



CEBU LANDMASTERS, INC.

(A corporation organized and existing under Philippine laws)

Shelf Registration in the Philippines of Fixed Rate Bonds in the aggregate principal amount of up to ₱15,000,000,000.00

to be offered within a period of three years
at an Issue Price of 100% of Face Value

The Bonds shall be listed and traded through the
Philippine Dealing & Exchange Corp.

This Final Prospectus is dated as of September 20, 2022.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

CEBU LANDMASTERS, INC.

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Cebu Landmasters, Inc. ("**CLI**", the "**Issuer**", or "**Company**") filed a registration statement (the "**Registration Statement**") with the Securities and Exchange Commission of the Philippines (the "**SEC**") for the shelf registration of Philippine Peso-denominated fixed rate bonds with an aggregate principal amount of up to ₱15,000,000,000.00 (the "**Bonds**") under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) ("**SRC**") and its implementing regulations ("**SRC Rules**") (the "**Debt Securities Program**").

The Bonds under the Debt Securities Program will be offered and issued in tranches (each such tranche, an "**Offer**") within a period of three years from the effectivity of the Registration Statement, subject to applicable regulations (the "**Shelf Period**"). The Bonds to be sold in respect of each Offer may be issued in one or more series. The terms and conditions of each Offer and the Bonds in respect of the relevant Offer shall be at the sole discretion of the Issuer. The specific terms of the Bonds and the relevant Offer will be determined by the Issuer considering its requirements and the prevailing market conditions and shall be provided in an Offer Supplement (as such term is defined under the section "*Glossary of Terms*" of this Prospectus) to be circulated at the time of the relevant Offer. Hence, the terms and conditions of each Offer and the Bonds to be sold in respect of such Offer may vary from the other Offers and the other Bonds issued or to be issued under the Debt Securities Program.

This Prospectus (including all amendments, supplements, and addenda thereto, the "**Prospectus**", and, as the context may require, the term includes the relevant Offer Supplement) relates to the shelf registration of the Bonds, and each Offer of the Bonds within the Shelf Period. For each Offer of the Bonds, the Issuer shall distribute an Offer Supplement containing the terms of the Offer and the Bonds to be issued in respect of such Offer, along with this Prospectus (as the same may be updated at the time of the relevant Offer). The Prospectus and the relevant Offer Supplement must be read in conjunction with each other. In the event of any inconsistency between this Prospectus and the Offer Supplement, the more specific information provided between the two shall prevail. All information contained in this Prospectus are deemed incorporated by reference in an Offer Supplement. Full information on the Issuer, on the relevant Offer and the Bonds in respect of such Offer is available through this Prospectus, the relevant Offer Supplement, and the other transaction documents. Moreover, as a listed company, the Issuer regularly disseminates updates and information in its disclosures to the SEC and The Philippine Stock Exchange, Inc. ("**PSE**").

The Bonds will be offered to the public through underwriters that may be engaged by the Issuer for each Offer (the "**Underwriters**"). The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may appoint other underwriters (such as sub-underwriters) and selling agents to assist in the sale and distribution of the Bonds to the public. Any of the lead underwriters, the other underwriters and the selling agents, if any, appointed for the relevant Offer may acquire for their own account a portion of the Bonds.

The Issuer reserves the right to withdraw the offer and sale of the Bonds at any time, and as a general rule, an Underwriter or selling agent reserves the right to reject any application to purchase the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. If an Offer is withdrawn or discontinued, the Issuer shall subsequently notify the SEC and, as applicable, the PDEX.

The SEC is expected to issue an order rendering the Registration Statement effective. Before each Offer, the Issuer shall apply with the SEC for the issuance of a permit to offer the relevant Bonds, which permit shall be issued provided that the Issuer is able to comply with all the requirements under the SRC and the SRC Rules and of the SEC, including without limitation providing any applicable updates on this Prospectus.

The Issuer will apply for the listing of the Bonds in the Philippine Dealing & Exchange Corp. (“**PDEx**”). However, there is no assurance that such a listing will actually be achieved either before or after the relevant issue date of the Bonds or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing will be subject to the Issuer’s execution of a listing agreement with PDEx that may require the Issuer to make certain disclosures, undertakings, and payments on an ongoing basis.

It is expected that the Bonds will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. (“**PDTC**”), which will be appointed as the registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Registry of Bondholders.

The Issuer will likewise appoint, in respect of each tranche of the Bonds, a financial institution having the necessary license who will discharge the obligations of a Trustee under the Trust Agreement to be executed between the Issuer and such Trustee.

The Issuer and its Subsidiaries (as such term is defined under the section “*Glossary of Terms*” of this Prospectus) are allowed under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the Board of Directors is authorized to declare dividends only from its unrestricted retained earnings. Dividends may be payable in cash, shares or property, or a combination of the three, as the Board of Directors of the Issuer or the relevant Subsidiary shall determine. A cash dividend declaration does not require any further approval from stockholders. The declaration of stock dividends is subject to the approval of shareholders holding at least 2/3 of the outstanding capital stock of the Issuer. Moreover, the Board of Directors may not declare dividends which will impair the corporation’s capital. In addition, the Issuer and its Subsidiaries may declare dividends as determined by their respective Board of Directors, taking into consideration factors such as the implementation of business plans, debt service requirements, operating expenses, budgets, funding for new investments and acquisitions and appropriate reserves and working capital.

The Bonds will be registered and offered exclusively in the Philippines. The distribution of this Prospectus and the relevant Offer Supplement and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. The Issuer and the Underwriters require persons into whose possession this Prospectus or the relevant Offer Supplement comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Prospectus and the relevant Offer Supplement do not constitute an offer of any securities, or any offer to sell, or a solicitation of an offer to buy any securities of the Issuer in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction. Unless otherwise stated, the information contained in the Prospectus and the relevant Offer Supplement has been supplied by the Issuer.

The Issuer (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus and the relevant Offer Supplement, which in the context of the issue and offering of the Bonds, is material (including all information required by the Applicable Laws in the Philippines) and is correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus and the relevant Offer Supplement misleading in any material respect. The Underwriters have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus and the relevant Offer Supplement are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

No representation or warranty, express or implied, is made or given, or is to be made or to be given, by the Underwriters, the Trustee or the Registrar and Paying Agent (as such terms are respectively defined below) or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the information contained in this Prospectus and the relevant Offer Supplement, and nothing contained in this Prospectus and the relevant Offer Supplement is, or shall be relied upon as, a promise, representation or warranty by the Underwriters, the Trustee, the Registrar and Paying Agent or their respective affiliates or legal advisers.

No person or group of persons has been authorized by the Issuer and the Underwriters to give any information or to make any representation concerning the Bonds other than as contained in this Prospectus and the relevant Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Issuer or any of the Underwriters.

All information in the Prospectus and the relevant Offer Supplement is as of the date thereof, unless otherwise indicated. Neither the delivery of this Prospectus or the relevant Offer Supplement nor any sale made pursuant to this Prospectus and the relevant Offer Supplement shall, under any circumstances, create any implication that the information contained herein and therein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Issuer and its Subsidiaries since such date. Any reproduction or distribution of this Prospectus and the relevant Offer Supplement, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer is prohibited.

Figures in this Prospectus and the relevant Offer Supplement have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Company's financial statements are reported in Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standard Council of the Philippines. PFRS include statements named PFRS, Philippine Accounting Standards, and Philippine Interpretations of International Financial Reporting Interpretations Committee issued by the Financial Reporting Standards Council.

Market data and certain industry forecasts used throughout this Prospectus and, as applicable, the relevant Offer Supplement were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Issuer nor any of the Underwriters makes any representation as to the accuracy or completeness of such information.

Certain agreements are referred to in this Prospectus and the relevant Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

The price of securities, such as the Bonds, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. Hence, there is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities, such as the Bonds. An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors relating to the Issuer's business and operations, risks relating to the Philippines and risks relating to the Bonds, as set out in the section "*Risk Factors and Other Considerations*" found on page 26 of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds. Moreover, in relation to the Bonds which are applied for shelf registration, there can be no assurance in respect of: (i) whether the Issuer would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of any such issuance. Any decision by the Issuer to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within the control of the Issuer, including but not limited to, prevailing interest rates, the financing requirements of the business and prospects of the Issuer, market liquidity and the state of the domestic capital market, and the Philippine, regional, and global economies in general.

The risk disclosure discussion does not purport to be an exhaustive enumeration of, and does not purport to disclose, all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities.

No representation or warranty, express or implied, is made by the Issuer and the Underwriters, regarding the legality of an investment in the Bonds under any legal, investment, or similar laws or regulations. This Prospectus is not an investment, legal, or tax advice. Prospective investors should consult their own counsel, accountant, and other advisors as to legal, tax, business, financial, and related aspects of a purchase of the Bonds. In making any investment decision regarding the Bonds, prospective investors must rely on their own examination of the Issuer and the terms of the Offer, including the merits and risks involved. This Prospectus and the relevant Offer Supplement are not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Underwriters, the Trustee, the Registrar and Paying Agent or their respective affiliates or legal advisers that any recipient of this Prospectus or the relevant Offer Supplement should purchase the Bonds.

Each prospective purchaser of the Bonds, by accepting delivery of this Prospectus and the relevant Offer Supplement, agrees to the foregoing.

The Issuer is organized under the laws of the Philippines. Its principal office is at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu IT Park, Brgy. Apas, Cebu City, Philippines with telephone numbers +63 32 231-4870 and +63 32 254-1254.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

[Signature page follows.]

CEBU LANDMASTERS, INC.

By:


JOSE R. SOBERANO III

Chairman, President and Chief Executive Officer

REPUBLIC OF THE PHILIPPINES)

TALISAY CITY, CEBU)

s.s

SUBSCRIBED AND SWORN to before me this 20th day of September, 2022, affiant exhibiting to me his Philippine Passport with No. P6678430B valid until 20 April 2031 as competent evidence of identity.

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Series of 2022.


ATTY. LARRINIL G. VELOSO

Notary Public

Talisay City and Naga City, Cebu

Commission No. 2017-05-EJ / December 31, 2022

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FORWARD LOOKING STATEMENTS

This Prospectus and the relevant Offer Supplement contain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's or the Group's actual results, performance, or achievements to be materially different from expected future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's or the Group's present and future business strategies and the environment in which the Company or the Group will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance, or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's or the Group's ability to successfully manage its activities;
- the Company's or the Group's ability to successfully implement its current and future strategies, the Company's or the Group's ability to anticipate and respond to consumer trends;
- the Company's or the Group's ability to develop products and provide services without delays due to regulatory or other causes;
- the Company's or the Group's ability to successfully manage its future business, financial condition, results of operations, and cash flow;
- general political, social, and economic conditions and changes in the Philippines;
- any future political instability in the Philippines;
- changes in interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies;
- increases in inventory, maintenance, and rental costs;
- continued availability of capital and financing at acceptable cost;
- changes in the laws, including tax laws, regulations, policies, and licenses applicable to or affecting the Company or the Group;
- legal or regulatory proceedings in which the Company or the Group is or may become involved;
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents, and natural disasters; and,
- competition in the real estate industry in the Philippines.

Additional factors that could cause the Company's or the Group's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under the section "*Risk Factors and Other Considerations*" and elsewhere in this Prospectus and the relevant Offer Supplement. These forward-looking statements speak only as of the date of this Prospectus and the relevant Offer Supplement. The Company and the Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's or the Group's expectations with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based.

This Prospectus and the relevant Offer Supplement include statements regarding the Company's or the Group's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "could," "shall," "should", and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus and the relevant Offer Supplement are forward-looking statements. Statements in this Prospectus and the relevant Offer Supplement as to the opinions, beliefs and intentions of the Company accurately reflect in all material respects the opinions, beliefs, and intentions of its management as to such matters as of the date of this Prospectus and the relevant Offer Supplement, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "*Risk Factors and Other Considerations*" and elsewhere (including the relevant Offer Supplement, as applicable), important factors that could

cause actual results to differ materially from the Company's or the Group's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

Should one or more of such risks and uncertainties materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements. Any forward-looking statement or information contained in this Prospectus and the relevant Offer Supplement speaks only as of the date the statement was made.

All of the forward-looking statements of the Company made herein and elsewhere are qualified in their entirety by the risk factors discussed in the section "*Risk Factors and Other Considerations*". These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement in this Prospectus and the relevant Offer Supplement.

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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below:

“2018 AMLA IRR”	2018 Implementing Rules and Regulations of the AMLA.
“AB Soberano”	AB Soberano Holdings Corp.
“Absorption rate”	Number of units sold divided by total number of units.
“AMLA”	Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended.
“AMLC”	Anti-Money Laundering Council of the Philippines.
“ASF”	A.S. Fortuna Property Ventures, Inc.
“AY”	Academic Year.
“Bayanihan 2”	Bayanihan to Recover as One Act (Republic Act No. 11494).
“BCDA”	Bases Conversion Development Authority of the Philippines.
“BCI”	Building and Construction Industry.
“BERDE”	Building for Ecologically Responsive Design Excellence.
“BIMI”	BPI Investment Management, Inc.
“BIR”	Bureau of Internal Revenue of the Philippines.
“BL Ventures”	BL CBP Ventures, Inc.
“Board of Directors” or “Board” or “Directors”	The Board of Directors of CLI.
“BOI”	Board of Investments of the Philippines.
“BPO”	Business processing outsourcing.
“BP 220”	An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas from Those Provided under Presidential Decree Nos. 957, 1216, 1096, and 1185 (Batas Pambansa Bilang 220).
“BP 220 IRR”	Implementing Rules and Regulations of BP 220.
“Bondholder”	A Person whose name appears, at any time, as a holder of the Bonds in the registry book maintained by the registrar for the Bonds.
“Bonds”	For purposes of this Prospectus, the Philippine Peso-denominated fixed rate bonds to be issued by the Issuer under the Debt Securities Program in one or more tranches during the Shelf Period.
“BP”	Batas Pambansa.

“Building Code”	National Building Code of the Philippines (Presidential Decree No. 1096).
“Business Day”	A day, other than Saturday, Sunday, or legal holiday, on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Makati City, Metro Manila, Philippines.
“CBLRV”	Cebu BL-Ramos Ventures, Inc.
“CDO”	Cagayan de Oro.
“CEO”	Chief Executive Officer.
“CFA”	Chartered Financial Analyst.
“CFO”	Chief Financial Officer.
“CHDI”	Cebu Homegrown Developers, Inc.
“CIAC”	Construction Industry Arbitration Commission of the Philippines.
“CCLI”	CCLI Premier Hotels, Inc.
“CLI” or the “Company”	Cebu Landmasters, Inc. and, as the context may require, its Subsidiaries.
“CLI-LITE”	CLI-LITE Panglao Inc.
“CLPM”	Cebu Landmasters Property Management, Inc.
“CNC”	Certificate of Non-Coverage.
“CPH”	CLI Premier Hotels Int’l. Inc.
“Civil Code”	Civil Code of the Philippines (Republic Act No. 386).
“COO”	Chief Operating Officer.
“COVID-19”	2019 Novel Coronavirus Acute Respiratory Disease, which was later renamed as Coronavirus Disease 2019.
“CREATE Act”	Corporate Recovery and Tax Incentives for Enterprises (Republic Act No. 11534).
“CSR”	Corporate Social Responsibility.
“Current Ratio”	Current assets divided by current liabilities.
“DAR”	Department of Agrarian Reform of the Philippines.
“Debt Securities Program”	Shelf registration with the SEC of Philippine Peso-denominated fixed rate bonds with an aggregate principal amount of up to ₱15,000,000,000 under the provisions of the SRC and the SRC Rules.
“DENR”	Department of Environment and Natural Resources of the Philippines.
“DHSUD”	Department of Human Settlements and Urban Development of the Philippines.

“D.O. 2020-010”	Department Order No. 2020-010, Series of 2020 issued by the DHSUD.
“D.O. 2021-009”	Department Order No. 2021-009, Series of 2021 issued by the DHSUD.
“EBITDA”	Earnings before interest, tax, depreciation, and amortization from continuing operations and before exceptional items.
“EBITDA Margin”	EBITDA as a percentage of revenues.
“ECC”	Environmental Compliance Certificate.
“EGF”	Environmental Guarantee Fund.
“EIS”	Environmental Impact Statement.
“El Camino”	El Camino Developers Cebu, Inc.
“EMB”	Environmental Management Bureau of the Philippines.
“EMF”	Environmental Monitoring Fund.
“EPS”	Earnings Per Share.
“ESG”	Environmental, Social and Governance.
“ESOP”	Executive Stock Option Plan.
“Foundation”	Cebu Landmasters Foundation, Inc.
“FSIC”	Fire Safety Inspection Certificate.
“FY”	Fiscal year.
“GFA”	Gross floor area.
“GGTT”	GGTT Realty Corporation.
“GLA”	Gross leasable area.
“Government”	National and local government of the Republic of the Philippines, including any of its departments, agencies, or other instrumentalities.
“Gross Profit Margin”	Gross profit as a percentage of revenues.
“Group”	CLI and its Subsidiaries.
“ha”	Hectare.
“Habitat”	Habitat for Humanity.
“HACC”	Homeowners’ associations and condominium corporations.
“HLURB”	Housing and Land Use Regulatory Board of the Philippines.
“HLURB 2015 Guidelines”	HLURB Memorandum Circular No. 03, Series of 2016 (2015 Guidelines on Time Completion).

“HSAC”	Human Settlements Adjudication Commission of the Philippines.
“HUDCC”	Housing and Urban Development Coordinating Council of the Philippines.
“ICOM”	Icom Air Corporation.
“IEE”	Initial Environmental Examination.
“Interest Coverage Ratio”	EBITDA divided by interest paid from loans.
“IPOP HL”	Intellectual Property Office of the Philippines.
“IPP”	Investment Priorities Plan.
“IRR”	Implementing rules and regulations.
“Issuer”	Cebu Landmasters, Inc.
“IT”	Information technology.
“JV”	Joint venture.
“KPI”	Key performance indicators.
“Leed”	Leadership in Energy and Environmental Design.
“LGU”	Local government unit.
“Magspeak”	Magspeak Nature Park, Inc.
“Manual”	Manual on Corporate Governance.
“MBA”	Master of Business Administration.
“MCIT”	Minimum corporate income tax.
“MGR”	Mivesa Garden Residences, Inc.
“MMDC”	Ming-Mori Development Corporation.
“MOA”	Memorandum of Agreement.
“Mw”	Moment Magnitude.
“NCF”	Net cash flow.
“NCI”	Non-controlling interest.
“Net Debt to Equity Ratio”	Interest bearing debt less cash and cash equivalents divided by total equity.
“Net Income Margin”	Consolidated net income as a percentage of revenues.
“NIAT”	Net Income After Taxes.
“OCT”	Original certificate of title.

