive Vice President and Managing Director for International Marketing
Maria Carla T. Uykim	- Head of Corporate Advisory and Compliance Division
Rafael Antonio S. Perez	- Head of Human Resources and Corporate Admin. Division
Kimberly Hazel A. Sta. Maria	- Assistant Vice President for Corporate Communications and Advertising
Anna Michelle T. Llovido	- Corporate Secretary
Nelileen S. Baxa	- Assistant Corporate Secretary
Andy Dela Cruz	- Head of Investor Relations
Renan Piamonte	- External Auditor, Punongbayan & Araullo
Leonardo Cuaresma	- External Auditor, Punongbayan & Araullo
Romualdo Murcia III	- External Auditor, Punongbayan & Araullo
Nico Unera	- External Auditor, Punongbayan & Araullo
Gesan Tesiorna	- Stock Transfer Agent, BDO Trust and Investments Group

Draft only; For approval in the next stockholders' meeting.

I. CALL TO ORDER

The Chairman and President, Dr. Andrew L. Tan, welcomed the stockholders to the 2023 Annual Stockholders' Meeting (the "Meeting") and turned over the floor to the Presiding Officer, Mr. Kingson U. Sian. Thereafter, the Presiding Officer called the Meeting to order. The Corporate Secretary, Atty. Anna Michelle T. Llovido, recorded the proceedings of the Meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Presiding Officer stated that the Corporation decided to hold the Meeting by remote communication pursuant to the Corporation's Amended By-Laws and the Revised Corporation Code, and for consistency with minimum public standards. This notwithstanding, Management has adopted measures to afford the stockholders the opportunity to participate in the Meeting as effectively as a physical meeting.

The Corporate Secretary certified that all stockholders of record as of **18 May 2023** have been duly notified of the Meeting pursuant to the Corporation's By-Laws and applicable Securities and Exchange Commission ("SEC") Circulars, and that copies of the Notice of the Meeting, the Agenda, and the Definitive Information Statement were made available through: (1) the Corporation's website; and (2) the Philippine Stock Exchange ("PSE") Electronic Disclosure Generation Technology or PSE EDGE. The Notice of the Meeting was also published in the Daily Tribune and the Manila Standard both in print and online, on 24 May 2023 and 25 May 2023.

The Corporate Secretary also certified that there existed a quorum to transact the business in the agenda for the Meeting, there being present in person or represented by proxy, stockholders holding **80.74%** of the entire subscribed and outstanding capital stock of the Corporation entitled to vote.

The Corporate Secretary certified that only stockholders who have successfully registered may participate in the Meeting. Moreover, the Corporate Secretary explained the Procedures for Registration, Voting and Participation in the Meeting contained in the Definitive Information Statement which were implemented as follows:

(i) Stockholders signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary at corporatesecretary@megaworldcorp.com;

(ii) Stockholders who have registered sent their questions and/or comments prior to the meeting through email at corporatesecretary@megaworldcorp.com until 5:00pm of 14 June 2023;

(iii) The resolutions proposed to be adopted at the Meeting will be shown on the screen;

(iv) Stockholders who have duly registered to participate by remote communication have casted their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until 5:00pm of 08 June 2023; and,

(v) The Office of the Corporate Secretary has tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, with the voting results to be announced during the Meeting and reflected in the minutes of the Meeting.

III. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS HELD ON 17 JUNE 2022

The Presiding Officer then proceeded with the approval of the minutes of the annual stockholders' meeting held on **17 June 2022**, and informed the stockholders that the copy of the minutes of the 2022 Annual Meeting have been made available through the Corporation's website and in the Definitive Information Statement.

The Corporate Secretary then announced that **100%** of the voting shares represented in the Meeting have voted in favor of the approval of the minutes of the annual stockholders' meeting held on **17 June 2022**. Therefore, the Presiding Officer declared that the following resolution has been approved:

"RESOLVED, to approve the minutes of the Annual Stockholders' Meeting held on 17 June 2022."

The results based on the votes cast are as follows:

	For	Against	Abstain
Number of Shares Voted	30,022,507,823	-	-
% of Total Outstanding Shares	100%		

IV. REPORT OF MANAGEMENT FOR THE YEAR 2022

The Presiding Officer then turned the floor over to the Chairman, Dr. Andrew L. Tan, who delivered the Chairman's Message and report on the Corporation's performance for the year 2022, as follows:

The year 2022 solidified Megaworld's growth trajectory as the country's economy moved toward a full reopening after 2 years of various mobility restrictions. Our persistent pursuit of innovation and excellence has once again resulted in impressive accomplishments that reinforced our industry leadership. Throughout the challenging yet promising year, our Company exceeded targets across all business segments as we were able to effectively capture the new opportunities that arose.

In 2022, Megaworld has achieved a remarkable 17% year-on-year increase in revenues, amounting to PHP60 billion. Furthermore, our net income has grown by 7%, reaching PHP 15 billion from last year's PHP 14 billion. We remain committed to delivering exceptional results and driving sustainable growth for our stakeholders. This is a testament to our commitment to achieving exceptional results and our unparalleled agility in responding to dynamic market conditions.
The Company's growth was further propelled by the excellent performance of its real estate segment, which continued to lead momentum toward recovery. Our real estate sales have surged by an impressive 18%, amounting to PHP 37 billion. Our reservation sales have exceeded our initial expectations, reaching PHP 119 billion. This is an affirmation of the steadfast trust and confidence our customers have in our residential developments.