“Offer”	The public offer for sale, distribution, and issuance of the Bonds by the Issuer to eligible investors.
“Offer Supplement”	The offer supplement to and which is issued along with this Prospectus setting out the terms and conditions of a particular Offer of Bonds.
“OFW”	Overseas Filipino Worker.
“OPC”	One Person Corporation.
“OSC”	Ordinary Stock Corporation.
“Paying Agent”	The Person who may be appointed in such capacity in respect of a particular Offer whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on, the Bonds, to the Bondholders, and identified as such in the relevant Offer Supplement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the relevant registry and paying agency agreement or other relevant agreement.
“P&A”	Punongbayan & Araullo (P&A Grant Thornton)
“PCA”	Philippine Competition Act (Republic Act No. 10667).
“PCAB”	Philippine Contractors Accreditation Board of the Philippines.
“PCC”	Philippine Competition Commission of the Philippines.
“PD 957”	Presidential Decree No. 957 (Subdivision and Condominium Buyers’ Protective Decree, as amended).
“PDEX”	Philippine Dealing & Exchange Corp.
“PDTC”	Philippine Depository & Trust Corp., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office (as of the date of this Prospectus) at the 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.
“Person”	Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
“PFRS”	Philippine Financial Reporting Standards.
“Philippine Peso” or “Peso” or “₱”	Lawful currency of the Philippines.
“Philippines”	Republic of the Philippines.
“POC”	Percentage of completion.
“PRA”	Philippine Reclamation Authority.
“Prospectus”	The Prospectus dated September 20, 2022 prepared and issued by the Issuer in connection with the Debt Securities Program, including all amendments, supplements, and addenda thereto. As the context may

	require, the term includes the relevant Offer Supplement, as may be amended from time to time.
"PSE"	Philippine Stock Exchange, Inc.
"Q1", "Q2", "Q3", and "Q4"	Respectively, first calendar quarter, second calendar quarter, third calendar quarter, and fourth calendar quarter.
"q-o-q"	Quarter on quarter.
"R&D"	Research and development.
"RAFI"	Ramon Aboitiz Foundation, Inc.
"REBs"	Real estate brokers.
"REDs"	Real estate developers.
"Register of Bondholders"	The electronic registry book of the Registrar containing the official information on the names and addresses of the Bondholders and the amount of the Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon, to be maintained by the Registrar pursuant to and under the terms of the relevant registry and paying agency agreement or other relevant agreement.
"Registrar"	The Person who may be appointed in such capacity in respect of a particular Offer whose principal obligation is to register Bondholders and their interests in the Bonds and identified as such in the relevant Offer Supplement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as registrar or registrars under the relevant registry and paying agency agreement or other relevant agreement.
"Registration Statement"	The registration statement and other supporting documents filed by the Issuer with the SEC in connection with the offer and sale to the public of the Bonds and which is expected to be rendered effective by the SEC.
"Return on Assets"	Net income as a percentage of assets.
"Return on Average Equity"	Net income as a percentage of equity.
"Revised Corporation Code" or "RCC"	Revised Corporation Code of the Philippines (Republic Act No. 11232)
"RPT"	Related party transaction.
"SDG"	Sustainable Development Goals.
"SEC"	Securities and Exchange Commission of the Philippines.
"SGV & Co."	SyCip Gorres Velayo & Co.
"SHDA-CV"	Subdivision and Housing Developers Association – Central Visayas Chapter.
"Shelf Period"	Period of three years from the effectivity of the Registration Statement, within which the Bonds may be offered and issued, subject to applicable regulations.

“SJMV”	San Jose Maria Villages.
“sq.m.”	Square meters.
“SKF”	Santos Knight Frank.
“SPE”	Sugbo Prime Estate, Inc.
“SRC”	Securities Regulation Code (Republic Act No. 8799), as the same may be amended from time to time.
“SRC Rules”	2015 Implementing Rules and Regulations of the SRC, as the same may be amended from time to time.
“Subsidiary” or “Subsidiaries”	An entity of which a Person has direct or indirect Control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership.
“Tax Code”	National Internal Revenue Code of 1997 (Republic Act No. 8424), as amended.
“Time of Completion”	Within one year from the date of the issuance of the license to sell, or any other period fixed by the DHSUD.
“TRAIN Act”	Tax Reform for Acceleration and Inclusion (Republic Act No. 10963).
“Trustee”	The Person who may be appointed in such capacity by the Issuer in connection with a particular Offer who will act as the trustee of the holders of the Bonds issued in relation to such Offer and identified as such in the relevant Offer Supplement.
“Trust Agreement:”	The Trust Agreement to be executed between the Issuer and the Trustee in connection with a particular Offer.
“Underwriters”	The Persons who may be appointed in such capacity by the Issuer in connection with a particular Offer who will underwrite the relevant tranche of the Bonds and identified as such in the relevant Offer Supplement.
“UP”	University of the Philippines.
“UPE”	Ultimate parent entity.
“VisMin”	Visayas and Mindanao.
“YES”	Yuson Excellence Soberano, Inc.
“YHES”	Yuson Huang Excellence Soberano, Inc.
“YHESPH”	YHES Premier Hotel Inc.
“YHEST”	YHEST Realty and Development Corporation.
“y-o-y”	Year on year.

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, and audited consolidated financial statements (including notes thereto) found in the appendices of this Prospectus.

Prospective investors should read this entire Prospectus fully and carefully, including the section on *“Risk Factors and Other Considerations”*. In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

OVERVIEW

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

To date, CLI has close to 100 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 15 key cities in the VisMin region.

The Company bagged the Best Developer of the Philippines in 2019 and the Best Developer in Visayas and Mindanao 2021 during the PPA and Asia Property Awards, winning against other well-established players in the industry.

The Company engaged Santos Knight Frank (“SKF”) for a total fee of ₱2.49 million to conduct an independent study in 2021 on the VisMin real estate market to determine CLI’s positioning compared to its peers in the region. The said study named CLI as the top residential developer in VisMin in 2021 with the largest market share among real estate firms. CLI dominates the condominium and subdivision market by 33% and 26% respectively. The study also reported CLI as the fastest seller in the VisMin market with 83% absorption rate outpacing the industry average of 65% due to a well-trusted and recognized brand by both local landowners and buyers, as also provided for in the SKF market study dated September 28, 2021.

Real estate development overview

CLI develops projects that cater to the needs and demands of its stakeholders in Visayas and Mindanao. CLI has rapidly evolved from its humble beginnings on a single 3-hectare land in Balamban when the founder, Jose R. Soberano III spotted untapped housing opportunities in the countryside of Cebu. Today, CLI has a diverse real estate portfolio catering to various markets, whether residential, mixed-use developments, hotels and resorts, offices and retail, and townships and estates.

CLI provides affordable, high-quality housing for everyday Filipinos. In line with CLI’s commitment to give more for the Filipino family, Casa Mira, the Company’s flagship economic brand, contributes to meeting this rising demand. Townhouses and residential condominiums are offered in Casa Mira communities along with amenities that are typically only found in more expensive developments.

The majority of CLI’s projects, particularly those in the economic and mid-market segments, quickly sell out after being launched. This demonstrates that the Company satisfies the demands and preferences of its markets. At the height of the pandemic in 2020, VisMin residents made a record-breaking number of purchases of Casa Mira housing units starting at ₱1.60 million. As a result, reservation sales continued throughout the difficult year and reached ₱14.23 billion, accounting for 69% of all reservation sales at the time.

In order to better serve its customers in an increasingly competitive market, CLI intends to keep expanding its development projects into new areas of the VisMin region.

Completed projects

Vertical and horizontal residential, mixed-use, office, hotel, and retail projects make up the 35 completed developments of the Company.

The Company has successfully completed 30 residential projects in Cebu, Bacolod, Cagayan de Oro, and Davao. The three-tower MesaVerte Garden Residences, which was one of these projects and was its first expansion project outside of its native Cebu, was already turned over in 2020. MesaTierra Garden Residences, the first of the numerous projects in Davao, was also finished in 2021. Additionally, turning over in 2022 is MesaVirre Garden Residences A & B in Bacolod. As of the first quarter of 2022, these completed residential developments were 96% sold out.

Aside from its residential developments, CLI also owns three operational office buildings with a combined Gross Leasable Area of over 29,000 sq.m. The primary office building for the Company and the place where CLI's headquarters are situated in Park Centrale in IT Park, Cebu. Since it was completed, the development has remained 100% full occupancy and was awarded as the Best Commercial Development in Cebu by the Philippine Property Awards in 2014.

Latitude Corporate Center which was recently turned over in 2020 stands 24-storeys high at the heart of Cebu's business district. CLI expects sectors like IT-BPO to gradually return to office spaces as the economy has been reopening. Latitude Corporate Center is a five-star BERDE-certified green building, which puts the Company in a good position to meet this demand. As of the first quarter of 2022, the Company's rental occupancy rate is at 97% and 12% for Base Line Center and Latitude Corporate Center, respectively. The Company's leasing department continues to actively seek tenants and work with third-party brokers to find the ideal tenant for the property.

In 2019, CLI opened its first hotel project with Citadines Cebu City in partnership with The Ascott Limited. Citadines Cebu City is a 180-room serviced residence strategically located within CLI's mixed-use lifestyle hub in midtown Cebu, the Base Line Center.

CLI has more in store for the VisMin real estate market, as it aims to introduce more projects in key locations, expand to new areas in the region, and tap into diverse markets.

Ongoing projects (under construction)

CLI has 55 ongoing projects in various stages of construction as of the first quarter of 2022. These projects are spread out over 15 key regions in Visayas and Mindanao. Construction is now in full swing at all of the Company's construction sites as of 2021, after the pandemic-related lockdown has eased and the economy has reopened.

Thirty-four residential projects totaling a project value of ₱62.70 billion are among the projects that are currently being developed. These projects have 17,974 units of which 86% were already sold. CLI prides itself to sell projects at higher velocity, turn-over quickly on its developments, and move swiftly from pre-selling to construction and delivery. Continuing sales efforts are being made to sell out the projects as they get closer to completion. The Company's optimal market acceptance is known to the 1,785 real estate brokers and 11,000 sales agents across the VisMin region who continuously support CLI.

Investing in capital to support recurring revenue from both hospitality and leasing businesses is one of the strategies CLI foresees to be the region's future growth. CLI's long-term strategy is to build up its office, retail, and hospitality portfolio's GLA to 200,000 sq.m. – eventually contributing to 10% of its growing top line within the next five years. Rental revenue for the first three months in 2022 accounted for 0.49% of the total revenues which now stands at ₱17.60 million, a 28% y-o-y increase from ₱13.70 million versus the same period in 2021, due to the completion of Latitude Corporate Center increasing the Company's GLA to over 29,000 sq.m. in 2021. Meanwhile, while Hotel Operations account for 0.46% of the total revenues, Citadines Cebu City posted ₱16.30 million revenue from ₱4.30 million of the same period last year, a four times increase as tourism and business travel starts to pick up.

Revenue from property management is at ₱12.00 million or 0.34% of the total revenues, higher than ₱9.00 million compared to the same period last year, a 34% increase due to the increase in managed projects.

The Company is currently constructing nine hospitality projects with 1,565 room keys and various office and commercial projects totaling 47,000 Gross Leasable Area. More projects are in the pipeline at the planning and design stages to meet CLI's strategy to continue its build-up of its recurring income portfolio.

Newly launched and Pipeline projects for 2022

CLI surpassed past performance records despite the ongoing pandemic. The Company hit record reservation sales for residential properties at ₱16.52 billion in 2021 – a 16% increase compared to ₱14.25 billion in 2020. CLI is at the forefront of meeting the sustained housing demand in VisMin as it launched 10 projects worth ₱18.00 billion in 2021 and provided 3,865 new residential units. This number of launches surpassed the eight projects which was unveiled during the pandemic year of 2020 worth ₱11.50 billion.

In 2022, CLI has a solid pipeline of over 21 projects over the next two years, which includes 19 residential projects featuring wide range of products and markets to be located in various key areas in the Visayas and Mindanao region, Astra Corporate Center an office condominium in Cebu, and lot sales in Davao Global Township. To continue growing its recurring income developments, CLI will also begin construction of the commercial areas in the Phase 1 of Davao Global Township, which comprises the Cultural Center, City Center, and Pavilion.

CLI reported strong sales take-up in the first three months of 2022, reaching ₱4.50 billion, or 36% more than Q1 2021's ₱3.30 billion. The Company has successfully launched four projects in Dumaguete, Bohol, Cebu and Davao. The biggest contributor was The East Village, the first residential development of CLI's Davao Global Township (DGT), which was recognized as the Best Township in Asia by PropertyGuru Asia Property Awards in 2021, made the largest contribution. Three of the residential community's six towers sold out in four days, prompting the launch of the fourth tower in Q2 2022.

CLI continues to acquire high value landbank to drive continued growth of revenues in the coming years. As of December 31, 2021, the Company has 103 hectares of land for development in 15 VisMin development locations. It acquired 41 hectares of land in 2021, raising the entire landbank value to ₱12.00 billion. In the first three months of 2022, CLI purchased an additional 4.7 hectares while 3.5 hectares were being developed. This brought total land bank as of March 31, 2022 to 104 hectares. Furthermore, the Company has a number of significant land purchases lined up in Cebu, Iloilo, Cagayan De Oro ("CDO") and Davao, with additional development locations such as Butuan, General Santos City and Roxas on the horizon.

Residential developments

Residential developments make up the majority of the Company's operations and project portfolio. The aim of CLI is to address the demand for quality-built, cost-effective value for money housing and well-planned communities. The Company continues to launch new housing projects in response to the housing backlog and heightened desire for safe and secure homes equipped for the needs of the new normal.

There has been a total of 67 residential projects across all stages of construction, comprised of a total of 30,659 units, with a project value of ₱91.90 billion and a total land area of 184 ha. The Company has sold 89% of the units with the total sales value of ₱78.40 billion.

Based on the markets they are targeting, the Company's housing developments are divided into brands. The Company's fastest-growing and most popular brand is Casa Mira, whose units typically cost ₱110,000 per sq.m. or ₱1.70 million per housing unit and cater to the housing needs of the affordable market. Over time, the Casa Mira series has proved to be a valuable asset, maintaining the largest residential market share in Visayas and Mindanao. Its success has largely been credited to its great value, providing residents with reasonably priced homes in beautiful communities with the added benefit

of several amenities usually packaged with higher-priced developments. These include a clubhouse with multi-purpose halls, chapel, swimming pool, basketball court, and children's playground.

With selling prices starting at ₱120,000.00 per sq.m. or housing unit pricing ranging from ₱2.50 million to ₱3.20 million, the Garden series is another potent brand of CLI that targets the mid-market. Subdivisions under this brand are called Velmiro, while condominium projects are known as Garden Residences. Gardens series prides itself in providing an impressive host of amenities that include a swimming pool, multi-level clubhouse with function rooms, fitness gym, basketball court, and playgrounds situated in expansive landscaped park.

On the other hand, Premier Masters are high-end residential buildings with prices starting at ₱140,000.00 per sq.m. These masterpieces of CLI are located in prestigious urban areas, offering a luxurious lifestyle and world-class living. These developments include Terranza Residences in Iloilo, Costa Mira Mactan, and 38 Park Avenue in I.T. Park Cebu.

Lastly, Villa Casita, are socialized housing units with prices not exceeding ₱480,000.00. Through CLI's socialized housing projects, the Company can provide decent and affordable housing to the least of the market segment.

Leasing Projects

The Company's leasing portfolio is currently operating a combined Gross Leasable Area of over 29,000 sq.m. This leasing business is composed of three office buildings and commercial spaces that compliments its residential and office developments. CLI's long-term strategy is to build up its office and commercial business' GLA to 200,000 sq.m. in the next five years.

In 2021, CLI has doubled its GLA from over 14,000 sq.m. after the completion of Latitude Corporate Center. Aside from this, CLI has over 47,000 sq.m. of additional office and retail GLA currently under construction.

Hotel Projects

In 2019, CLI opened its first hotel project with Citadines Cebu City in partnership with The Ascott Limited. Citadines Cebu City is a 180-room serviced residence strategically located within CLI's mixed-use lifestyle hub in midtown Cebu, the Base Line Center.

CLI currently has nine hospitality projects under construction to boost up its hotel business. These hotels have management agreements with well-known hotel management companies, including the three additional hotels with Ascott Limited, Sofitel Cebu and Mercure in Patra de Cebu with the Accor Group and Abaca Resort Mactan, the first resort project being developed by CLI, scheduled to open in 2025.

As of the first quarter of 2022, the Company's key statistics for hospitality include: 180 rooms completed, ten projects included in portfolio and a 284% y-o-y growth in revenue.

FINANCIAL PERFORMANCE

2021

In 2021, CLI recorded net income to parent shareholders of ₱2.61 billion, an increase of 42% from ₱1.85 billion in 2020. With its 2021 results, the Company has effectively surged past its 2019 pre-pandemic bottom-line by 30%.

CLI's consolidated revenues likewise grew by 35% to ₱11.16 billion from 2020's ₱8.30 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition. Revenue from the sale of real estate recorded a 35% growth y-o-y to ₱11.00 billion from ₱8.15 billion in 2020. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of 2021, construction was in full-swing

across all project sites in 15 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Actual capital expenditures amounted to ₱9.70 billion in 2021, 80% was spent on project development and construction while 15% was used for land acquisitions.

The Company's balance sheet remains strong with total assets amounting to ₱66.65 billion. Debt management likewise stay prudent with a net debt-to-equity of 1.72x while lowering down the cost of borrowing from 4.96% to 4.75%.

PERIOD-END MARCH 31, 2022

For the period ended March 31, 2022, CLI generated a net income to parent of ₱811.00 million, or a normalized growth of 62% year-on-year. The term normalized is due to the one-time tax adjustment that the Company recorded from the passage of the CREATE Act which considerably reduced the Company's recorded taxes during the year. Considering the tax benefit in 2021, CLI grew by 14% from the reported ₱714.00 million in net income to parent of the same period last year.

The significant increase in profit was driven by the outstanding revenue growth of 53% which was fueled by the robust sales take-up and increase in construction operations during the period. Revenue from sale of real estate reported a notable increase of 52% y-o-y to ₱3.50 billion from ₱2.30 billion which resulted from higher construction progress and more units qualifying for revenue recognition.

During the year, CLI's ratios remain healthy with Return on Assets at 5% and Return on Equity (parent) at 29% while the Company's Debt-to-Equity ratio is stable at 1.77x.

COMPETITIVE STRENGTHS

The Company considers the following as its competitive strengths:

- Leading property developer in Cebu with a distinguished brand and reliable track record of project execution proven during the pandemic. In terms of market segment, CLI's realized revenue from economic housing grew from 44% for the year 2021 to 60% for the first quarter of 2022. This comes with CLI's demonstrated growth of 53% across all business segments, driven by a full swing of construction activity. Cebu continues to be the main driver in realized revenue in terms of location. It continues to contribute the largest share despite the decrease from 55% for the year 2021 to 36% for the first quarter of 2022. The Visayas region's share in realized revenue in terms of location grew from 23% for the year 2021 to 34% for the first quarter of 2022, while the Mindanao region share grew from 21% for the year 2021 to 29% for the first quarter of 2022.
- Strategic location selection to provide value for money proposition to customers
- Highly diversified portfolio and expanding project portfolio and socio-economic markets
- Experienced management team and organizational culture
- Socially responsible development
- Strategic joint venture partnerships
- Financial strength: Strong profitability, prudent financial management and a healthy balance sheet
- Operational excellence

KEY STRATEGIES

The Company's business strategies include the following:

- Expansion to key cities in the Visayas and Mindanao
- Building recurring income developments
- Vertical integration – property management
- Growth of economic housing brand (Casa Mira)
- Capitalizing on pipeline projects
- Establish and leverage strategic partnerships, alliances, joint ventures, and cooperation

RISKS OF INVESTING

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Bonds. Some of these risks are briefly summarized below and discussed with additional details in the section entitled “*Risk Factors and Other Considerations*”.

- **Risks Related to the Company**

- There is heightened competition among local and national players where the Company is operating and expanding. Competition for the acquisition of land for new projects could adversely affect the Company's business.
- The Company's business is affected by various regulations in the Philippines.
- The Company's business is affected by current events, such as the Russia-Ukraine war and the transition of the Philippine government to a new administration.
- The Company's current portfolio is composed of approximately 99% properties for sale and 1% recurring income properties.
- The Company is new to some regional markets including Cagayan de Oro, Davao, Dumaguete, Bacolod, Iloilo, Bohol, and Ormoc.
- The Philippine property market is cyclical.
- Given the current geographic concentration of the Company's real estate sales, the Company's results of operations would suffer if the residential housing and land development industry in the Company's current markets decline.
- The Company might be at risk of being exposed to housing price bubbles brought by historically low interest rates, expansion in overall liquidity, and extensive construction of housing units.
- Increased inflation, fluctuations in interest rates, and changes in the Philippine Government's borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.
- The real estate sector is capital intensive and might cause difficulty for the Company to readily raise the necessary capital to acquire new land or complete existing projects. It also has a naturally multi-year cash cycle that goes through a negative operating cash flow period for most of its cycle before realizing a cumulative positive cash outcome for each project.
- A portion of demand for the Company's products is from overseas Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.
- The Company engages third-party brokers and agents to sell its residential housing, residential condominium, office condominium, and condotel projects.
- Cancellation of sales involving the Company's projects could adversely affect its business, financial condition, and results of operations.
- The Company enjoys certain tax exemptions and incentives, the loss of which may increase the Company's tax liability and decrease future Company profits.
- Natural catastrophes may affect the Company's business adversely.
- Titles over land owned by the Company may be contested by third parties.
- The Company's reputation will be adversely affected if its projects are not completed on time or if the projects do not meet customers' requirements.
- Independent contractors may not always be available or may not be able to meet the Company's quality standards, or complete projects on time or within budget, and may encounter difficulties which will result in a delay of the project.
- Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.
- The Company relies on its key executives and officers and the members of the Soberano Family to manage business operations.
- The Company is party to a number of related party transactions.
- The Company may be involved in legal and other proceedings arising out of its operations from time to time.
- The Company may default in its financial obligations and other obligations under contracts to which it is a party, and a default in one may trigger other defaults and result in the acceleration of its obligations under such contracts.
- The Company works with various joint venture partners for some of its projects, whose interest may differ from that of the Company's.
- The Company is exposed to information security or cybersecurity risk as it relies on technology

which posts risks on data security, confidentiality, and availability.

- The Company is exposed to asset stranding risk and emerging risks.

- **Risks Related to the Philippines**

- Economic Considerations
- COVID-19 Pandemic
- Political Considerations
- Terrorist acts, crimes, natural disasters and outbreaks of infectious diseases or fears of such occurrences in the Philippines

- **Risks Related to the Bonds**

- An active or liquid trading market for the Bonds may not develop.
- Holders of the Bonds may experience liquidity issues and potential loss of principal value if the Bonds are sold at the secondary market.
- Holders of the Bonds may face possible gain or loss if the Bonds are sold at the secondary market.
- Holders of the Bonds may be unable to reinvest the proceeds of their Bonds following redemption by the Issuer.
- The Bonds may not be able to retain its credit rating.
- The Bonds have no preference under Article 2244(14) of the Civil Code of the Philippines.

CORPORATE INFORMATION

The registered office of the Company is at the 10/F Park Centrale Tower, B2 L3, Jose Ma. Del Mar Street, Cebu IT Park, Brgy. Apas, Cebu City. The Company's telephone number at this location is +63 (32) 231-4870 and 254-1254.

The Company's website is www.cebulandmasters.com.

Investor Relations Office

For investor communications and compliance, the following officers may be contacted:

B. Grant L. Cheng
Chief Financial Officer
grant_cheng@cebulandmasters.com

Clarissa Mae A. Cabalda
Investor Relations Manager
clarissa@cebulandmasters.com

Atty. John Edmar G. Garde
Compliance Officer
jggarde@cebulandmasters.com

The Investor Relations Manager and Compliance Officer are the Company's operating leads and in-charges with respect to disclosures and continuing requirements of the SEC and the PSE.

SUMMARY OF FINANCIAL INFORMATION

The following tables present a summary of the consolidated financial information for the Group and should be read in conjunction with the auditor's reports and the Group's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis or Plan of Operations." The summary financial information presented below for each of the three years ended December 31, 2021, 2020 and 2019 and interim financial periods March 31, 2022 and 2021 were derived from the consolidated financial statements of CLI prepared in accordance with PFRS as modified by the application of the financial reliefs issued and approved by the SEC in response to the COVID-19 pandemic and audited by P&A in accordance with the PSA.

FINANCIAL PERFORMANCE

In ₱	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	December 31, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2019 (Audited)
Revenue	3,584,603,836	2,349,435,741	11,162,170,684	8,298,820,318	8,499,047,935
Cost of Sales	(1,931,377,678)	(1,209,832,321)	(5,972,289,664)	(4,282,111,458)	(4,300,684,977)
Gross Profit	1,653,226,158	1,139,603,420	5,189,881,020	4,016,708,860	4,198,362,958
Operating Expenses	(532,019,085)	(395,557,524)	(1,950,338,710)	(1,265,920,859)	(1,145,201,008)
Interest Expense	(112,308,018)	(48,874,797)	(264,069,008)	(65,805,262)	(44,926,212)
Other Operating Income	62,873,961	21,994,241	257,229,190	68,597,820	53,133,383
Other Gains/Losses	(191,984)	(1,205,770)	(129,111,831)	38,000,349	120,124,603
Profit before tax	1,071,581,032	715,959,570	3,103,590,661	2,791,580,908	3,181,493,724
Tax Benefit/Expense	(251,383,563)	9,225,536	(432,719,044)	(715,853,587)	(743,556,215)
Consolidated Net Income	820,197,469	725,185,106	2,670,871,617	2,075,727,321	2,437,937,509
Non-Controlling Interest	(9,560,902)	(11,352,818)	(57,934,293)	(229,607,588)	(425,647,893)
Parent Net Income	810,636,567	713,832,288	2,612,937,324	1,846,119,733	2,012,289,616

FINANCIAL POSITION

In ₱	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	December 31, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2019 (Audited)
Current Assets	39,678,546,944	27,176,234,603	37,002,075,676	27,600,305,172	22,932,778,503
Non-Current Assets	30,313,480,542	24,776,599,223	29,650,029,757	22,490,196,271	15,350,663,733
Total Assets	69,992,027,486	51,952,833,826	66,652,105,433	50,090,501,443	38,283,442,236
Interest bearing debt	33,209,954,239	25,236,280,905	32,021,719,390	23,793,983,711	16,846,756,577
Other liabilities	18,516,164,552	10,892,003,058	16,698,204,519	10,769,276,274	7,688,427,371
Total Liabilities	51,726,118,791	36,128,283,963	48,719,923,909	34,563,259,985	24,535,183,948
Total Equity-Parent	11,152,399,462	8,868,008,953	10,839,874,203	8,631,601,761	7,692,228,383
Total Equity	18,265,908,695	15,824,549,863	17,932,181,524	15,527,241,458	13,748,258,288

CASH POSITION

In ₱	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	December 31, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2019 (Audited)
Cash Beginning	1,095,821,916	797,184,790	797,184,790	917,170,651	949,161,931
(NCF used in Operations activities)	(214,259,755)	(663,424,911)	(920,937,461)	(3,703,869,374)	(3,068,007,070)
(NCF used in Investing activities)	(675,281,567)	(219,073,996)	(5,229,695,398)	(1,783,319,584)	(2,265,219,358)
NCF from financing activities	763,954,692	1,072,018,133	6,449,269,985	5,367,203,097	5,301,235,148
Cash End	970,235,286	986,704,016	1,095,821,916	797,184,790	917,170,651

SUMMARY OF THE OFFER

The specific terms of the Bonds and the relevant Offer will be determined by the Issuer considering its own requirements and the prevailing market conditions and shall be provided in an Offer Supplement to be circulated at the time of the relevant Offer.

Hence, a discussion containing the “*Summary of the Offer*” shall be set out in the relevant Offer Supplement. However, any such summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus and such Offer Supplement, including, but not limited to, the discussion on the “*Description of the Bonds*” and “*Plan of Distribution*”, and other transaction documents as will be executed in relation to the relevant Offer.

RISK FACTORS AND OTHER CONSIDERATIONS

GENERAL RISK WARNING

An investment in the Bonds involves a number of risks. Prospective investors should carefully consider the risks described below, in addition to other information contained in this Prospectus, including the Company's financial statements and notes relating thereto, before making any investment decision relating to the Bonds. These factors, which are of equal importance and are organized in no particular order, may be summarized into those that pertain to the business and operations of the Company, those that pertain to the overall political, economic, and business environment in the Philippines, and those that pertain to the Bonds.

This section does not purport to disclose all of the risks and other significant aspects of investing in Bonds. Investors deal in a range of investments each of which may carry a different level of risk. Investors should seek professional advice regarding any aspect of the securities such as the nature of the risks involved in the trading of the securities. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity and may request all publicly available information regarding the Company and the Bonds from the SEC.

The Company's past performance is not an indication of its future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or are currently considered immaterial could have a material adverse effect on the Company's business, result of operations, financial condition, and prospects, and could cause the market price of the Bonds to fall significantly and investors may lose all or part of their investment.

RISKS RELATED TO THE COMPANY

There is heightened competition among local and national players where the Company is operating and expanding. Competition for the acquisition of land for new projects could adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire or enter into agreements to develop additional tracts of land suitable for the Company's planned real estate projects. When the Company and its competitors attempt to locate sites for development, the Company may experience difficulty in locating parcels of land of suitable size in locations and at prices acceptable to the Company. In the event the Company is unable to acquire suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company faces tough competition from a number of local and national players that take advantage of the growing real estate market in Cebu. For residential projects, CLI competes with Ayala Land, Inc., Filinvest Land, Federal Land, Taft Properties, Primary Homes, Aboitiz Land and a host of other local and national players. For commercial developments and office space leasing, CLI faces Ayala Land, Inc., Primary Structures Corporation, Skyrise Realty and Development Corporation, Megaworld, Inc. and other players as its competitors in addressing the demand for office buildings of the fast-growing BPO industry and retail spaces.

Nevertheless, CLI has been able to establish itself as Cebu's leading local housing developer due to its strong track record in the four main market segments namely high-end, mid-market, economic and socialized housing. Thus, the Company can tailor-fit its residential developments not only to achieve the best use of a property but also to ensure its optimal market acceptance. This has enabled CLI to sell its projects at a higher velocity, turn over quickly on its developments, and move swiftly from pre-selling to construction and delivery. CLI's consistently high sales performance is enabled by innovative sales and marketing strategies, which allows itself to bring products to the market faster than the competition with the commanding support of its over 11,000-strong real estate broker and agent network.

In order to gain further versatility, the Company has also diversified into commercial, hospitality and industrial developments. With CLI's growing local leadership and expertise in various real estate product offerings, the Company believes it will be able to sustain its growth amidst heightened competition.

The Company's limited landbank inventory compared to other developers is deliberate. CLI's thrust is to immediately develop a property once acquired and after completion, to quickly turn over the same to the buyers to achieve faster financial gains and to ensure efficient use of capital.

The Company emphasizes creating shareholder value by being opportunistic with investments and being judicious in its deployment of capital. Decisions on capital expenditures, whether financed by equity or debt, are made with a priority on generating a strong return on investment in a measurable and realistic timeframe. Having too large a landbank would necessarily mean that much capital is devoted to holding non-revenue generating assets while incurring cost of debt or equity. Much in the same way that capital-efficient firms employ a 'just-in-time' to efficiently utilize capital, CLI chooses only to raise capital when it can confidently forecast and execute a project with a reasonable rate of return.

Nevertheless, despite the heightened competition for land in Cebu and VisMin, the Company does not find any substantial difficulty in acquiring target properties. The Company's local connections in VisMin and familiarity with the people and the territories where it is operating enable CLI to attract reverse inquiries for possible JVs with landowners or offers for sale of properties. The Company will continue to open its doors to JV partnerships and to work on the success of its current JVs and projects in order to retain its good reputation in the territories where it is operating.

The Company's business is affected by various regulations in the Philippines.

CLI operates a material part of its businesses in a highly regulated environment. CLI's business is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and wastewater discharges, odor emissions, and the management and disposal of, and exposure to, hazardous materials. The Company cannot predict what environmental or health and safety legislation or regulations will be amended or enacted in the future; how existing or future laws or regulations will be enforced, administered or interpreted; or the amount of future expenditures that it may be required to comply with these environmental or health and safety laws or regulations or to respond to environmental claims.

In addition, CLI is required to obtain licenses to sell before making sales or other dispositions of housing and condominium units. For more information on the environmental laws and other regulations affecting the Company's operations, please see discussion on the section on "*Regulatory Framework*" on page 160.

Project permits and any license to sell may be suspended, cancelled, or revoked by the DHSUD, HSAC, or by the courts upon its findings or upon complaint from an interested party, and there can be no assurance that the Company will receive the requisite approvals or licenses, or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

Moreover, the Company has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. Further changes to the applicable governmental laws and regulations, fiscal policies and zoning ordinances will result in additional costs of compliance for the Company.

CLI, through its construction and property management arms, keeps itself abreast of the latest technologies that enable it to implement existing sanitation, environment and safety laws and regulations at cost-efficient means. It also continuously exerts earnest efforts to secure and maintain all relevant and material permits and licenses required under such laws and regulations for its subdivision and condominium projects. The Company also practices and adheres to a strong compliance culture and maintains positive relationships with regulatory and local government agencies.

The Company's business is affected by current events, such as the Russia-Ukraine war and the transition of the Philippine government to a new administration.

The invasion of Ukraine by Russia has triggered multiple economic repercussions. Since Russia is a major producer of petroleum, the discontinuance of petroleum supply from it would mean that the global supply has decreased. Disruptions to the flow of petroleum to the supply chain drives prices up, making costs of inputs much more expensive.

While the Philippines and the other Southeast Asian countries have limited dependency on either country, the ensuing global sanctions adversely impact Philippine economic conditions. Food and fuel prices steadily pushed up since the first quarter of 2022.

While the Company is not directly affected, this would mean increased construction costs (cost of steel, cement, and other construction materials), and thus, a slower takeout of completed units, which would most likely lead to lower reservation sales of new projects.

With the recently concluded national and local elections last May 2022, the entry of new government leaders for both local and national positions marks a transition from familiar procedures to possibly new procedural policies. This may mean delays in permits or title processing which could trigger delays in project completion, which could lead to project compliance issues with financing partners who require specific project milestones. CLI actively manages this risk by ensuring good working relations and proactive communications with any new administration, national and local, to ensure continued support for the real estate industry and the Company.

The Company's current portfolio is composed of approximately 99% properties for sale and 1% recurring income properties.

For 18 years, the Company has been successful in selling its various residential and commercial for-sale projects. Only two out of its 29 completed projects have not reached at least 90% sales performance so far. Nevertheless, it may be affected during market downturns when end-user financing becomes less accessible. Though the Company has been building up its recurring income assets, this still comprises only roughly 1% of its portfolio. The Company, in anticipation of these market downturns, has positioned itself to grow its current mix of recurring income properties in the next five years. The Company's target mix is composed of 90% residential developments and 10% recurring income projects.

The Company also considers as a mitigant its current diverse residential portfolio, encompassing the high-end, mid-market, economic and socialized housing segments. Though the Company is expanding in all four segments, it can easily maneuver to where the demand and market conditions provide more support.

The Company is new to regional markets including Cagayan de Oro, Davao, Dumaguete, Bacolod, Iloilo, Bohol, and Ormoc.

Despite the Company's strong track record and successful projects in Cebu, CLI may not be able to execute its business expansion plans and strategies, especially with respect to new projects and undertakings in other regional markets. There is no guarantee that CLI's future projects will, similar to its real estate offerings in Cebu, be successfully completed and sold as planned. There is likewise no guarantee that the take up for its new developments will remain robust.

That being said, the Company is confident it can successfully penetrate new markets using the project templates that has made it the leading developer in Cebu.

In 2015, CLI embarked on its regional expansion when it launched MesaVerte Residences in CDO. This is the mid-market condominium offering of CLI with three 15-storey residential towers having a total of 798 units which almost sold out in less than a year of pre-selling. In 2018, the Company then introduced its mid-market horizontal project in the same city – Velmiro Uptown CDO. The subdivision's master plan shows an inventory of 396 units intended to meet the housing demand in the area.

In 2016, CLI successfully set its foothold in Davao by launching MesaTierra Garden Residences, a 22-

storey residential condominium.