Our office segment continues to deliver record revenues despite the challenges faced by the industry. Megaworld Premier Offices' proactive approach has allowed us to capture opportunities in the market, enabling us to achieve a higher than industry occupancy rate of 92%. As a result, we have concluded the year on a high note, with an office rental income surpassing a remarkable milestone of P12 billion for the first time.

Meanwhile, our Megaworld Lifestyle Malls have achieved a revenue growth of 51% this year, totaling PHP 3 billion. The impressive surge can be attributed to increased spending, heightened foot traffic, and the Company's commitment to reducing rent concessions for tenants, in line with the resurgent economy. Mall occupancy increased by 300 basis points to 90%, while tenant sales surpassed pre-pandemic levels and saw a remarkable 6% growth compared to 2019. These achievements can be attributed to our innovative initiatives and programs for tenants and mall shoppers, which helped drive foot traffic and rejuvenate sales.

Our hotel business delivered stellar growth that exceeded 2019 revenue levels. Megaworld Hotels & Resorts reported PHP 2.6 billion in revenue in 2022, an increase of 38% over the PHP 1.9 billion realized the previous year. The uptick in tourism and MICE (meetings, incentives, conventions, and exhibitions) has contributed to this success by driving up room occupancy and room rates.

Megaworld introduced two notable sustainable townships during the year: Sherwood Hills in Cavite and Winford Resort Estate in Manila. Both these townships were launched with sustainability at the forefront. As residential projects have always been our first priority in townships, we aim to provide individuals and families with a sense of belonging and security by offering high-quality homes.

Our commitment to excellence extends beyond residential offerings. As township grows, we launch office buildings, creating direct employment opportunities in the thriving BPO sector. Furthermore, our developments generate indirect jobs that support this industry as well, fostering economic growth within the surrounding areas.

As we strategize our operations and project development, we are constantly seeking ways to optimize our resources and minimize our carbon footprint. By doing so, we are not only reducing our environmental impact but also maximizing our efficiency and profitability. At Megaworld, we are proud to stand alongside Alliance Global as we set our sights on two remarkable objectives. We are committed to playing our part in the efforts of Alliance Global to become carbon neutral and to generate 5 million jobs, both directly and indirectly, by 2035.

We've made it a priority to incorporate at least 40% green and open space preservation into the plans for every future community we create. We believe that by doing so, we can create vibrant and sustainable communities that will thrive for generations to come. As part of our visionary project development plans, we are dedicated to preserving the majestic centuries-old trees within our townships. Our Company is proud to utilize endemic trees as a crucial component of our mission to enhance our townships' greenery and make significant contributions toward Megaworld's carbon offsets.

Our malls lead the way in sustainable design. With solar roof panels and an open layout, we utilize natural light and ventilation, reducing energy consumption and costs. This not only benefits the environment but also brings long-term cost savings. At Megaworld, we consistently implement upgrades for our mall and office equipment to maximize energy efficiency and minimize consumption.

Furthermore, our malls empower entrepreneurs to join our esteemed network, unlocking limitless business potential. By fostering a dynamic retail ecosystem, we support local enterprises, stimulate economic growth, and create new opportunities.

As the largest office landlord in the country, we strive for excellence in constructing office buildings and align ourselves with renowned certification bodies such as LEED. This ensures the construction of sustainable structures that withstand the test of time. Our dedication lies in creating eco-friendly buildings that contribute to the well-being of our planet.

Meanwhile, in revolutionizing land development, we prioritize mobility and connectivity. By incorporating state-of-the-art biking network facilities and strategically locating transport terminals within our townships, we make a positive impact on the environment and offer residents a more sustainable way of life. Together, we shape a brighter future for our communities.

In addition to our other endeavors, we are proud to serve as a catalyst for positive change. Our corporate social responsibility efforts, civic activities, and environmental initiatives empower and transform communities. By working together, we can make a tangible difference and create a brighter future for all.

Finally, Megaworld's board has decided to extend our buyback program until February 2024. This bold step aims to maximize shareholder value and showcase our steadfast confidence in the Company's shares, which we believe are currently undervalued. This initiative is a testament to our commitment to driving growth and delivering value to our esteemed investors

To ensure the sustained growth of Megaworld, we have developed a comprehensive strategy with three key pillars:

> ***Expanding our Portfolio**: Megaworld is steadfast in its commitment to expanding its property portfolio in strategic growth areas throughout the Philippines. We aim to contribute to the nation's overall development by investing in a diverse range of projects, including residential, office, and commercial properties. Our extensive pipeline of projects in various stages of development ensures that we continue to meet the evolving demands of the market.*
>
> ***Embracing Innovation and Technology**: We recognize the importance of embracing innovation and leveraging technology to drive our growth strategy. By implementing smart building management systems and harnessing renewable energy solutions, we can optimize our operations and minimize our environmental impact. We are committed to staying at the forefront of industry advancements and incorporating cutting-edge technologies into our projects.*
>
> ***Prioritizing Customer Satisfaction**: At Megaworld, our customers are at the heart of everything we do. We prioritize understanding and meeting their ever-changing needs and preferences. As part of our commitment to sustainable living and wellness, we will develop properties that align with these trends. Our projects will feature ample green spaces, walking and biking trails, and state-of-the-art fitness amenities, creating an environment that promotes a healthy and balanced lifestyle for our residents and tenants.*

We are driven by our unwavering dedication to delivering long-term value for our employees and stakeholders, ensuring their continued success. By fostering economic growth nationwide, we create opportunities that benefit our organization and the communities we serve.

Our Company is steadfast in pursuing our vision and closely monitoring our progress toward achieving our operational objectives. We are determined to succeed and leave no stone unturned in our relentless pursuit of excellence. Constantly reassessing our Company's goals is imperative to proactively safeguard against potential setbacks. This approach allows us to mitigate any negative impact and maintain our thriving momentum, even in the face of adversity.

This 2023, we will continue to pursue our proven strategies and build upon our past successes to achieve even greater heights. We will work hard to keep expanding our reach by offering new projects, tapping new markets, developing more land, and accelerating new innovations. With these, we hope to close the year strong and aim for a full recovery compared to our pre-pandemic performance.

To our valued customers, tenant partners, investors, directors, employees, and partner communities, you all played a pivotal role in our remarkable journey toward sustainable growth and longevity. Your continued support enabled our Company to grow exponentially from our humble beginnings over 30 years ago. Together, we look to the future to realize our vision of a stronger and bolder Megaworld.

Thank you.

V. OPEN FORUM

The Presiding Officer requested the Head of Investor Relations, Mr. Andy Dela Cruz, to read some of the questions that were sent through corporatesecretary@megaworldcorp.com. The Chief Strategy Officer, Mr. Kevin Andrew L. Tan, answered the questions. Below is a summary of the questions and the answers that were given:

Question: Megaworld saw revenues grow by 17% in 2022. What drove this growth?

Answer: Our growth in 2022 was fueled by the double-digit growth in all our key business segments, such as real estate, office, Lifestyle Malls, and hotels. We saw a recovery in real estate demand, especially during the second half of the year, and we even exceeded our reservation sales target as we hit P119 billion. Our offices also saw an improvement in occupancy by 200 basis points to 92% – defying the industry's rising vacancy rates. Our Lifestyle Mall tenants have also started to record sales higher than 2019 levels during the second half of the year. And finally, our hotels saw significant improvement in tourism and MICE activities, driving revenues above 2019 levels too.

Question: When do you expect to hit pre-pandemic performance?

Answer: We are targeting to hit at least our 2019 performance this 2023. Demand continues to be strong for our key business segments. In fact, our company has already exceeded pre-pandemic performance in the first quarter of 2023. Our strong start to the year will set the foundation for the coming quarters as we work to continue our momentum and close the year hopefully stronger than our 2019 performance.

Question: Megaworld saw P1.7 billion in forex losses in 2022. What was the reason for this and are there plans to decrease the exposure?

Answer: Megaworld's forex losses resulted from the stronger US Dollar compared to the Philippine Peso, and largely from our unhedged dollar denominated bonds totaling around US$ 600 million. Last April 2023, our US$ 250 million bond expired. We refinanced US$ 200 million through bank debt and we paid down around US$ 50 million in cash, effectively reducing our forex exposure. Moving forward, we will continue with our commitment to decrease our forex exposure as the exchange rate gets better.

Question: What is your outlook on the office market?

Answer: We remain positive on the office market brought about by several factors that may drive demand. Healthcare BPOs continue to grow and look to be a huge opportunity in the future that we want to capture. In fact, we renewed more than 90% of our expiring leases in 2022, which showcases the loyalty and continued need of our tenants for our office spaces. And again, our office occupancy rate remains much higher than industry at 92% as of 2022, compared to the 80%-81% of the industry.

Question: Megaworld was recently removed from the PSE Index. What is management's view of this event?

Answer: We believe this is only as a result of the loss of interest or favor in the property sector and not as a measure of Megaworld's actual performance. If you look at the Philippine Property Index, it is still lagging compared to the main benchmark index. So, our removal was largely due to the cyclical nature and the impact of the pandemic to the key segments of the industry. In the future, we are confident that Megaworld will be added back again to the index as most of our key business segments have fully recovered already. To achieve this, we will continue to focus on improving our earnings and crystalizing our value to our investors.

VI. APPOINTMENT OF INDEPENDENT AUDITORS

The Presiding Officer informed the stockholders that the Board of Directors, upon the recommendation of the Audit Committee, has approved the engagement of **Punongbayan & Araullo** for the audit of the Corporation's financial statements for the year ending **31 December 2023**. The engagement of Punongbayan & Araullo as the Corporation's external auditors for the year ending December 31, 2023 was then submitted to the stockholders, for their consideration.