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

In 2020, CLI sets footprint in Bohol and Iloilo with the successful launching of Velmiro Greens Bohol, a 3.6-hectare modern mid-market horizontal development in Jaro Daus, Panglao, Bohol, and Casa Mira Iloilo, 14.4-hectare economic subdivision project in Jaro, Iloilo City with 1,188 housing units. With the fully take-up Casa Mira Coast in Sibulan, Negros Oriental, the Company launched Casa Mira Dumaguete, a 6.1-hectare project to develop 586 economic horizontal housing units. CLI also launched Casa Mira Towers LPU, a 930-unit economic condominium project, as a housing option for students in Lyceum of the Philippines University.

In 2021, CLI launched its first project in Ormoc, Casa Mira Ormoc is the first Casa Mira brand in Leyte. It has a very strategic location and it offers affordable townhouse units with very generous payment schemes. Casa Mira continues to expand to major key cities in Visayas and Mindanao and is launching its first project in Eastern Visayas. Casa Mira Homes Ormoc is a 9.1-hectare residential subdivision in Brgy. Luna, Ormoc City.

CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod, CDO, and Davao, with new expansion areas such as Butuan, Roxas, and General Santos City also on the horizon. CLI continues to pursue its aggressive plans to establish and deliver quality developments across the VisMin region.

The Philippine property market is cyclical.

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

While the Company has no control over the property market, this risk is mitigated by the fact that construction for the Company's projects is completed in a fraction of the time taken for comparable-sized projects by other developers. Construction normally begins immediately once properties are acquired in the normal course of business. There remains a significant backlog of housing units in the economic and socialized housing segments in which the Company competes. There is also a growing demand for office spaces to cater to the booming BPO business in Cebu, which is now considered one of the top outsourcing destinations in the world. Financing facilities for buyers in the housing segment has become widely available from financial institutions. Lastly, the Company believes that its reputation as a quality home builder and real estate developer, coupled with value for money project developments, will help it withstand the cut-throat competition in the Philippine property market.

Given the current geographic concentration of the Company's real estate sales, the Company's results of operations would suffer if the residential housing and land development industry in the Company's current markets decline.

A significant portion of the Company's residential housing and land development business is located within Metro Cebu. As a consequence of this, any prolonged economic downturn in this market could have a material adverse effect on the Company's business, results of operations and financial condition.

To further cushion the impact of stiff competition in Metro Cebu, the Company is expanding project developments to other highly urbanized centers in CDO, Davao, Dumaguete, Iloilo, and Bacolod. The Company remains steadfast in its 2020 vision of becoming the leading local developer in the Visayas and Mindanao regions.

The Company might be at risk of being exposed to housing price bubbles brought by historically low interest rates, expansion in overall liquidity, and extensive construction of housing units.

With the aggressiveness in the real estate sector developments in the country, a steep rise in property prices was observed. A housing price bubble occurs when demand for property suddenly decreases when the supply on real estate property increases. The rapid upsurge in asset prices might result in an eventual decline in prices as markets recalibrate. In addition, housing price bubble may also happen when speculative investing, which is ubiquitous in China, Hong Kong, and Singapore, is apparent. To counter that, the demand registered in the local sector is backed by demands from end-users rather than speculative buyers. This, in turn, diminishes the probability of having the asset price bubbles since real estate properties are not bought as investments but for the purpose of living.

The Company is confident in the efforts of the BSP to control inflation and prevent the formation of asset bubbles in real estate. In addition, the Company operates and competes in a market segment where there remains a significant backlog of housing units for end-users comprising of middle-income individuals, couples, and families. By doing so, the Company is catering to a market segment which has a particular and real housing need. Moreover, the Company is growing its recurring income with its commercial and office developments, upcoming hospitality business and foray into industrial development, to mitigate the effects of a possible housing price bubble.

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

Changes in interest rates, the Philippine government's fiscal policy and lending regulations, among other events and conditions, could have a material adverse effect on the Company and on the demand for its products.

With the bank lending cap imposed by the BSP to the real estate sector, the Company's access to capital and its cost of financing become limited. Once the single borrower limit with respect to their current or preferred bank or banks is reached, the Company may encounter difficulty in obtaining financing on the same or similar commercial terms from other banks.

A sustainable increase in inflation in the country might push the cost of raw materials upward, which the Company may not be able to pass on to its customers, or to its contractors by having them absorb raw material costs. In the event the Government substantially increases its borrowing levels in the domestic currency market, the interest rates charged by banks and other financial institutions are likely to increase and effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company. Since the Company believes that a substantial portion of real estate customers avail themselves of financing, through either the developer's in-house scheme or through the bank, to fund their property purchases, higher interest is expected to be observed which would make purchases of real estate more expensive, and consequently affects demand for the Company's residential projects.

The existence of any of the abovementioned events, or any combination thereof, or of any similar events could have an adverse effect on the Company's business, financial condition, and results of operations.

The Philippine government, specifically the BSP, has introduced measures to monitor the real estate sector. Its interventions would help the market become resilient and sustainable.

The Company prudently manages its balance sheet, and its gearing and leverage ratios are all within or better than industry standards, giving CLI headway to obtain additional bank financing.

The real estate sector is capital intensive and might cause difficulty for the Company to readily raise the necessary capital to acquire new land or complete existing projects. It also has a naturally multi-year cash cycle that goes through a negative operating cash flow period for most of its cycle before realizing a cumulative positive cash outcome for each project.

The Philippines' real estate sector requires a substantial amount of capital to acquire land for development, complete existing projects, and commence construction on new developments. The

Company has spent ₱9,661.00 billion, ₱7,409.00 billion, and ₱9,590.00 billion for the foregoing activities in the years 2021, 2020, and 2019, respectively.

The Company has relied on internally generated funds and external financing for its landbanking expenditures and real estate development programs. Due to the capital-intensive nature of the real estate industry, it is inevitable that developers will need external support to finance their projects. Failure to obtain the requisite funds could delay or prevent the acquisition of land, completion of ongoing projects or commencement of new projects, which could materially and adversely affect the Company's reputation, financial condition, and results of operations.

To mitigate this risk, the Company cultivates strong relationships with its partner banks and has always demonstrated caution in its financial management as it strives to be efficient and effective in utilizing its capital. The Company also enters into strategic joint venture partnerships which enable it to position its developments in strategic and prime locations, as its joint venture partners either contribute the land or share in the acquisition cost and the Company takes charge of the property development and project management which in turn lowers cash outlay requirements and increases equity for the consolidated business.

Moreover, the Company ensures a high sales turnover of its real estate projects through its industry-leading sales support teams in VisMin. With over 60 sales support personnel, this team collaborates, coordinates and supports over 11,000 strong accredited brokers through various agent networks, which includes licensed brokers, sales agents/list of all sellers, as of May 31, 2022. This would involve the Company employing a value for money philosophy which creates a larger demand for its real estate developments in comparison to competitors.

With the Company's projects being 95% sold out on average, it can earn assurance of returning capital to investors, and making a profit and ultimately generating a positive cumulative cashflow for its projects. As long as the Company's projects make a healthy margin, and have a high sales take up, a negative operating cashflow is an inherent feature of the business model that can be addressed with prudent capital profile matching and sufficient revolving funds to monetize the profitability of projects.

A portion of demand for the Company's products is from overseas Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.

Sales to overseas Filipinos, including OFWs and Filipino expatriates, which comprises 30% of the Company's buyers, generate a significant portion of the demand for the Company's housing and land development projects. A number of factors could lead to reduced remittances from OFWs, reduced number of overseas Filipinos, or reduced purchasing power of overseas Filipinos. These factors are:

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by overseas Filipinos;
- any difficulties in the repatriation of funds;
- a downturn in the economic performance of the countries and regions where a significant number of these potential customers and supporters are located such as the United States, the Middle East, Italy, the United Kingdom, Singapore, Hong Kong, and Japan;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions such as the Middle East; and
- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from overseas Filipinos, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

However, OFW remittances continue to enjoy consistent growth for the past two years. OFW remittances have grown consistently on a year-to-year basis since 1989. For the period from January

to December 2021, OFW cumulative remittances reached US\$31.40 billion, a growth of 5.1% year-on-year¹. Thus, it is expected that the demand for the Company's housing and land development projects from overseas Filipinos and their families will continue to enjoy stable financing from OFW remittances.

This risk can be managed by ensuring that the Company has several other sales channels and that none of its projects are solely reliant on overseas sales in order for it to be viable. Overseas sales are but one part of a broad market that the Company sells into. And while overseas demand adds to the overall sales strategy of the Company, it is not the only one. As evidenced during the height of the pandemic when remittances were reduced and there was heightened uncertainty regarding the economic and financial situation of many OFWs, sales to overseas Filipinos declined as a share of the Company's total sales but its overall sales still increased as it was able to sell more into the deep domestic markets of VisMin.

The Company engages third-party brokers and agents to sell its residential housing, residential condominium, office condominium, and condotel projects.

The Company uses third-party brokers to market and sell its various real estate offerings to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition, and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers.

Nevertheless, CLI has maintained a very professional and harmonious working relationship with its extensive brokerage network, which is over 11,000 strong and supported by CLI's over 66 sales support personnel. All brokers and agents must secure accreditation from CLI as this allows the Company to properly screen, monitor and onboard these third-party brokers and agents. As part of its quality commitment, CLI schedules weekly product knowledge seminars, which provide a comprehensive orientation per project. This equips brokers and agents with the latest project data and gives them greater confidence in the diverse offerings of the Company. With inventory in almost all residential segments and its growing commercial portfolio, these third-party brokers are able to offer more enticing options to their potential buyers. The Company has also pioneered various incentive programs for its brokers, which have paved the way for multiple and repeat selling efforts from individual sellers and brokerages.

Cancellation of sales involving the Company's projects could adversely affect its business, financial condition, and results of operations.

As a developer and seller of residential real estate, the Company's business, financial condition, and results of operations could be adversely affected in the event a material number of subdivision and condominium unit sales are cancelled. While the Company has reduced its cancellation rate from 4% in 2020 to 3.74% in 2021 based on the provisions for bad debts in its financial statements, there can be no assurance that it will not experience a material number of cancellations in the future. Should it happen, it will have a material adverse effect on the Company's business, financial condition, and results of operations.

To prevent cancellations, the Company ensures value for its customers' money with its competitive pricing, quality locations, planning and design, generous amenities, timely and quality construction, well-established customer care, and after-sales and property management support. Furthermore, to minimize the risk of cancellations, the Company targets a prudent mix of clients, the bulk of which are OFWs and employed professionals and employees. Additionally, the Company markets its brand across several markets in several regions of the world and OFWs comprise 3% of its buyers. The Company aims to diversify its market further in order to avoid excessive dependency on a particular geographic location of buyers.

¹ *Bangko Sentral ng Pilipinas* data on Overseas Filipinos' Remittances, available at <https://www.bsp.gov.ph/SitePages/Statistics/External.aspx?TabId=8> (data as of June 13, 2022).

The Company enjoys certain tax exemptions and incentives, the loss of which may increase the Company's tax liability and decrease future Company profits.

The Company benefits from Philippine tax law and regulations which exempt sales of house and lot, and other residential dwellings with selling price of ₱3,199,200.00 or less from the 12% VAT pursuant to BIR Revenue Regulations No. 8-2021, amending for this purpose BIR Revenue Regulations No. 4-2021.

The Company also has registered a number of its projects with the BOI, which has allowed such projects to enjoy certain tax incentives. The Company's sales of its BOI-registered mass housing projects with a price ceiling of ₱2.00 million and below are not subject to corporate income tax. The Company's projects that qualify for the tax holiday are described elsewhere in this Prospectus.

There is no guarantee that the Company's future development projects will be able to benefit from the income tax holiday benefits under the BOI, or that the BOI registrations to receive such benefits will not be delayed. The delay or absence of this income tax holiday on any of the Company's future development projects could have an adverse effect on the Company's results of operations.

The Company regularly obtains tax advisories from expert consultants to keep it updated on the best tax compliance practices. CLI ensures compliance with all the requirements for its tax exemptions or benefits to be able to continue the enjoyment of such benefits.

Natural catastrophes may affect the Company's business adversely.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, volcanic eruptions, and earthquakes. The occurrence of such natural catastrophes may materially disrupt and adversely affect the business operations, cause damage to the Company's projects or result in work stoppages or delay construction and project delivery.

Although there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from natural catastrophes, the Company maintains comprehensive insurance against natural catastrophes to cover its various developments.

Titles over land owned by the Company may be contested by third parties.

While the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Philippine government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued to another person or entity. The Company, from time to time, may be required to defend itself against third parties who claim to be the rightful owners of land.

The Company conducts extensive title searches to determine the authenticity of titles to land offered to it before it acquires any parcel of land. It traces back titles of prospective properties up to the last three significant partitions or ownership transfer and then performs an exhaustive background check of the persons or parties involved in these transactions, especially their court records. It likewise conducts its own topographical and technical surveys of these properties to verify the accuracy of technical descriptions and the correctness of all boundaries. Furthermore, the Company investigates the existence of any prevailing liens or tax obligations which may adversely affect its ownership rights to properties to be acquired.

The Company's reputation will be adversely affected if its projects are not completed on time or if the projects do not meet customers' requirements.

The Company's reputation will be negatively affected if any of its projects carry construction or infrastructure failures, design flaws, significant project delays or quality control issues. Any reputational deterioration may consequently make it more difficult for the Company to attract new buyers to its future projects, to command a higher selling price or to sell its housing and land development projects.

As local companies and industries continue to grapple with the challenges that come with the extended

pandemic, CLI seized this opportunity by breaking ground on new projects, continuing its construction operations. The Company has inherent strengths in engineering, project planning and execution.

With over 135 engineers in its roster, CLI handles the project and construction management aspect of every project, and manages the various contractors and sub-contractors that are utilized. As the project manager, CLI controls the delivery of its projects with priority on promptness, quality, and professionalism. CLI does not have any in-house construction or any affiliated general contracting business.

Independent contractors may not always be available, or may not be able to meet the Company's quality standards, or complete projects on time or within budget, and may encounter difficulties which will result in a delay of the project.

The Company relies on various general and specialty independent contractors with both local and national experience to provide various construction services, including land clearing and infrastructure development. Should its independent contractors become unable to perform the contracted scope of work, or are unable to sufficiently meet the Company's demands and project requirements, these will result in delays in the project completion and delivery to customers.

Although the Company's personnel work closely with its independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always match the Company's quality standards, or will comply with government requirements and regulations relevant to their contracted scope of work.

Independent contractors may also experience financial or other difficulties such as insolvency, shortages or price increase of construction materials, work site accidents or labor issues, any of which could delay the completion or increase the project costs. Violations by the independent contractor of their government permits and licenses, or their failure to obtain such permits and licenses, may also affect the progress of the projects they are engaged to work on.

Any of these factors will have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing development projects, and have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company takes on an active role as project managers in supervising each phase of the construction of its projects. The Company also plans to put up its own construction arm in the future.

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

Philippine law provides that property developers warrant the structural integrity of condominium units, buildings, resorts, and other structures designed or built by them for a period of 15 years from the date of completion. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a housing unit sold by it when such hidden defects render the unit unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the unit to the buyer. In addition, Presidential Decree No. 1096, or the National Building Code of the Philippines (the "**Building Code**"), governs, among others, the design and construction of buildings, as well as certain requirements and standards that must be complied with. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or

construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

The Company has inherent strengths in engineering, project planning and execution. While the Company outsources the construction of its projects to third-party contractors, CLI actively takes charge of the technical planning, engineering, and project management of its developments. Part of its land acquisition process involves the determination of the technical suitability of potential properties to be acquired for its projects. This includes the determination of any technical hindrances, via technical surveys, and the determination of applicable local government requirements, which may impair any development plans and such development's quality. Due to the Company's technical strengths and its strict adherence to its own high development standards and the requirements of the Building Code, it is able to properly control, and assure itself of, the quality and timely completion of its projects.

The Company relies on its key executives and officers and the members of the Soberano Family to manage business operations.

The Company's key executives and management have contributed to its success with their combined knowledge, experience, business relationship and expertise in the industry. Key executives and members of management of the Company include members of the Soberano family.

Aside from occupying key executive positions in the business, the members of the Soberano family also occupy key executive positions in the Company's Subsidiaries, joint venture companies and/or affiliates. Jose R. Soberano III is the chairman and president of A.S. Fortuna Property Ventures, Inc., Cebu Landmasters Property Management, Inc., and CLI Premier Hotels Intl., Inc., wholly owned subsidiaries, as well as El Camino Developers Cebu, Inc., CLI-LITE Panglao Inc., Mivesa Garden Residences, Inc., Cebu Homegrown Developers, Inc., Cebu Landmasters Foundation, Inc. and Ming-Mori Development Corporation which are joint venture affiliates of the Company. He also serves as Chairman of the Board of BL CBP Ventures, Inc., Yuson Excellence Soberano, Inc., Yuson Huang Excellence Soberano, Inc., YHEST Realty and Development Corporation, CCLI Premier Hotels, Inc., YHES Premier Hotels, Inc., Cebu BL-Ramos Ventures, Inc., GGTT Realty Corporation, Icom Air Corporation, which are all joint venture affiliates of the Company and a Director of another corporation, Magspeak Nature Park, Inc. Meanwhile, Jose Franco B. Soberano is concurrently a Director and Corporate Secretary of CLI Premier Hotels Intl., Inc., A.S. Fortuna Property Ventures, Inc., Cebu Landmasters Property Management, Inc., and Ming-Mori Development Corporation while Ma. Rosario B. Soberano serves as Director and Treasurer of CLI Premier Hotels Intl., Inc., A.S. Fortuna Property Ventures, Inc., Cebu Landmasters Property Management, Inc., Yuson Excellence Soberano, BL CBP Ventures, Inc., El Camino Developers Cebu, Inc., Yuson Huang Excellence Soberano, Inc., YHEST Realty and Development Corporation, CCLI Premier Hotels, Inc., YHES Premier Hotels, Inc., Cebu BL-Ramos Ventures, Inc., and Ming-Mori Development Corporation. All three key executives sit on the board of the parent company AB Soberano.

There is no assurance that these other roles will not require significant time and commitment from the members of the Soberano Family which might reduce their time devoted to their current roles in the Company's business. If the Company loses the services of any such individuals or is unable to fill any other vacant key executive or management positions with qualified candidates, the business and operations of the Company may be adversely affected.

To minimize the risk, the Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. Efforts to professionalize the Company over the last 18 years is evident as the Company has grown from two employees to a dynamic team of 739 employees instilled with the Company's brand of professional work ethics and strong corporate values as of August 31, 2022. The Company believes it maintains a positive and harmonious working relationship with its executives, members of senior management and other key officers.

The Company is a party to a number of related party transactions.

As of the date of this Prospectus, the Company has outstanding related-party balances to and from its joint ventures, Homeowners' Associations and Condominium Corporations ("**HACCs**"), and with key management personnel. These transactions are described under "*Related Party Transactions*"

and the notes to the Company's audited consolidated financial statements appearing elsewhere in this Prospectus. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the CLI's majority shareholders.

These transactions may involve potential conflicts of interest between the Company and the CLI majority shareholders in a number of other areas relating to its businesses, including:

- major business combinations involving the Company and/or its affiliates;
- plans to develop the respective businesses of the Company and/or its affiliates; and
- business opportunities that may be attractive to the CLI majority shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

To mitigate this risk, the Company enters into related-party transactions at an arms-length basis. Moreover, CLI directors and key management personnel are mandated to abstain and/or inhibit themselves from participating in discussions on a particular agenda when they have conflict of interest. The Board RPT Committee during its regular committee meetings take up and engage in the review and evaluation of related party transactions, including determination and resolution of potential conflicts of interest, if any. Quarterly RPT reports are presented by CLI's CFO and Compliance Officer, for information (if not breaching the RPT thresholds) and/or pre-approval (if breaching any of the RPT thresholds) of the Board RPT Committee. Matters approved by the RPT Committee are then endorsed for subsequent approval and/or ratification of CLI's Board of Directors.

The Company may be involved in legal and other proceedings arising out of its operations from time to time.

The Company may, in the future, be involved in disputes involving the construction and operation of its properties such as contractual disputes with contractors, suppliers, and homeowners, or disputes involving property damage or personal liability claims from time to time. If these disputes occur, it may result in delays in the Company's project development schedule, incurring substantial costs, and the diversion of Company resources and management's attention. In the course of its operations, the Company may also have disagreements with regulatory bodies, or local government units responsible for issuing the necessary permits or licenses for the Company's business, which may subject it to administrative proceedings and unfavorable decisions or result in fines or penalties and/or delay its projects. Should any of these occur, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

To mitigate the risk, the Company strives to maintain good relationships with customers, suppliers, contractors, regulators, and other parties it regularly deals with. This is evident in the fact that, at present, the Company is not involved in any material litigation. The Company also endeavors to amicably settle legal proceedings, resort to alternative methods of dispute resolution, and exhaust all legal remedies available.

The Company may default in its financial obligations and other obligations under contracts to which it is a party, and a default in one may trigger other defaults and result in the acceleration of its obligations under such contracts.

The Company enters into material contracts with several parties in its ordinary course of business. These include construction contracts, supply contractions, bank loans, capital market transactions such as corporate notes, among others. These contracts contain several provisions defining the Company's obligations as a party to these agreements, its representations and warranties, agreed covenants, events of default, etc. The breach of these terms, if not remedied or cured, may trigger defaults or accelerations of obligations.

CLI is also subject to certain financial covenants under its loan agreements, among other covenants. Failure to comply with financial and other covenants could constitute an event of default, if irremediable or remediable but not remedied during the applicable grace period. Upon the occurrence of an event of default, lenders may terminate the commitment, accelerate debt repayment, immediately apply set-

off against any of the borrowers' assets held by the lenders in deposit or take other necessary and proper actions to protect their interests.

To mitigate this risk, the Company practices constant, and continuous vigilance up and down the organization to comply with its obligations, financial and otherwise. Specifically, for CLI's financial and other obligations, whose non-compliance may trigger a default, CLI regularly test for compliance using targeted KPIs, proactively manages its operations to monitor the trend and movements of such KPIs and makes adjustments as necessary to its strategies to ensure conservative compliance on these conditions. CLI has also historically taken a prudent stance in managing its debt obligations by ensuring that any corporate act, whether or not performed in the ordinary course of business, does not violate any existing debt covenants. In the event that any significant corporate act or business transaction is seen to potentially affect its debt covenants that would lead to accelerating the payment of existing debt, CLI endeavors to obtain the necessary waivers in accordance with relevant debt agreements. CLI also endeavors to negotiate and agree on uniform sets of terms, covenants, events of default, and representations and warranties across all its material contracts and agreements in order to be efficient in its monitoring of such compliances.

The Company works with various joint venture partners for some of its projects, whose interest may differ from that of the Company's.

As part of its land acquisition and development strategy, the Company has entered into joint ventures, and may continue to do so for its future projects and undertakings.

The Company and its joint venture partners share in the project in proportion to their respective contribution, and the Company is typically appointed as project developer and project manager having direct control and primary supervision over the conduct, management, and operations of the project.

Because the joint venture partners or landowners may have economic or business interests that differ from the Company, the joint venture acquisitions and project developments involve additional risks. For example, joint venture partners or landowners may fail to meet their obligations, and dispute the distribution of their joint venture shares or the management and supervision exercised by the Company over the project. In cases where joint venture partners contribute the land for the project, titles to the property in the name of joint venture landowners may still be contested by third parties which will affect the right to possess and develop such land. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, and the results of its operations.

To reduce this risk, the Company conducts due diligence of its joint venture partners, and exclusively serves as the developer and project manager in all its joint venture undertakings.

The Company is exposed to information security or cybersecurity risk as it relies on technology which posts risks on data security, confidentiality, and availability.

Information Technology ("IT") is always evolving and has affected everyone with the way we do things. With these changes, cybersecurity risks have also emerged. The Company depends on a variety of automated systems to operate its business. Although the Company has implemented various IT-related improvement programs and installed new systems over the years, due to the continuously evolving nature of IT systems, certain automated systems of the Company are or may be relatively outdated and less integrated than those of some companies of similar scale in the Philippines and abroad. As a result, there can be no assurance that the Company's information systems will achieve their intended benefits within the anticipated time frame efficiently, or at all. Moreover, there can be no assurance that any new systems of the Company will not be rendered outdated in the near future due to rapid technological advancements.

Despite security measures, the Company's systems are potentially exposed to physical or electronic break-ins, computer viruses, piracy, hacking, phishing attacks, and other similar disruptive problems. Furthermore, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems and those of our third-party vendors, including customer, personnel, and vendor data.

The Company involves third parties to assist internal developers in the maintenance and development of information systems and software used during its day-to-day operations. If these third parties experience difficulties in meeting the Company's requirements or standards, it could have a negative impact to the Company's reputation or make it difficult for the Company to operate some aspects of its businesses. In certain cases, the Company has developed, and intends to develop, automated systems to replace third-party systems that the Company has used, and uses, in its operations.

Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the applicable security systems and personal data stored in these systems. Anyone who circumvents the security measures on these systems could misappropriate the Company's confidential information or cause interruptions in its services or operations. The internet is a public network and data is sent over this network from many sources. In the past, computer viruses or software programs that disable or impair computers have been distributed and have rapidly spread over the internet. Computer viruses could be introduced into the Company's systems, or those of the third-party systems, which could disrupt the Company's operations or make its systems inaccessible to the third parties. The Company may be required to expend significant capital and other resources to protect against the threat of security breaches or to alleviate problems caused by breaches. The Company's security measures may be inadequate to prevent security breaches, and its business operations would be negatively impacted if security breaches are not prevented.

To mitigate this risk, the Company implements IT and security protocols to ensure that its systems are protected and functioning at all times. The Company also commits to protect and manage the security of confidential and sensitive information with the development of policies on compliance, IT security and data privacy. These have been put in place to mitigate risks by providing standard procedures and guidelines to ensure the protection of Company assets and information and the ability to respond and recover quickly. Improvements on system controls and streamlining of reports are also being implemented, with ongoing system integrations being done for data accuracy improvement.

In addition, the Company aligns with all relevant national and local laws, regulations, and best business practices. A priority area, in line with the Data Privacy Act, is having a Breach and Security Incident Response Plan that addresses the protection of the company's business, stakeholders, critical systems, sensitive information, and network. The plan includes a breach response team, measures on prevention and minimizing occurrence of breach and security incidents, procedure on recovery and restoration of critical data; notification protocol, and documentation and reporting of breaches or security incidents.

The Company is exposed to asset stranding risk.

The Company's unsold inventory and landbank could become obsolete and stranded, due to the changing market dynamics of real estate. The Company continues to develop real estate projects that we project will have a very strong demand upon launch and up to turnover.

Unexpected and unpredictable "black swan" events, such as COVID-19, could render these assets to not be as saleable or attractive to the market as we initially project them to be. A good example are office spaces, where the market outlook turned from very strong pre-COVID to very weak during COVID. Industries have also shifted to a more flexible and mobile work arrangements that may lessen the need for traditional office spaces.

To navigate this risk, the Company conducts market surveys to gauge the demand for potential project launches, pre-sells our projects to lock in sales and not have a long gap between design and project concept versus market take-up, and proactively adjusts pricing, selling, and even ownership strategies for unsold units.

Global initiatives to transition to a low-carbon economy pose a risk that previously valuable assets will lose their value prematurely. These assets are typically those used in relation to carbon-intensive industries. Given the nature of its real estate business, the Company believes that there is a very low risk that any of its material assets will become stranded as a result of a transition to a low-carbon economy. Nonetheless, the Company actively monitors relevant global and local developments, technological innovations, regulations, and stakeholder perceptions to anticipate any transition risk to the Company. Where such risks emerge, the Company will adopt appropriate strategies to ensure that they are adequately managed.

The Company is also exposed to emerging risks.

Embedded in the risk management process is the continuous identification and monitoring of emerging risks. These are newly developing risks that cannot yet be fully assessed (due to high uncertainty) but could have a major impact on the organization in the future. These potential risks could be triggered by the fast-changing landscapes in the political, economic, social, technological, environmental, and legal facets surrounding the Company's operations.

Such risks are captured and validated in the Company's annual risk assessment process and during the environmental scans of the strategic planning and annual organizational planning process of the Company, and are subjected to further study by subject matter experts. These emerging risks are reported and discussed as part of the Group Risk Management Council and Board Risk and Reputation Management Committee regular agenda.

RISKS RELATED TO THE PHILIPPINES

Economic Considerations

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and electricity shortages and blackouts.

The regional Asian financial crisis in 1997 resulted in, among others, the depreciation of the Philippine peso, higher interest rates, slower growth, and a reduction in the country's credit ratings. Since the Asian financial crisis, the country experienced a ballooning budget deficit, volatile exchange rates and a relatively weak banking sector.

To mitigate the abovementioned risks, CLI shall continue to adopt what it considers conservative financial and operational controls and policies within the context of the prevailing business and economic environment, taking into consideration the interests of its customers, stakeholders, and creditors.

COVID-19 Pandemic

The Philippines has been one of the countries greatly affected by the COVID-19 pandemic. It brought a record-breaking economic contraction and high unemployment rates, fueling economic uncertainties. While the company has observed a drop in takeouts in 2020 by 11% from 2019, it has quickly recovered in 2021 by 47% from the previous year. The Company's reservation sales have been steadily rising especially at the height of the pandemic.

The increased rate of work from home arrangement post pandemic influenced the demand for housing especially in the economic and mid-level market. "Nesting at home" encouraged young professionals, individuals, and families to consider investing in comfortable homes and good neighborhood that is conducive for working and learning. Supporting this observation is the study released by McKinsey & Company entitled "The consumer demand recovery and lasting effects of COVID-19" dated March 17, 2021, that indicates some behaviors formed during the pandemic will likely become the new normal like the work-from-home arrangement.

On the other hand, the Company's hotel business has been greatly affected by the COVID-19 pandemic as closing of borders, airports and local and international travel restrictions were implemented. The hotel operations were brought to the minimum to lessen operational expense while still providing the same level of service to its clients.

With the localized lockdowns and restrictions, employee mobility was one of the challenges faced by the Company. It has quickly adapted to digital means of managing day-to-day transactions as well as client communications. The Company's reliance on technology posts risks into data security, confidentiality, and availability. Minimum security measures have been put in place to ensure the integrity of data in all databases and systems.

Amidst the threat of the pandemic to health and safety, the Company did not slow down all its construction works during the pandemic. The Company implemented strict health protocols for all employees on field and these are strictly observed. The health threats, though did not have a major effect on the project quality and timelines, have affected the delivery and issuance of government related permits and licenses. With the localized lockdowns and shortened workdays in government agencies, the company had to contend with and make necessary adjustments in timeline expectations.

Political Considerations

The Philippines has from time to time experienced severe political and social instability, including acts of political violence. For example, in 2001, allegations of corruption against former President Joseph Estrada resulted in protracted televised impeachment proceedings against him. These proceedings were followed by widespread street demonstrations and a public withdrawal of support for Estrada by the military that eventually forced Estrada to resign. On July 27, 2003, over 270 military officers and soldiers conducted an unsuccessful *coup d'état* against Estrada's successor, President Gloria Macapagal-Arroyo, due to allegations of corruption. After the May 2004 elections, President Arroyo was re-elected and persistent accusations of corruption and electoral fraud were made against Arroyo during her second term. On February 24, 2006, another attempted *coup d'état* led President Arroyo to issue Proclamation 1017 (Proclamation declaring a State of National Emergency), which was criticized as a virtual declaration of martial law and portions of it were later declared unconstitutional by the Supreme Court of the Philippines. On November 29, 2007, Senator Antonio Trillanes IV, a leader of the 2003 *coup d'état* who was elected to the Senate while in jail, led an armed occupation by military officers and soldiers of a luxury hotel in the Makati financial district and publicly called for President Arroyo's ouster. Senator Trillanes and his troops later surrendered.

On November 23, 2009, in the southern island of Mindanao's Maguindanao province, approximately 100 armed men allegedly affiliated with the Ampatuan political family murdered 58 persons, including members of the Mangudadatu family (the Ampatuans' political rivals in the province), lawyers, journalists and aides accompanying them, and motorists whose vehicles were behind the Mangudadatus' vehicles. This was the deadliest incident of political violence and of violence directed at journalists in recent history and President Arroyo sent hundreds of troops to and declared martial law over Maguindanao after the incident, although martial law has subsequently been lifted. On December 12, 2011, the Philippine House of Representatives initiated impeachment proceedings against Renato Corona, Chief Justice of the Supreme Court of the Philippines. The impeachment complaint accused Corona of improperly issuing decisions that favored former President Arroyo, as well as failure to disclose certain properties, in violation of rules applicable to all public employees and officials. The trial of Chief Justice Corona began in January 2012. On May 29, 2012, the impeachment court found Corona guilty of failing to disclose to the public his statement of assets, liabilities and net worth and removed Corona from his position as Chief Justice of the Supreme Court of the Philippines.

Moreover, since the beginning of the term of President Rodrigo R. Duterte, thousands were reportedly killed in his so-called war on drugs. These drug-related killings have been subject to legislative inquiries. As a result of the legislative inquiries, the Senate Committees on Justice and Human Right and on Public Order and Dangerous Drugs released a joint Committee Report No. 18 on December 7, 2017, raising standards of accountability while expressing support for the war against illegal drugs and criminality within boundaries of the law.

In 2018, the Supreme Court in a historic first ousted Chief Justice Maria Lourdes Sereno as a result of a *quo warranto* petition filed by the Solicitor General. The Supreme Court held that Chief Justice Sereno failed to regularly file her Statements of Assets, Liabilities, and Net Worth in violation of Constitutional and statutory requirements, thus being ineligible to be Chief Justice for lack of integrity. The ousted Chief Justice was widely perceived to have been hostile to the Duterte administration.

In May 2022, Ferdinand "Bongbong" Marcos, Jr. was elected President of the Philippines in a landslide victory where he obtained 31.6 million votes. Meanwhile, Sara Duterte, daughter of President Rodrigo Duterte, was elected Vice-President of the Philippines after garnering 32.20 million votes. The election of Bongbong Marcos comes 36 years after the 1986 People Power Revolution that ousted his father and late strongman Ferdinand Marcos and drove the Marcos family into exile. Despite his electoral win, a petition seeking to disqualify Bongbong Marcos as President has been filed before the Supreme Court.

There is no guarantee that future events will not cause political instability in the Philippines. Such instability may disrupt the country and its economy and could materially and adversely affect the business, prospects, financial condition, and financial results of operations of the Company.

To mitigate this risk, CLI has always remained politically neutral. It has been business as usual for the Company because most if not all of elected leaders – local or national – have supported housing as a project.

Terrorist acts, crimes, natural disasters and outbreaks of infectious diseases or fears of such occurrences in the Philippines

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine Army has been in conflict with the Abu Sayyaf organization which has been responsible for kidnapping and terrorist activities in the Philippines, and is alleged to have ties to the Al-Qaeda terrorist network. There have also been sporadic bombings and prominent kidnappings and slayings of foreigners in the Philippines, including the hijacking of a tourist bus carrying Hong Kong tourists that resulted in the deaths of several passengers. On September 2, 2016 an explosion rocked a night market in Davao City, leading to the death of at least 14 people and injuries to over 60 people. As a result of the bombing, Pres. Duterte declared a state of lawlessness in the country. The most recent terrorist activity occurred on December 28, 2016 where two explosions occurred during a town fiesta in Hilongos, Leyte, leaving at least 34 people injured.

There can be no assurance that the Philippines will not be subject to further acts of terrorism and violence in the future. Terrorist attacks have, in the past, had a material adverse effect on investment and confidence in, and the performance of, the Philippine economy and, in turn, the Company's business. The Company's current insurance policies do not cover terrorist attacks. Any terrorist attack or violent acts arising from, and leading to, instability and unrest, could cause interruption to parts of the Company's businesses and materially and adversely affect the Company's financial condition, results of operations and prospects.

The Philippines has experienced natural disasters over the years. A number of climate experts believe that climate change is affecting the intensity and severity of these natural calamities. The potential future effects of global climate change may include longer periods of drought in some regions and an increase in the number, duration and intensity of tropical storms in the country. Authorities may not be prepared or equipped to respond to such disasters.

On September 26, 2009, Typhoon Ketsana (Ondoy) resulted in 341.30 millimeters of rainfall in six hours, causing massive flooding that submerged several areas of Metro Manila and adjacent provinces. The typhoon caused 464 deaths and approximately ₱86.00 billion in property damage. On August 6, 2012, a monsoon hit Metro Manila and other nearby provinces which also caused severe flooding and landslides. Other calamities in recent years include unusually strong earthquakes and outbreaks of infectious diseases such as H1N1 influenza (commonly known as swine flu), as well as the COVID-19 pandemic.