The Corporate Secretary certified that 99.96% of the voting shares represented in the Meeting have voted in favor engagement of **Punongbayan & Araullo** as independent auditors for the fiscal year ending **31 December 2023**. Therefore, the Presiding Officer declared that the following resolution has been approved:

> ***"RESOLVED, to approve the appointment of PunongBayan & Araullo as the external auditor of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2023."***

The results based on the votes cast are as follows:

	For	Against	Abstain
Number of Shares Voted	30,011,238,823	11,269,000	-
% of Total Outstanding Shares	99.96%	0.04%	

VII. RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND MANAGEMENT

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Management of the Corporation since the date of last year's annual stockholders' meeting on **17 June 2022** until **16 June 2023**. He informed the stockholders that a list of such acts was provided in the Definitive Information Statement, which was made available through the Corporation's website and PSE EDGE.

The Corporate Secretary certified that that **99.88%** of the voting shares represented in the Meeting have voted in favor of the ratification all acts and resolutions of the Board of Directors, Board Committees and Management of the Corporation which were duly adopted in the ordinary course of business from **17 June 2022** until **16 June 2023**. Therefore, the Presiding Officer declared that the following resolution has been approved:

> ***"RESOLVED, to ratify each and every act and resolution taken since the annual stockholders' meeting on 17 June 2022 until 16 June 2023 (the "Period"), of the Board of Directors (the "Board"), the Board Committees exercising powers delegated by the Board, and each and every act, during the Period, of the Management of the Corporation performed in accordance with the resolutions of the Board, the Board Committees as well as the By-laws of the Corporation."***

The results based on the votes cast are as follows:

	For	Against	Abstain
Number of Shares Voted	29,987,501,223	-	35,006,600

% of Total Outstanding Shares	99.88%		0.12%

VIII. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that, for the current year 2023, the Corporation shall be electing seven (7) Directors, at least three (3) of whom shall be Independent Directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance. The Presiding Officer requested Mr. Rafael Antonio Perez, on behalf of the Corporate Governance Committee, to present the Final List of Nominees for members of the Board of Directors.

Mr. Perez presented the final list of nominees to the Board of Directors, as follows: Dr. Andrew L. Tan, Ms. Katherine L. Tan, Mr. Kingson U. Sian, and Mr. Enrique Santos L. Sy as Regular Directors; and Mr. Jesus B. Varela, Mr. Cresencio P. Aquino, and Mr. Alejo L. Villanueva, Jr. as Independent Directors.

Mr. Perez likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

The Corporate Secretary certified that each of the nominees have obtained the required number of votes to be elected as members of the Board. Therefore, the Presiding Officer declared that the following resolution electing the members of the Board has been approved:

"RESOLVED, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

1. ***Andrew L Tan***
2. ***Katherine L Tan***
3. ***Kingson U. Sian***
4. ***Enrique Santos L Sy***
5. ***Jesus B. Varela – Independent Director***
6. ***Cresencio P. Aquino – Independent Director***
7. ***Alejo L. Villanueva, Jr. – Independent Director"***

The results based on the votes cast are as follows:

Director	For	Against	Abstain
Andrew L. Tan	29,319,283,353	703,224,470	-
Katherine L. Tan	29,614,524,096	407,983,697	-
Kingson U. Sian	29,741,785,821	280,722,002	-
Enrique Santos L. Sy	29,688,356,350	334,151,473	-
Jesus B. Varela	29,569,861,104	452,646,719	-
Cresencio P. Aquino	29,982,307,768	40,200,055	-
Alejo L. Villanueva, Jr.	29,977,188,768	34,119,055	11,200,000

IX. ADJOURNMENT

The Presiding Officer inquired if there are other matters in the agenda. The Corporate Secretary replied there were none. There being no other matters to be discussed, the Meeting was adjourned at 9:20 a.m.

CERTIFIED CORRECT:

ANNA MICHELLE T. LLOVIDO
Corporate Secretary

Draft only; For approval in the next stockholders' meeting.

ATTESTED BY:

KINGSON U. SIAN
Presiding Officer

ANDREW L. TAN
Chairman

ANNEX “E”