In December 2011, Typhoon Washi (Sendong) caused massive flooding in the southern Philippine city of Cagayan de Oro, claiming thousands of lives and displacing tens of thousands of residents. On December 3, 2012, Typhoon Bopha struck the southern island of Mindanao as a Category 5 typhoon, triggering widespread flash flooding and landslides throughout the region. Typhoon Bopha killed over 1,000 people and caused an estimated ₱42.00 billion in property damage.

In October 2013, an earthquake occurred in Central Visayas, Philippines. The magnitude of the earthquake was recorded at moment magnitude (Mw) 7.2 at the epicenter which was located six kilometers southwest of Sagbayan town, at a depth of 12 kilometers. The seismic event affected the whole Central Visayas region, particularly Bohol and Cebu. According to official reports by the National Disaster Risk Reduction and Management Council, 198 people were reported dead, 11 were missing, and 651 were injured as a result of the earthquake, making it the deadliest earthquake in the Philippines in 23 years. In all, more than 53,000 structures were damaged or destroyed, including commercial buildings, malls, public edifices, hotels and churches. On February 10, 2017, a magnitude 6.7 earthquake hit Surigao City, Surigao del Norte in Northern Mindanao. Buildings, roads, and bridges

near the epicenter area were damaged and six people were reported dead, and over a hundred injured.

In addition, the central Philippines experienced a severe typhoon, Typhoon Haiyan (Yolanda), in November 2013 which caused extensive damage to infrastructure and properties, claimed 6,268 lives and displaced thousands of residents.

In January 2020, Taal Volcano erupted and caused millions of pesos worth of damage and displaced thousands of families.

In December 2021, Super Typhoon Odette brought about heavy rains and landslides in several provinces in the Visayas and Mindanao, causing ₱47.00 billion worth of damage and affecting hundreds of thousands of families.

It is not possible to predict the extent to which the Company's business will be affected by any future occurrences of natural calamities such as those described above or fears that such occurrences will take place, and there can be no assurance that any disruption to its business will not be protracted, that property will not be damaged and that any such damage will be completely covered by insurance or at all. Any such occurrences may disrupt the operations of the Company's business and could materially and adversely affect their business, financial condition, and results of operations. Further, any such occurrences may also destabilize the Philippine economy and business environment, which could also materially and adversely affect the Company's financial position and results of operations.

To mitigate this risk, CLI has a risk and disaster team in place (*i.e.*, fire marshals and dedicated safety officers). CLI's accounting data are already in the cloud. CLI has back-up systems has set up several offices where it may transfer if warranted by the circumstances.

RISKS RELATING TO THE BONDS

An active or liquid trading market for the Bonds may not develop.

The Philippine securities markets are substantially smaller, less liquid, and more concentrated than major securities markets. The Company cannot guarantee that the market for the Bonds will always be active or liquid. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

The Company will apply for the listing of the Bonds on the PDEX. Purchasers of the Bonds will be required to pay for such Bonds prior to the issuance and listing of such Bonds. However, there is no assurance that such a listing will be achieved or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing will be subject to the Company's execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings, and payments on an ongoing basis.

The Company strives to provide timely and accurate submissions to, and maintains a clear line of communication with, PDEX.

Holders of the Bonds may experience liquidity issues and potential loss of principal value if the Bonds are sold at the secondary market.

The market for the Bonds may be small and may not be liquid. As with all fixed income securities, the Bonds' market values move (either up or down) depending on the change in interest rates. Ordinarily, the value of fixed income instruments is inversely affected by interest rates. If interest rates increase following the Issue Date, the value of Bonds on the secondary market would generally be expected to decrease, all other things being equal, since the Bonds would then bear a comparatively a lower interest rate as against other instruments of the same tenor reflecting such new interest rates following such an increase in rates. Global events such as the war in Ukraine may give rise to increased volatility for instruments such as the Bonds in the secondary market that may result in the decrease in the market value of the Bonds or liquidity issues that may prevent the disposal of the Bonds. No assurance can be

given regarding the liquidity of the market of Philippine debt instruments in general. Such liquidity fluctuations may also arise as a result of temporary exchange closures, defaults, clearing system shut-downs, settlement delays, strikes or civil unrest, among other things. Accordingly, there can be no assurance that a holder of the Bonds will be able to dispose of such instruments or direct the sale of the Bonds through the PDEX, at prices or at times at which such holder would wish to do so, or at all.

As active trading of the Bonds is highly dependent on the bondholders, the Company has no control over this risk. However, the Company actively cooperates in efforts aimed at improving the capital markets in the Philippines.

Holders of the Bonds may be unable to reinvest the proceeds of their Bonds following redemption by the Issuer.

The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), any outstanding Series B Bonds or Series C Bonds on the relevant Optional Redemption Dates. In the event that the Company exercises this option, the relevant series of the securities, such as the Bonds will be redeemed and the Company will pay the amounts to which holders would be entitled. The date on which the Issuer elects to redeem the Bonds may not accord with the preference of individual holders of the securities. This may be disadvantageous to them in light of market conditions or their individual circumstances. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Thus, each potential investor in the Bonds must determine the suitability of an investment in Bonds in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds may not be able to retain their credit rating.

There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Thus, each potential investor in the Bonds must determine the suitability of an investment in Bonds in light of its own circumstances as discussed above.

The Bonds have no Preference under Article 2244(14) of the Civil Code of the Philippines.

No other loan or other debt facility currently or to be entered into by the Company shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority.

Thus, each potential investor in the Bonds must determine the suitability of an investment in Bonds in light of its own circumstances as discussed above

DETERMINATION OF OFFERING PRICE / ISSUE PRICE

The Bonds shall be issued at 100% of face value.

PLAN OF DISTRIBUTION

The Bonds will be offered to the public through Underwriters that may be engaged by the Issuer for each Offer. The Underwriters may appoint other underwriters (such as sub-underwriters) and selling agents to assist in the sale and distribution of the Bonds to the public. Any of the Underwriters, the other underwriters and the selling agents may acquire for their own account a portion of the Bonds.

The background information on the Underwriters who will be appointed for a particular Offer, the underwriting arrangements between such Underwriters and the Issuer, and other relevant details in respect of the Offer, shall be set out in the relevant Offer Supplement under “*Plan of Distribution*”.

USE OF PROCEEDS

The specific terms of the Bonds and the relevant Offer will be determined by the Issuer considering its requirements and the prevailing market conditions and shall be provided in an Offer Supplement to be circulated at the time of the relevant Offer. Hence, the intended use of proceeds as may be raised in an Offer shall be set out in the relevant Offer Supplement under “*Use of Proceeds*”.

DESCRIPTION OF THE BONDS

The specific terms of the Bonds and the relevant Offer will be determined by the Issuer considering its requirements and the prevailing market conditions and shall be provided in an Offer Supplement to be circulated at the time of the relevant Offer. Hence, the more detailed terms and conditions of the Bonds and the relevant Offer shall be discussed in the “*Description of the Bonds*” as set out in the relevant Offer Supplement.

However, any such discussion under “*Description of the Bonds*” does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors should carefully review the Articles of Incorporation and By-Laws (each as amended to date) of the Issuer, the disclosures of the Issuer, the corporate resolutions in relation to a particular Offer, the information contained in this Prospectus, the relevant Offer Supplement and other transaction documents relevant to each Offer. Prospective holders of the Bonds should perform their own independent investigation and analysis of the Issuer and the Bonds. Prospective holders of the Bonds should make their own appraisal of the Issuer and the Offer and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in each Offer. They must not rely solely on any statement or on the significance, adequacy or accuracy of any information contained herein. The information and data contained in the “*Description of the Bonds*” are not a substitute for the prospective investor’s independent evaluation and analysis. Prospective holders of the Bonds are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds being offered.

DESCRIPTION OF BUSINESS

Business Development

Cebu Landmasters Inc. (“**CLI**” or the “**Company**”) is the leading residential developer in Visayas and Mindanao. The Company was incorporated on September 26, 2003. On June 2, 2017, the Company was listed on the Philippine Stock Exchange (“**PSE**”) with “CLI” as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share.

To date, CLI has close to 100 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 15 key cities in the VisMin region.

The Company engaged Santos Knight Frank (“**SKF**”) for a total fee of ₱2.49 million to conduct an independent study in 2021 on the VisMin real estate market to determine CLI’s positioning compared to its peers in the region. The said study named CLI as the top residential developer in VisMin in 2021 with the largest market share among real estate firms. CLI dominates the condominium and subdivision market by 33% and 26% respectively. The study also reported CLI as the fastest seller in the VisMin market with 83% absorption rate outpacing the industry average of 65% due to a well-trusted and recognized brand by both local landowners and buyers. Sales are mostly domestic with foreign sales accounting to around 5% of total sales.

CLI continues to acquire high value landbank to drive continued growth of revenues in the coming years. As of December 31, 2021, the Company has a net worth of ₱17,932,181,524.00 and 103 hectares of land for development in 15 VisMin development locations. In the first quarter ending March 31, 2022, CLI reported a net worth of ₱18,265,908,695.00 on a consolidated basis and ₱11,152,399,462.00 for the Company. It has acquired 41 hectares of land in 2021, raising the entire landbank value to ₱12.00 billion. Furthermore, the Company has a number of significant land purchases lined up in Cebu, Iloilo, Cagayan de Oro (“**CDO**”) and Davao, with additional development locations such as Butuan and General Santos City on the horizon.

Business of the Issuer

The Company’s operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets:

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

The following table sets forth each segment’s contribution to the Company’s total revenues for the years ended December 31, 2021, 2020, and 2019:

Business Segment	For the years ended December 31							
	Q1 2022		2021		2020		2019	
	In ₱	%	In ₱	%	In ₱	%	In ₱	%
Real Estate	3,543,113,655	98.7%	10,912,552,965	97.49%	8,178,819,043	97.50%	8,457,770,995	98.26%
Rental	18,098,586	0.5%	76,879,316	0.69%	61,528,393	0.73%	63,159,194	0.73%

Management Services	42,604,108	0.3%	155,722,407	1.39%	93,663,461	1.12%	77,792,261	0.90%
Hotel Operations	16,336,953	0.5%	48,683,577	0.43%	54,558,131	0.65%	8,524,756	0.1%
Total	3,620,153,302	100%	11,193,838,265	100%	8,388,569,028	100%	8,607,247,206	100%

As of the first three months of 2022, residential projects make up the majority of the Company's operations and project portfolio. Revenue from the sale of real estate recorded a 52% growth y-o-y to ₱3.50 billion from ₱2.30 billion from first quarter of 2021. The Company's residential developments are divided into brands.

The Company's fastest-growing and most popular brand is Casa Mira (economic market), which accounted for ₱2.10 billion or 60% of total revenues, which significantly grew by 81% y-o-y from ₱1.18 billion, driven by Casa Mira Iloilo, Casa Mira Towers CDO and Casa Mira South Phase 3B.

Another potent brand of CLI that targets the mid-market is the Garden Series (mid-market). Subdivisions under this brand are called Velmiro, while condominium projects are known as Garden Residences. Revenue contribution remains stable at ₱768.00 million, which represents 21% of total revenues.

On the other hand, Premier Masters (premier market) are high-end residential buildings which are in prestigious urban areas, offering a luxurious lifestyle and world-class living. With contribution to revenue at 18% or ₱640.00 million, increased by 73% y-o-y from ₱370.00 million, mainly due to incremental POC in Terranza Residences in Iloilo and One Astra Place in Cebu.

The Company's joint ventures and subsidiaries has contributed the following to the Company's performance:

In ₱	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2019 (Audited)
Revenues				
Real estate sales	493,510,951	1,512,855,249	1,659,854,296	2,789,551,117
Rental	2,481,887	8,889,821	-	-
Management services	13,243,702	45,202,717	35,272,748	27,057,205
Hotel operations	16,336,953	48,683,577	54,558,131	8,524,756
Total Revenue	525,573,493	1,615,631,364	1,749,685,175	2,825,133,078
Cost	350,122,474	1,077,018,460	955,410,970	1,508,491,559
Gross Margin	175,451,019	538,612,904	794,274,205	1,316,641,519
Net Income	30,390,796	87,247,991	379,848,982	742,002,187

The Company also caters to foreign customers and has the following approximate sales mix per nationality:

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

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

Strengthening leadership in the Visayas and Mindanao Region

CLI has rapidly grown from its humble beginnings on a single 3-hectare land in Balamban. The Company has evolved into a fully integrated real estate developer with a growing, highly varied portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and townships spanning Visayas and Mindanao.

The Company has successfully expanded its residential offerings into the high-end segment with the Premier Masters selections. Its lineup of premium projects includes high-rises such as Base Line Premier, 38 Park Avenue, Astra Center and Paragon Center that are designed for world-class living in prime urban locations. Garden Series, which promises open spaces and well-designed homes like Mivela Garden and Velmiro Greens Bohol cater to the middle market. Casa Mira remains to be the Company's flagship business as it caters to the affordable and economic housing sector and the Villa Casita line serves the socialized housing market.



Venturing into township developments

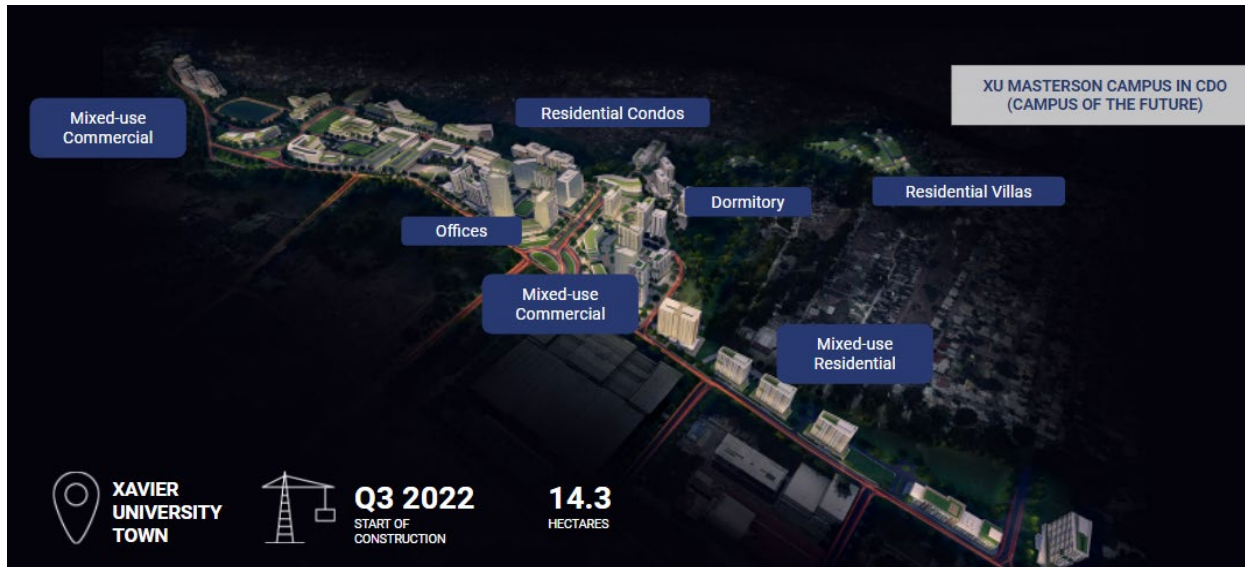
With the establishment of Davao Global Township, a 22-hectare estate in Matina, Davao, in 2018, CLI began to move into bigger ventures. CLI immediately started land development in 2019 and is currently nearly completed, allowing for the start of Phase 1 operations which includes the City Center, and Cultural center, Pavillon, the launch and start of pre-selling for East Village condominiums, and lot sales.



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



In 2021, CLI signed a Memorandum of Agreement ("MOA") to acquire 14.3 hectares of Xavier University – Ateneo de Cagayan's Manresa Property in uptown CDO. Proceeds of which will be used by Xavier to develop the new Xavier University Masterson Campus. CLI plans to build developments as an essential part of the master plan, integrated into this university community. The new 21-hectare Xavier University Masterson Campus is envisioned to catalyze further development of CDO as Northern Mindanao's education hub with a sustainable and New Normal-ready Campus Master Plan.



The Company also has ongoing negotiations with landowners in Cebu and Bacolod to further strengthen its play on estate developments.

Distribution methods of the products or services

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

CLI has one of the industry-leading sales support teams. With over 66 sales support personnel, this team collaborates, coordinates, and supports the over 11,000-strong accredited broker/agent network of CLI. This is CLI's strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

Completed Projects

Vertical and horizontal residential, mixed-use, office, hotel, and retail projects make up the 35 completed developments of the Company.

The Company has successfully completed 30 residential projects in Cebu, Bacolod, Cagayan de Oro, and Davao. The three-tower MesaVerte Garden Residences, which was one of these projects and was its first expansion project outside of its native Cebu, was already turned over and was completed in 2020. MesaTierra Garden Residences, the first of the numerous projects in Davao, was also finished in 2021. Additionally, turning over in 2022 is MesaVirre Garden Residences A & B in Bacolod. As of the first quarter of 2022, these completed residential developments were 96% sold out.

Aside from its residential developments, CLI also owns three operational office buildings with a combined Gross Leasable Area of over 29,000 sq.m. The primary office building for the Company and the place where CLI's headquarters are situated is Park Centrale in IT Park, Cebu. Since it was completed, the development has remained 100% full occupancy and was awarded as the Best Commercial Development in Cebu by the Philippine Property Awards in 2014.

Latitude Corporate Center which was recently turned over in 2020 stands 24-storeys high at the heart of Cebu's business district. CLI expects sectors like IT-BPO to gradually return to office spaces as the economy has been reopening. Latitude Corporate Center is a 5-Star BERDE-certified green building, which puts the Company in a good position to meet this demand.

In 2019, CLI opened its first hotel project with Citadines Cebu City in partnership with The Ascott Limited. Citadines Cebu City is a 180-room serviced residence strategically located within CLI's mixed-use lifestyle hub in midtown Cebu, the Base Line Center.

As of March 31, 2022, CLI's completed projects are 96% sold with remaining inventory value of only ₱1.20 billion. CLI has more in store for the VisMin real estate market, as it aims to introduce more projects in key locations, expand to new areas in the region, and tap into diverse markets.

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion
1.	San Jose Maria Village – Balamban	Balamban, Cebu	Horizontal	Residential	Mid-Market	231	204	2006
2.	San Jose Maria Village – Minglanilla	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	145	145	2008
3.	San Jose Maria Village – Talisay	Talisay City, Cebu	Horizontal	Residential	Mid-Market	96	96	2012
4.	San Jose Maria Village – Toledo	Toledo City, Cebu	Horizontal	Residential	Mid-Market	144	104	2010
5.	Villa Casita Balamban	Balamban, Cebu	Horizontal	Residential	Socialized	101	101	2015
6.	Midori Plains	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	370	370	2014
7.	Asia Premier Residences	Cebu City	Vertical	Residential	High-End	88	88	2012
8.	Base Line Residences	Cebu City	Vertical	Residential	High-End	201	201	2013
9.	Midori Residences	Mandaue City, Cebu	Vertical	Residential	Mid-Market	396	396	2014
10.	Park Centrale Tower	Cebu City	Vertical	Office	Office	55	55	2015
11.	Mivesa Garden Residences (Phase 1)	Cebu City	Vertical	Residential	Mid-Market	479	473	2016
12.	Mivesa Garden Residences (Phase 2)	Cebu City	Vertical	Residential	Mid-Market	458	454	2016
13.	Velmiro Heights (Phase 1)	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	348	346	2016
14.	Casa Mira Linao (Phase 1 and 2)	Minglanilla, Cebu	Horizontal	Residential	Economic	725	724	2016
15.	Casa Mira Towers Labangon Tower 1	Cebu City	Vertical	Residential	Economic	272	270	2018
16.	Casa Mira Towers Labangon Tower 2	Cebu City	Vertical	Residential	Economic	414	408	2019
17.	Casa Mira South Phase 1A	Naga, Cebu	Horizontal	Residential	Economic	342	342	2018
18.	Casa Mira South	Naga, Cebu	Horizontal	Residential	Economic	667	667	2018

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion
	Phase 1B							
19.	Casa Mira South Phase 2A	Naga, Cebu	Horizontal	Residential	Economic	494	494	2019
20.	Casa Mira South Phase 2B	Naga, Cebu	Horizontal	Residential	Economic	250	250	2019
21.	MesaVerte Residences Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	252	252	2019
22.	MesaVerte Residences Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	252	252	2019
23.	Base Line Center	Cebu City	Vertical	Mixed-Use	Mixed-Use	-	-	-
24.	Base Line Retail	Cebu City	Vertical	Retail	Retail	5,918 sq.m.		2019
25.	Citadines Cebu City	Cebu City	Vertical	Hotel	Hotel	92	89	2019
26.	Base Line HQ	Cebu City	Vertical	Office	Office	64	57	2019
27.	Base Line Premier	Cebu City	Vertical	Residential	High-end	379	371	2019
28.	MesaVerte Residences Tower 3	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	294	294	2019
29.	Guadalupe Pinamalayan Socialized Housing Project	Mindoro	Horizontal	Residential	Socialized	338	154	2019
30.	Latitude Corporate Center	Cebu City	Vertical	Office	Office	58	58	2020
31.	Villa Casita North	Bogo City, Cebu	Horizontal	Residential	Socialized	686	655	2020
32.	Mivesa Garden Residences (Phase 3)	Cebu City	Vertical	Residential	Mid-market	576	562	2020
33.	MesaTierra Garden Residences	Davao City	Vertical	Residential	Mid-market	677	665	2021
34.	Casa Mira Coast	Dumaguete City	Horizontal	Residential	Economic	543	522	2021
35.	MesaVirre Building A	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	294	293	2021

Ongoing Projects (under construction)

CLI has 55 ongoing projects in various stages of construction as of the first quarter of 2022. These projects are spread out over 15 key regions in Visayas and Mindanao. Construction is now in full swing at all of the Company's construction sites as of 2021, after the pandemic-related lockdown has eased and the economy has reopened.

Thirty-three residential projects totaling a project value of ₱62.70 billion are among the projects that are currently being developed. These projects have 17,974 units of which 86% were already sold and the aggregate value of remaining inventory amounts to ₱11.20 billion. CLI prides itself to sell projects at higher velocity, turn-over quickly on its developments, and move swiftly from pre-selling to construction and delivery. Continuing sales efforts are being made to sell out the projects as they get closer to completion. The Company's optimal market acceptance is known to the 1,785 real estate brokers and 11,000 sales agents across the VisMin region who continuously support CLI.

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

The Company is currently constructing nine hospitality projects with 1,565 room keys and various office and commercial projects totaling 47,000 Gross Leasable Area. More projects are in the pipeline at the planning and design stage to meet CLI's strategy to continue its build-up of its recurring income portfolio.

No.	Project	Location	Constructi on	Type	Use	No. of Units	Sold Units	% of completi on	Completi on Date
1	Base Line Prestige	Cebu City	Vertical	Residential	High-end	351	343	92%	2023
2	Base Line Lyf Hotel	Cebu City	Vertical	Hotel	Hotel	153	-	78%	2022
3	Astra Corporate Center	Mandaue City, Cebu	Vertical	Office	Office	15,906 sq.m.		34%	2025
4	Astra Lifestyle Mall	Mandaue City, Cebu	Vertical	Retail	Retail	13,464 sq.m.		76%	2023
5	Radisson Red	Mandaue City, Cebu	Vertical	Hotel	Hotel	146	-	57%	2023
6	One Astra Place Residences 1	Mandaue City, Cebu	Vertical	Residential	High-end	478	461	68%	2024
7	One Astra Place Residences 2	Mandaue City, Cebu	Vertical	Residential	High-end	533	501	63%	2025
8	MesaVirre Building B	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	442	408	99%	2022
9	MesaVirre Building C	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	336	313	95%	2023
10	38 Park Avenue Mixed-Use	Cebu City	Vertical	Mixed-Use	Mixed-Use	-	-	2022	2022
11	38 Park Avenue	Cebu City	Vertical	Residential	High-end	764	715	94%	2022
12	The Park @ 38 Park Avenue	Cebu City	Vertical	Retail	Retail	1,899 sq.m.		80%	2022
13	Citadines Paragon	Davao City	Vertical	Hotel	Hotel	263	-	55%	2024
14	Velmiro Uptown CDO	CDO City, Misamis Oriental	Horizontal	Residential	Mid-Market	395	389	96%	2023
15	Velmiro Plains Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Mid-Market	342	286	89%	2023
16	Casa Mira Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Economic	431	337	89%	2023
17	Davao Global Township	Davao City	Estate	Estate	Estate	-	-	48%	-
18	Davao Global Township – Mall	Davao City	Vertical	Retail	Retail	11,609 sq.m.		0%	2023

No.	Project	Location	Constructi on	Type	Use	No. of Units	Sold Units	% of completi on	Completi on Date
19	Paragon Center	Davao City	Vertical	Mixed-Use	Mixed-Use	6,650 sq.m.		55%	2024
20	One Paragon Convention Center	Davao City	Vertical	Retail	Retail				2024
21	Paragon Retail	Davao City	Vertical	Retail	Retail				2024
22	Citadines Paragon	Davao City	Vertical	Residential	High-end	132	57	62%	2024
23	One Paragon Place	Davao City	Vertical	Residential	High-end	554	546	62%	2024
24	Casa Mira Towers CDO Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Economic	444	441	75%	2023
25	Casa Mira Towers CDO Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Economic	542	541	75%	2023
26	Casa Mira Towers Mandaue (Phase 1)	Mandaue City, Cebu	Vertical	Residential	Economic	821	693	1%	2023
27	Patria de Cebu	Cebu City	Vertical	Commercial	Commercial	5,186 sq.m.		36%	2024
28	Patria de Cebu Office	Cebu City	Vertical	Office	Office				2025
29	Patria de Cebu Hotel	Cebu City	Vertical	Hotel	Hotel				2024
30	Citadines Bacolod	Bacolod City, Negros Occidental	Vertical	Hotel	Hotel	200	-	36%	2023
31	Mivela Garden Residences	Cebu City	Vertical	Residential	Mid-Market	1,585	1,311	89%	2023
32	Velmiro Greens Bohol (Phase 1)	Dauis, Bohol	Horizontal	Residential	Mid-Market	204	203	93%	2023
33	Casa Mira Iloilo	Iloilo City, Panay	Horizontal	Residential	Economic	1,109	1067	80%	2023
34	Casa Mira Towers Mandaue Tower 2	Mandaue City, Cebu	Vertical	Residential	Economic	407	244	33%	2023
35	Casa Mira South (Phase 3B)	Naga, Cebu	Horizontal	Residential	Economic	456	452	96%	2022
36	Casa Mira Towers Guadalupe T1 & T2	Cebu City	Vertical	Residential	Economic	778	714	T1-96% T2-59%	T1-2022 T2-2023
37	Casa Mira Dumaguete (Phase 1)	Dumaguete City, Negros Oriental	Horizontal	Residential	Economic	517	443	60%	2024
38	Casa Mira Towers LPU	Davao City	Vertical	Residential	Economic	930	930	51%	2024
39	Casa Mira Linao (Phase 3)	Minglanilla, Cebu	Horizontal	Residential	Economic	126	126	63%	2024
40	Casa Mira South (Phase 3A)	Naga, Cebu	Horizontal	Residential	Economic	162	160	90%	2022
41	Velmiro Heights CDO	CDO	Horizontal	Residential	Mid-market	518	515	38%	2024
42	CMT – Guadalupe T3	Cebu City	Vertical	Residential	Economic	453	256	30%	2025
43	Mandtra Residences T1	Mandaue City, Cebu	Vertical	Residential	High-end	595	526	31%	2025
44	Terranza Residences	Iloilo City	Vertical	Residential	High-end	600	510	35%	2025
45	Casa Mira Ormoc	Ormoc	Horizontal	Residential	Economic	685	433	50%	2024
46	Casa Mira South Phase 4A	Naga, Cebu	Horizontal	Residential	Economic	666	664	21%	2024
47	Casa Mira South Phase 4B	Naga, Cebu	Horizontal	Residential	Economic	198	197	12%	2024
48	Mandtra Residences T3	Mandaue City, Cebu	Vertical	Residential	High-end	599	155	6%	2025
49	Casa Mira Towers – Bacolod	Bacolod City, Negros Occidental	Vertical	Residential	Economic	706	307	3%	2024
50	Costa Mira Beachtown Mactan	Mactan, Cebu	Vertical	Residential	High-end	659	654	2%	2026

No.	Project	Location	Constructi on	Type	Use	No. of Units	Sold Units	% of completi on	Completi on Date
51	Masters' Tower	CBP Cebu	Vertical	Office	Office	10,500 sq.m.		6%	2026
52	Sofitel Cebu	CBP Cebu	Vertical	Hotel	Hotel	195	-	7%	2026
53	The Pad	Banilad, Cebu	Vertical	Dorm	Dorm	312	-	18%	2023
54	Abaca Resort	Mactan, Cebu	Vertical	Resort	Resort	125	-	7%	2025
55	Magspeak Mountain Resort	Cebu	Horizontal	Resort	Resort	30	-	0%	2023

Notes:

*Citadines Cebu City has total of 180 condotel units with 74 units in inventory for sale.

**Mixed-use – individual components already describe its respective number of units, hotel keys and gross leasable area

***Not applicable as the project relates to pure hotel operations

Newly launched and Pipeline projects for 2022

CLI surpassed past performance records despite the ongoing pandemic. The Company hit record reservation sales for residential properties at ₱16.52 billion in 2021 – a 16% increase compared to ₱14.25 billion in 2020. CLI is at the forefront of meeting the sustained housing demand in VisMin as it launched 10 projects worth ₱18.00 billion in 2021 and provided 3,865 new residential units. This number of launches surpassed the eight projects which was unveiled during the pandemic year of 2020 worth ₱11.50 billion.

In 2022, CLI has a solid pipeline of over 21 projects over the next two years, this includes 19 residential projects featuring wide range of products and markets to be located in various key areas in the Visayas and Mindanao region, Astra Corporate Center an office condo in Cebu, and lot sales in Davao Global Township. To continue growing its recurring income developments, CLI will also begin construction of the commercial areas in the Phase 1 of Davao Global Township, which comprises the Cultural Center, City Center, and Pavilion.

CLI reported strong sales take-up in the first three months of 2022, reaching ₱4.50 billion, or 36% more than Q1 2021's ₱3.30 billion. The Company has successfully launched four projects in Dumaguete, Bohol, Cebu and Davao. The biggest contributor was The East Village, the first residential development of CLI's Davao Global Township (DGT), which was recognized as the Best Township in Asia by PropertyGuru Asia Property Awards in 2021, made the largest contribution. Three of the residential community's six towers sold out in four days, prompting the launch of the fourth tower in Q2 2022. In a span of three months, CLI was able to sell out 80% of its newly launched projects for 2022 with only ₱1.26 billion of remaining inventory value.

CLI continues to acquire high value landbank to drive continued growth of revenues in the coming years. As of December 31, 2021, the Company has 103 hectares of land for development in 15 VisMin development locations. It acquired 41 hectares of land in 2021, raising the entire landbank value to ₱12.00 billion. Furthermore, the Company has a number of significant land purchases lined up in Cebu, Iloilo, CDO and Davao, with additional development locations such as Butuan and General Santos City on the horizon.

Residential Developments

Residential developments make up the majority of the Company's operations and project portfolio. The aim of CLI is to address the demand for quality-built, cost-effective value for money housing and well-planned communities. The Company continues to launch new housing projects in response to the housing backlog and heightened desire for safe and secure homes equipped for the needs of the new normal.

Based on the markets they are targeting, the Company's housing developments are divided into brands. The Company's fastest growing and most popular brand is Casa Mira, whose units typically cost ₱110,000.00 per sq.m. or ₱1.70 million per housing unit and cater to the housing needs of the affordable market. Over time, the Casa Mira series has proved to be a valuable asset, maintaining the largest residential market share in Visayas and Mindanao. Its success has largely been credited to its great

value, providing residents with reasonably priced homes in beautiful communities with the added benefit of several amenities usually packaged with higher-priced developments. These include a clubhouse with multi-purpose halls, chapel, swimming pool, basketball court, and children's playground.

With selling prices starting at 120,000 per sq.m. or housing unit pricing ranging from ₱2.50 million to ₱3.20 million, the Garden series is another potent brand of CLI that targets the mid-market. Subdivisions under this brand are called Velmiro, while condominium projects are known as Garden Residences. Gardens series prides itself in providing an impressive host of amenities that include a swimming pool, multi-level clubhouse with function rooms, fitness gym, basketball court, and playgrounds situated in expansive landscaped park.

On the other hand, Premier Masters are high-end residential buildings with prices starting at ₱140,000.00 per sq.m. These masterpieces of CLI are located in prestigious urban areas, offering a luxurious lifestyle and world-class living. These developments include Terranza Residences in Iloilo, Costa Mira Mactan, and The 38 Park in I.T. Park Cebu.

Lastly, Villa Casita are socialized housing units with prices not exceeding ₱480,000.00. Through CLI's socialized housing projects, the Company can provide decent and affordable housing to the least of the market segment.

The list below categorizes the projects according to market segments:

Horizontal (Subdivision) Projects:

Socialized:	Villa Casita North and Villa Casita Balamban in Cebu; Guadalupe Pinamalayan Socialized Housing Project
Economic:	Casa Mira Linao and Casa Mira South in Cebu; Casa Mira Coast and Casa Mira Homes Dumaguete in Negros Oriental; Casa Mira Bacolod in Negros Occidental; and Casa Mira Iloilo in Panay
Mid-Market:	San Jose Maria Villages, Midori Plains and Velmiro Heights in Cebu; Velmiro Uptown CDO in Misamis Oriental; and Velmiro Plains Bacolod in Negros Occidental; Velmiro Greens Bohol

Vertical (Condominium) Projects:

Economic:	Casa Mira Towers Labangon, Casa Mira Towers Guadalupe and Casa Mira Towers Mandaue in Cebu; Casa Mira Towers CDO in Misamis Oriental; and Casa Mira Towers LPU in Davao
Mid-Market:	Midori Residences, Mivesa Garden Residences and Mivela Garden Residences in Cebu; MesaVerte Garden Residences CDO; MesaTierra Garden Residences in Davao; and MesaVirre Garden Residences in Bacolod
High-End:	Asia Premier Residences, Base Line Residences, Base Line Premier, Base Line Prestige, 38 Park Avenue, and One Astra Place in Cebu; and One Paragon Place in Davao, Costa Mira Beachtown in Cebu

Horizontal (Subdivision) Projects

Villa Casita Balamban

Launched in 2014, CLI's first socialized housing development is located at Buanoy, Balamban, Cebu. With a land area of 8,128 sq.m., it consists of 101 row house units having a lot area of 36 sq.m. and

a floor area of 22.65 sq.m. Pre-sold units were priced at about ₱400,000.00. It is fully developed, completed, and sold out.

Villa Casita North

The second project of the Company's Villa Casita brand offers its homeowners well-designed homes, well-planned site development, and sizable green spaces for parks and community facilities traditionally found only in mid-market or upscale developments. The development is designed to provide over 686 homes to families in the North of Cebu with a selling price of ₱480,000.00 per unit.

Guadalupe Pinamalayan Socialized Housing Project

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

Casa Mira Linao

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

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

Casa Mira South

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

In 2020, CLI launched Casa Mira South Phase 3A and Phase 3B with 618 units at an average pre-selling price of ₱1.20 million to ₱2.60 million. The expansion projects are both fully sold during the year while Phase 4 are still being marketed.

Casa Mira Coast

Casa Mira Coast, a residential economic subdivision located in Barangay Maslong, Sibulan, Negros Oriental, is a 5.3-hectare project that consists of 543 townhouses selling at ₱1.60 million to ₱2.20 million. It offers amenities that are not only top of the line but also affordable. Apart from this, the project has a breathtaking view of the nearby coast and is only 2.0 km away from the Dumaguete Airport.

Casa Mira Dumaguete

Launched in 2020, the second Casa Mira project in Negros Oriental is located in a 7-hectare land in Junob, Dumaguete City. Its modern architecture and design were inspired by the classic American Country Home. This development is split into two phases with a total of 586 house and lot units. Phase 1 was already launched during the year 2021 with selling prices ranging from ₱2.20 million to ₱3.70 million per house and lot while Phase 2 is currently in the planning stage. Average floor range is 60 to 135 sq.m.

Casa Mira Bacolod

Casa Mira Bacolod is the 7th Casa Mira project of CLI with 431 house and lot units. With its accessible location, homeowners enjoy more the conveniences brought by business establishments, malls, schools, churches and major institutions. The development offers generous open spaces and well-planned amenities at an affordable price ranging from ₱1.70 million to ₱2.20 million. The well-designed houses range from 40 to 46 sq.m. in floor area.