DISCLOSURE REQUIREMENTS UNDER SECTION 49 OF THE REVISED CORPORATION CODE

List of Required Information	Reference Material
a) The minutes of the most recent regular meeting which shall include, among others: (1) A description of the voting and vote tabulation procedures used in the previous meeting	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 16 June 2023 which may be viewed and/or downloaded at the website of the Corporation at https://www.megaworldcorp.com/investors/asm-notice-2023, and attached to the Information Statement as Annex “D”.
(2) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 16 June 2023 which may be viewed and/or downloaded at the website of the Corporation at https://www.megaworldcorp.com/investors/asm-notice-2023, and attached to the Information Statement as Annex “D”.
(3) The matters discussed and resolutions reached;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 16 June 2023 which may be viewed and/or downloaded at the website of the Corporation at https://www.megaworldcorp.com/investors/asm-notice-2023, and attached to the Information Statement as Annex “D”.
(4) A record of the voting results for each agenda item;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 16 June 2023 which may be viewed and/or downloaded at the website of the Corporation at https://www.megaworldcorp.com/investors/asm-notice-2023, and attached to the Information Statement as Annex “D”.
(5) A list of the directors or trustees, officers and stockholders or members who attended the meeting;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 16 June 2023 which may be viewed and/or downloaded at the website of the Corporation at https://www.megaworldcorp.com/investors/asm-notice-2023, and attached to the Information Statement as Annex “D”.
b) Material information on the current stockholders, and their voting rights;	Please refer to Part B, Item 4 of the Information Statement (pages 7-10) and the Part on Holders in the Company’s Management Report (page 43).
c) A detailed, descriptive, balanced and comprehensible assessment of the corporation’s performance, which shall include information on any material change in the corporation’s business, strategy, and other affairs;	Please refer to the Part on Financial Information in the Company’s Management Report (pages 55-72).
d) A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation’s internal controls or risk management systems, and a statement of all external audit and non-audit fees;	Please refer to the Audited Financial Statements for the fiscal year ended 31 December 2023 which can be accessed at the website of the Corporation at https://www.megaworldcorp.com/, and attached hereto as Annex “F”.

e) An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof;	Please refer to the Part on Dividends and Dividend Policy in the Company's Management Report (page 43).
f) Director or trustee profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representations in other corporations;	Please refer to the Part on Board of Directors and Senior Management in the Company's Management Report (pages 44-51).
g) A director or trustee attendance report, indicating the attendance of each director or trustee at each of the meetings of the board and its committees and in regular or special stockholder meetings;	Please refer to the Part on Board of Directors and Senior Management in the Company's Management Report (pages 51-52).
h) Appraisals and performance reports for the board and the criteria and procedure for assessment;	Please refer to the Part on Corporate Governance in the Company's Management Report (page 54-55), as well as the Company's Revised Manual on Corporate Governance available at the website of the Corporation at https://www.megaworldcorp.com/.
i) A director or trustee compensation report prepared in accordance with the Revised Corporation Code and the rules the Commission may prescribe;	Please refer to Part B, Item 6 Compensation of Directors and Executive Officers of the Information Statement (pages 12-14).
j) Director disclosures on self-dealings and related party transactions;	Please refer to Part B, Item 5 Board of Directors and Senior Management of the Information Statement (page 12).
k) The profiles of directors nominated or seeking election or reelection.	Please refer to the Part on Board of Directors and Senior Management in the Company's Management Report (pages 45-47).

ANNEX "F"

2023 AUDITED FINANCIAL STATEMENTS

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. OBI S. DAHAP JR.
NOTARY PUBLIC
ADM NO. NP-011 (2023-2024)
Unit 107 Casman Bldg. Quezon Ave. Quezon City
IBP No. 39…85 Q.C. …/3/2024
PTR No. 55…5398D Q.C. 1/4/2024
Roll No. …677
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	**P 63,640,179,854**	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**	P1,121,810,503
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	P107,756,315	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%	**P5,964,077,092**	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
	P14,587,512,527	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.

		2023		2022	
	Notes	**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	P123,001,481,077

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

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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

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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		

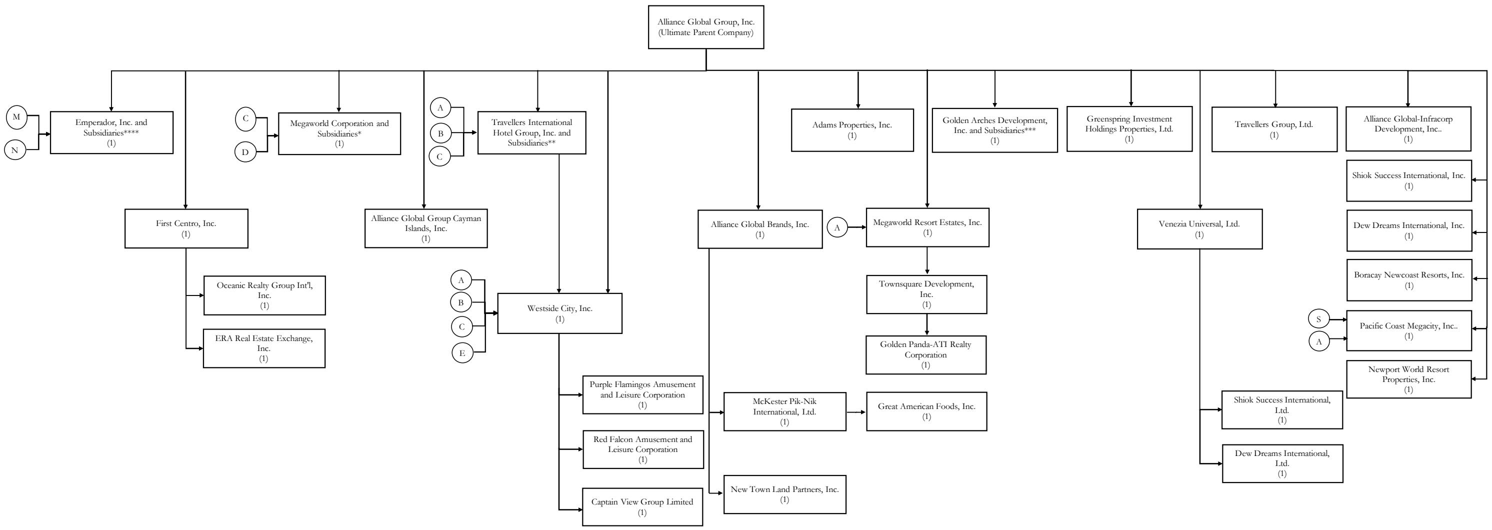
MEGAWORLD CORPORATION
30TH FLOOR, ALLIANCE GLOBAL TOWER, 36TH STREET COR, 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023

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

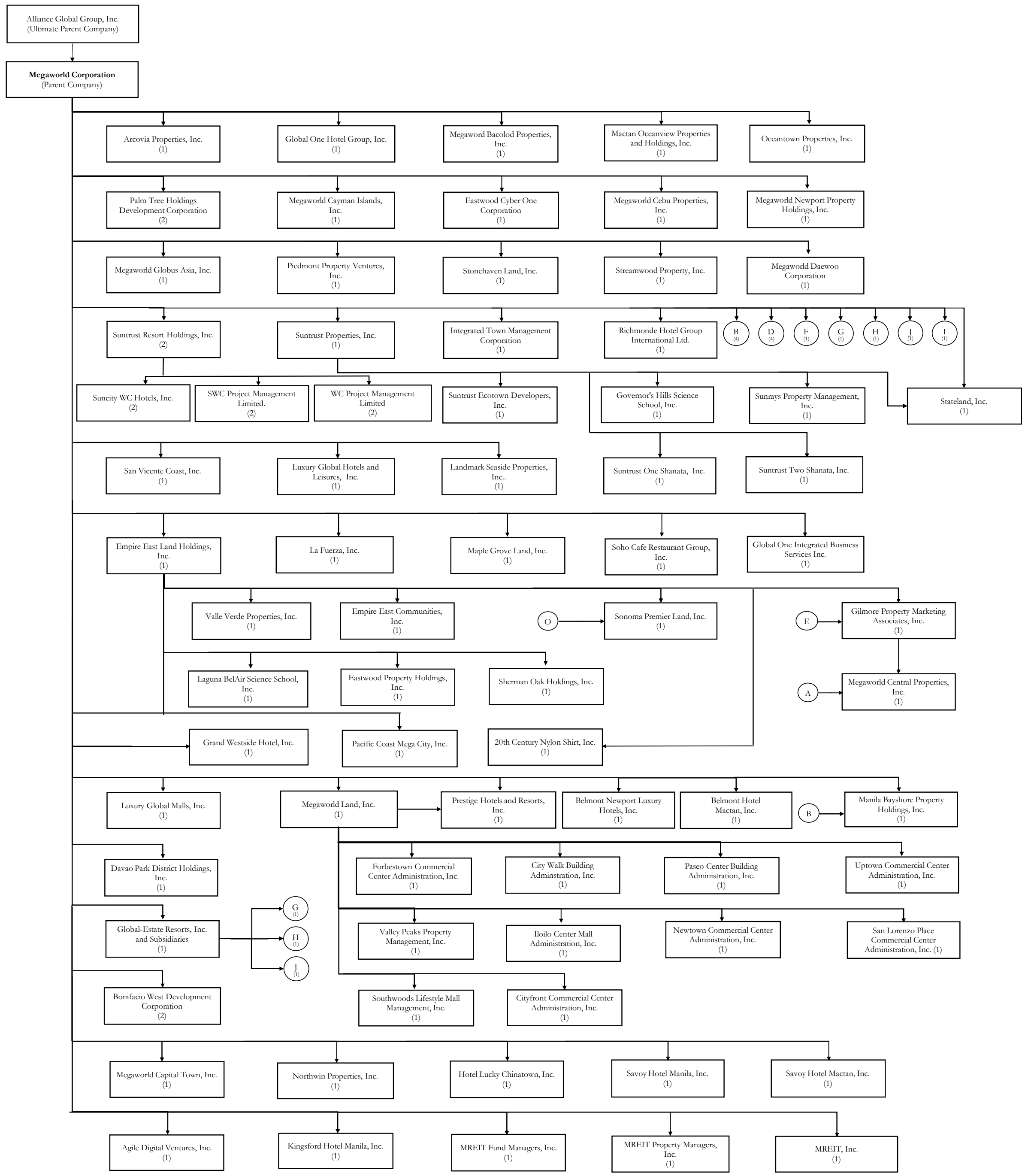
December 31, 2023



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



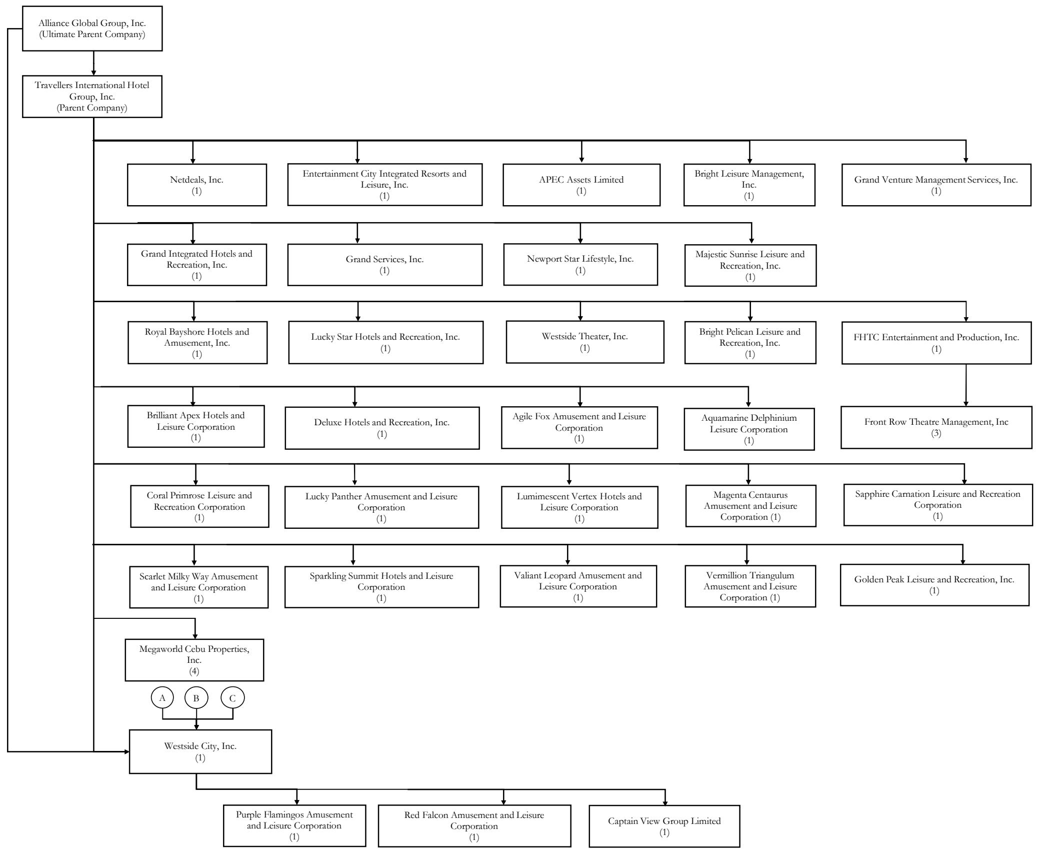
Legend

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



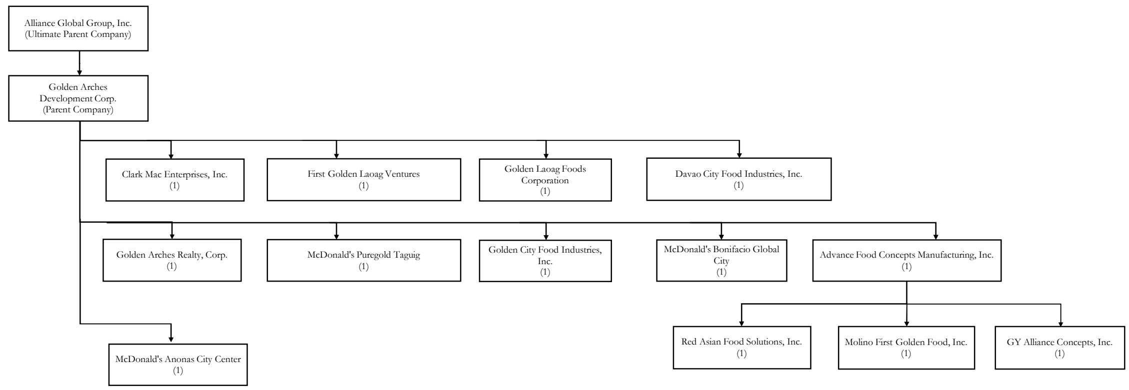
Legend

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



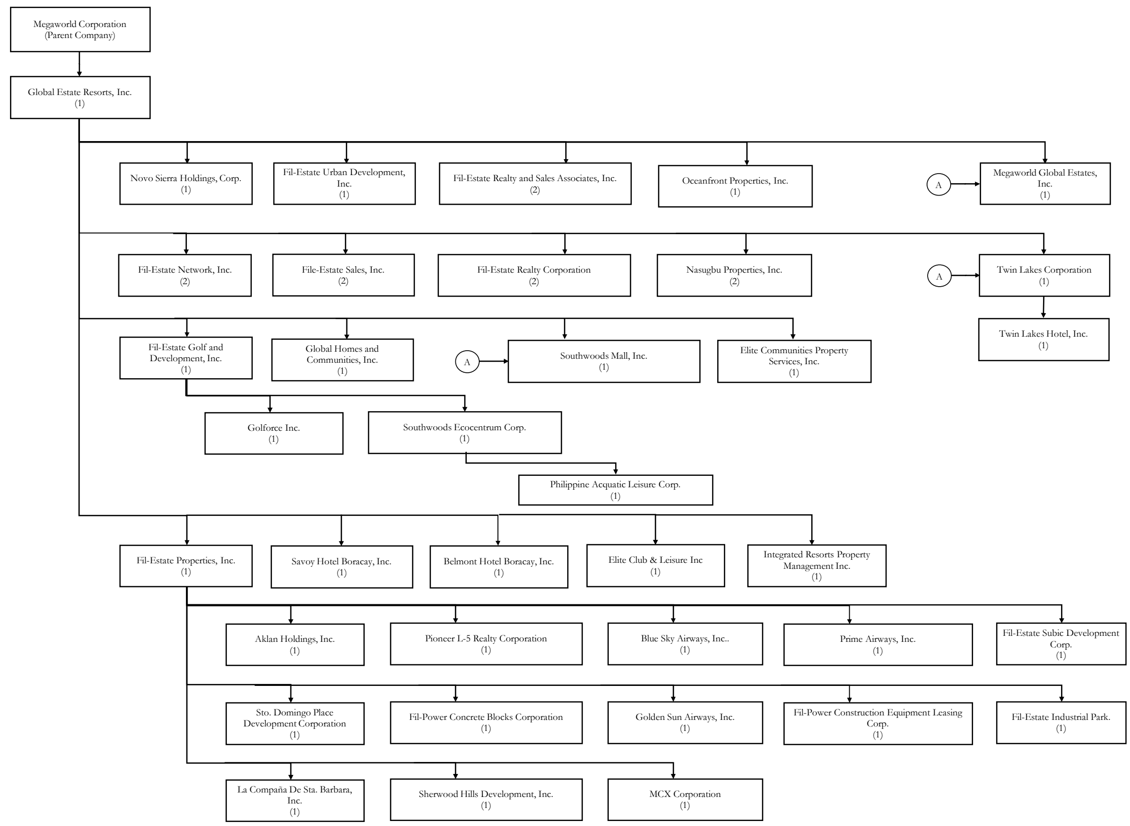
Legend

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

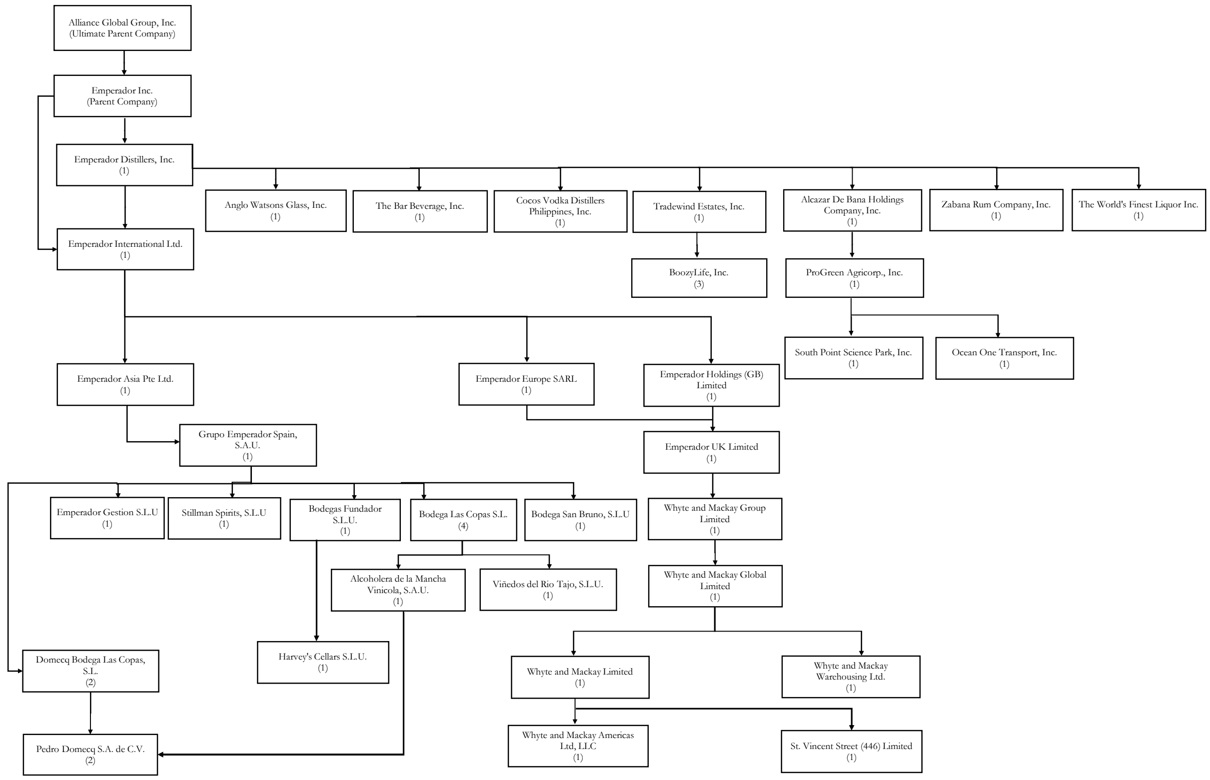


Legend

(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