Casa Mira Homes Iloilo

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

Casa Mira Homes Ormoc

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

San Jose Maria Villages ("SJMV")

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

Midori Plains

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

Velmiro Heights Cebu

This mid-market development was launched in 2013 and is located on an 8.80-hectare property in Tunghaan, Minglanilla, Cebu. This 348-unit development offers 11 different house models, ranging from townhouses to single-detached, two-storey units. Townhouses have 60-sq.m. floor areas, while the largest unit contained 131 sq.m. of living space. Townhouses were pre-sold at an average price of ₱1.70 million while the largest single-detached unit is about ₱5.30 million. Phase 1 is now fully developed, completed, and sold, while Phase 2's 81 units are still on the market.

Velmiro Uptown CDO

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

Velmiro Plains Bacolod

Bringing new heights to the City of Smiles in 2019 is Velmiro Plains Bacolod. This 8.3-hectare development is a modern mid-market residential community comprising 342 house and lot units with floor area ranging from 60 sq.m. to 106 sq.m. Located strategically at Granada, Bacolod City, the average selling price ranges from ₱2.60 million to ₱4.20 million per house and lot.

Velmiro Greens Bohol

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

Vertical (Condominium) Projects

Casa Mira Towers Labangon

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

Casa Mira Towers Guadalupe

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

Casa Mira Towers Mandaue

Launched in 2019, Casa Mira Towers Mandaue, a four-tower mid-rise condominium located in Marciano Quizon, St. Mandaue City, Cebu, is the 8th development of CLI's Casa Mira flagship housing community. The project offers a mix of studio and one-bedroom units with prices ranging from ₱75,000.00 to ₱80,000.00 per sq.m. Phase 1 and Phase 2 development has 659 units and 736 units, respectively. This includes Tower 1 which is scheduled to be launched by the end of 2022. The project is expected to be delivered and turned over by 2023.

Casa Mira Towers CDO

Located within the progressive city of CDO, Casa Mira towers CDO is a two-tower residential condominium with 986 units offering an upgraded lifestyle for the Filipino family. Launched in 2019, the development also has its own retail spaces on the ground floor area providing utmost convenience to its residents. With more space and more amenities, Casa Mira Towers CDO prides in giving its residents more value for their homes. The project had sold out in 2020, despite the nationwide community quarantines and the global pandemic.

Casa Mira Towers LPU

Located within minutes from Davao's Francisco Bangoy International Airport, Casa Mira Towers LPU is composed of two residential towers and retail at the podium with 930 condominium units. The project will have a retail component at the ground floor for retail and food outlets to cater students from Lyceum of the Philippines – Davao. This two-tower project is to support LPU Davao as a globally

competitive university township – a one-stop development with not just a standalone university, but including supplementing components such as residential, hospitality, retail, and meetings, incentives, conventions, and exhibitions needs; and to position Davao as one of the country's up-and-coming bustling and vibrant destinations.

Midori Residences

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

Mivesa Garden Residences

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

MesaVerte Residences

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

MesaTierra Garden Residences

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

MesaVirre Garden Residences

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

Mivela Garden Residences

Mivela Garden Residences is a ₱5.30 billion project, located in Banilad, Cebu City, with four-towers and 1,585 condo units. The Best-Selling Garden Series development has generated overwhelming buyer interest as it is 80% sold out after 3 weeks of selling. The project is close to major establishments providing urban comforts within near distance while maintaining its serene and refreshing ambiance. Construction immediately started and will be completed by the first half of 2023.

Asia Premier Residences

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

Base Line Residences

This 201-unit residential condominium project is located in uptown Cebu City on Juan Osmeña Street. The project offered 23-sq.m. studio units at a pre-selling price of ₱1.59 million, while its 41-sq.m. 1-

bedroom unit pre-sold at ₱3.15 million. The project was launched in 2011, and is fully developed and completed, with its 201 units having been sold out.

Base Line Premier

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

38 Park Avenue

38 Park Avenue was launched last 2017 with a total of 764 units. This 38-floor New York inspired condominium is designed to be the highest building in Cebu I.T. Park offering an exclusive and breathtaking 360 view of the city. 38 Park Avenue presents five types of condo residences: studio (24 sq.m.), one-bedroom (54 to 56 sq.m.), two-bedroom (80 sq.m.), three-Bedroom (111 to 137 sq.m.) and penthouse (320 to 420 sq.m.). The project is expected to be completed by the end of 2022.

Base Line Prestige

Located in Juana Osmena St., Kamputhaw Cebu City, this high-end residential condominium is the final tower to rise in the Base Line Center. With 351 units, each unit is designed to be spacious and accessible to various establishments. This tower has a wide range of amenities, from retail podiums, fitness gyms, pools, and playgrounds. Units for this project are being sold for ₱2.00 million to ₱10.00 million. The project is set to be completed by 2023.

One Astra Place Residences

Situated in the heart of A.S. Fortuna Street, the lifestyle avenue of Mandaue City, One Astra Place is the residential component of Astra Centre, a mixed-use development that carries astounding design of residential towers, upscale lifestyle mall, world-class hotel and modern office spaces. One Astra place is a 15-storey condominium at 99% take-ups that comes with a wide range of world-class amenities and features. The second residential tower was launched in 2019 with 95.1% take-up as of December 31, 2021. The project is scheduled to be completed by 2024.

Terranza Residences

Terranza Residences is a partnership with International Builders Corp. (IBC) under a joint venture called GGTT Reality. The 33-storey Terranza Residences is CLI's second Iloilo City project. It is expected to be completed by 2025, bringing in as much as ₱2.40 billion in revenues. It will be home to 600 units on a 2,539-sq.m. property. The residential segment will offer one-bedroom units spanning 24 sq.m. to 174 sq.m., which may be combined, as well as penthouse units with 117 sq.m. of space to as much as 174 sq.m. The project will feature a sky lounge, a rooftop garden, a play area, fitness gym, and a helipad.

Costa Mira Beachtown Mactan

The first CLI resort living project, Costa Mira Beachtown, is located in Mactan, Cebu. The development consists of three towers, the first two of which were launched in 2021 and are nearly sold out. Because of the tremendous demand, the third tower will be launched in the latter part of 2022 and is scheduled to be completed by 2026.

Office Projects

In 2013, CLI opened its first office property, Park Centrale at IT Park Cebu, taking advantage of the growing BPO sector in Cebu. CLI's current strategy is to significantly expand its recurring revenue projects in order to deliver 200,000 sq.m. over the next five years in terms of gross leasable area (GLA).

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

Office Buildings: Park Centrale Tower, Base Line HQ, Latitude Corporate Center, Astra Corporate Center, Patria de Cebu Office and Masters Tower Cebu Office

Park Centrale Tower

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

Base Line HQ

This project is the office component of the Base Line Center, a major mixed-used development of CLI. Similar to the Company's successful Park Centrale, the said project also caters to both BPOs and executive offices. CLI offers for sale 77% of the 74 office units, while the remaining was retained for the Company's growing leasing business. The strategic location attracted customers in the medical, legal, government and outsourcing services.

Latitude Corporate Center

Latitude is a green building project registered with BERDE, the nationally accepted green building rating system used to measure, verify, and monitor the environmental performance of buildings that exceed existing mandatory regulations and standards in the Philippines. This 21,000-sq.m. (in GFA) development is a project of BL CBP Ventures, Inc., a joint venture company of CLI and Borromeo Bros, Inc. At 24 storeys, Latitude will be the tallest office development at the Cebu Business Park. As the project developer and manager, CLI uniquely positioned this project as a three-product office development with BPO, enterprise and executive office offerings. With its iconic design and green building features, the project is aiming for a 3-star BERDE certification. The BERDE project was completed in 2020 with ongoing turn-over.

Astra Corporate Center

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

Patria de Cebu Office

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

Masters Tower Cebu Office

On February 19, 2021, the Company unveiled its ₱4.00 billion skyscraper that is set to open in 2025. This mixed-use tower located on a 2,840 sq.m. area in the Cebu Business Park will have an iconic office component in anticipation of a robust economic recovery in the next few years.

The tower's office spaces from the 8th to the 12th floor anticipate the needs of locators who value efficiency and sustainability and keenly follow global trends. The spaces will highlight horizontal louvers to reduce solar heat by almost 70% and to create a comfortable work environment. In addition

to the louvers that reflect Cebuano craftsmanship, sky gardens in every floor and throughout the LEED-registered building will enhance the well-being of its occupants.

Hotel and recreational development

In addition to its residential and office developments, CLI has recently entered the hospitality business starting with the completion of its first hotel, Citadines Cebu City in September 2019.

In 2021, CLI signed a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu nearby the IT Park. The Pad, with over 300 dormitory rooms is currently under construction and is expected to be completed by 2023.

The following are the projects under the hospitality business of CLI, its Subsidiaries and its associate Magspeak:

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

Citadines Cebu City

Starting operations in September 2019, the project is an international serviced residence with 180 rooms of which 92 units were offered for sale and 88 units were retained by the Company for recurring revenue. Citadines Cebu City is part of the mixed-use Base Line Center located in Juana Osmeña St, Cebu City, Cebu. It complies with international hospitality standards as it operates under the management of The Ascott Limited, the world's largest international serviced residence owner-operator.

Radisson Red

CLI expanded partnership with international hotel brands by signing a management contract with Radisson Hotel Group, one of the world's largest and most dynamic hotel groups, for the first Radisson RED in the Philippines. Radisson RED will be part of the Astra Centre, a major mixed-use development of CLI, along A.S. Fortuna St. in Mandaue City, Cebu. The 146 guest rooms of Radisson RED, with its unique design and upscale select service offering, injects life into the hotel through informal services. The development is scheduled for completion and operations by 2023.

Base Line Lyf Hotel

Portion of the 3rd tower in Base Line Center project is Base Line Lyf Hotel. This 153-room serviced residence project targets the booming local and foreign millennial market in Cebu City. The hotel will be managed by Ascott Limited, one of the world's leading international serviced residences. This project is set to be completed by 2022-2023.

Citadines Paragon Davao

Located at General Douglas MacArthur Highway, Bucana Tolomo, Davao City, Citadines Riverside is an apartment hotel which will be managed by Ascott. The hotel is designed to provide guests its world class amenities, such as a fully equipped kitchen, home entertainment, dining, and retail outlets. Citadines Paragon is set to open by 2024.

Citadines Bacolod

Citadines Bacolod will be the first internationally branded hotel of Bacolod managed by Ascott Limited. The international hotel / serviced residences will provide 200 hotel units, an events hall, function

rooms, meeting rooms, restaurants, bar and various hotel amenities within a 4,502 sq.m. property. The project is scheduled to open and start contributing to our hotel revenues by 2023 or 2024.

Patria de Cebu Hotel

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

Abaca Resort Mactan Cebu

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

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

Sofitel Cebu City

The first five-star luxury hotel in the Queen City of the South will rise on a 2,840 sq.m. property considered to be the remaining prime corner lot in the Cebu Business Park, Cebu City's prestigious central business district. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The sustainability of this LEED-registered building will be reflected in the design of the 14th to the 32nd floors which will house the luxury hotel with 195 guest rooms, a grand ballroom, 2 restaurants, executive lounge, meeting rooms, roof deck, swimming pool, gym, and spa.

The Pad

The Pad is the first entry of CLI on co-living spaces. The dormitory will have 312 semi-furnished rooms that can occupy three to four transients. The project is located along Banilad road, Cebu City which is strategically located near schools and BPOs. The Pad is integrated in the mixed-use development, Banilad Highstreet with retail spaces and storage facilities.

Mixed-use developments and Townships

With its growing brand, experience, and portfolio, CLI pursued larger scale developments in prime urban locations.

Mixed-Use and Township: Base Line Center, Astra Center, 38 Park Avenue, Paragon Center, Patria de Cebu, Davao Global Township, Banilad Highstreet, and Masters Tower, Cebu

Base Line Center

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

38 Park Avenue

CLI, through its joint venture, El Camino, also acquired a 1.18-hectare property inside the Cebu IT Park, the largest remaining private property inside the prestigious address. This property called 38

Park Avenue at the Cebu IT Park, will be transformed into a mixed-use urban park with a 38-storey residential tower, BPO office, hotel, and retail boulevard.

Astra Center

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

Paragon Center

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

Patria de Cebu

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

Banilad Highstreet

CLI has inked a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu nearby the IT Park. Sugbo Prime Estate, the joint venture is a 7,500-sq.m. property along Banilad and nearby Cebu IT Park which houses several business process outsourcing firms. The joint venture is with the Farrarons family who owns two hotels and a strip mall in Cebu City. Banilad Highstreet will have commercial spaces, over 300 dormitory rooms, and a self-storage facility.

Davao Global Township

CLI also entered into another joint venture to develop a central business district in Matina, Davao. The 22-hectare estate, called Davao Global Township, will be developed into a large-scale self-contained community with office, residential, mall and institutional uses.

Masters Tower Cebu

Set to be completed in 2025, it will offer prime office and retail spaces and the first five-star luxury hotel in the Queen City of the South. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The tower is CLI's most iconic architectural structure to date, building a towering crown-like structure to represent the "Queen City of the South".

The architectural masterpiece will top-off at 192 meters above sea level and will be among the top three tallest structures in the metropolis. It will have a structural height of 172 meters high, with an architectural design inspired by the best of Cebuano creativity and craftsmanship, and with sustainability as one of its cornerstones having been conceptualized to use energy and resources efficiently and responsibly. Groundbreaking of the LEED-registered Masters Tower Cebu took place in September 2021. CLI is aiming for the building's LEED Gold certification.

Ming-mori Reclamation Project

CLI is currently working on the Ming-mori Reclamation Project in its pipeline projects. This master planned reclamation development covering 100 ha was issued an ECC by the Department of Environment and Natural Resources ("DENR") on July 22, 2020, following a comprehensive two-year review. This project is a joint venture among the local government of Minglanilla and private consortium partners Ming-Mori Development Corp. The techno business hub will be a township project to house light industrial facilities with residential, commercial areas and an integrated port

facility and to generate over 75,000 jobs in the municipality while meeting sound environmental guidelines.

CLI's Commitment to Sustainability

The year 2021 presented an opportunity for the Company to enhance not just sustainability reporting but organizational alignment, risk management and governance practices. The Company conducted a stock-taking exercise to review its value creation process using a sustainability lens. This includes accounting of capital, risks, issues, and impacts that are material to the business and the Company's stakeholders.

From this exercise, the Company developed a 5-pillar sustainability strategy and framework and created a structure that will govern and implement sustainability initiatives.

The Company is publishing its first integrated report in accordance with globally-accepted systems and standards for corporate disclosure. CLI cross-referenced general and material disclosure topics on the most widely-adopted Global Reporting Initiative (GRI Standards), the Sustainability Accounting Standards Board and the International Integrated Reporting Council (IIRC).

Moving forward, the Company remains committed to making sustainability an essential component of its operations.



Competitive strengths

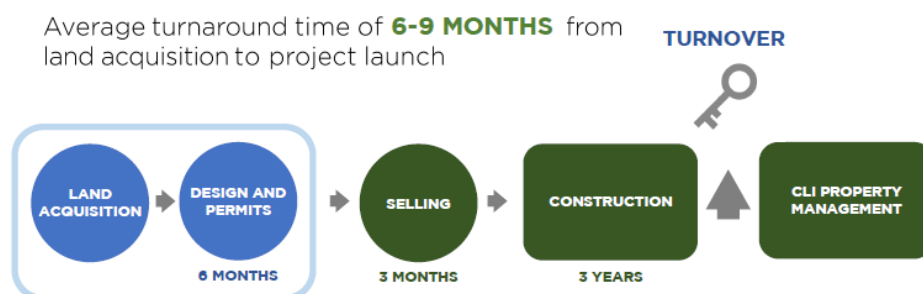
Leading property developer in VisMin with a distinguished brand and reliable track record of project execution proven during the pandemic

A recent market study by SKF named CLI as the top residential developer in VisMin in 2021 with the largest market share among real estate firms. CLI dominates the condominium and subdivision market by 33% and 26% respectively. The study also reported CLI as the fastest seller in the VisMin market with 83% absorption rate outpacing the industry average of 65% due to a well-trusted and recognized brand by both local landowners and buyers.

CLI has responded well to the increasing market demands of VisMin, outpacing other developers in finishing construction and delivering completed units to its customers. On the average, CLI can convert raw land to a turned-over project in less than two to three years, depending on the project size. CLI's

condominium developments BaseLine Residences, Park Centrale Tower, Mivesa Garden Residences, Midori Residences, and Casa Mira Labangon were delivered to the buyers in two years, as committed by the Company in its marketing materials.

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



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

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

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

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

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

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

CLI gives its clients more value for their investments. Its properties are distinguished by the quality of its locations, award-winning planning and design, generous amenities, timely and quality construction, and industry-best customer service, after-sales and property management support at very competitive prices. The Company has a strong pipeline in various affordability levels, and will strive to continuously improve its products' value proposition. As a success criterion and as practiced, CLI has always projected its initial pre-selling prices to appreciate by at least 20-25% by the time the construction is completed. As an indication of the positive market response, a number of its projects have set selling records in the markets they are launched and 98% of the inventory from its completed projects has been sold out.

Highly diversified and expanding project portfolio and socio-economic markets

CLI is a fully integrated real estate developer with a highly diversified expanding portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and a township across 10 major locations in VisMin – Greater Cebu, Bohol, Dumaguete, CDO, Davao, Iloilo, Bacolod, Ormoc, Butuan, and Palawan.

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

As the economy improves in 2021, the Company has begun to release projects for the mid and premier market sectors this year. The CLI reported a 16% growth in reservation sales to ₱16.52 billion, with economic housing accounting for 41%, mid-market accounting for 27%, and high-end projects accounting for 31%.

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

Experienced management team and organizational culture

The Company aims to grow its workforce in line with high standards of professionalism, as it has over the last 18 years. The Group has grown from two employees to a dynamic team of 709 executives, managers, officers, and staff, with an average age 46 and over 250 years combined cumulative professional experience in their respective fields, who have contributed to the Company's culture of excellence and strong corporate governance. CLI's customer-first attitude and family-oriented team enables it to achieve high stakeholder satisfaction and establish strong brand equity.

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

Socially Responsible Development

CLI is committed to demonstrate responsible planning and development. Wherever the Company develops, community and infrastructure improvements within the neighborhood are integral parts of the development plans. CLI has partnerships with various barangays, local government units and institutions, including Habitat for Humanity ("**Habitat**").

For partnerships with barangays, a fine example is the community improvements done in Barangay Lahug, Cebu City, as part of its Mivesa Garden Residences project. As its gesture of goodwill for the barangay and its constituents, the Company upgraded various barangay infrastructures including the widening of the Salvador Ext. barangay road, the installation of new drainage lines, and the construction of a three-storey public market in 2013. The previous market was located along the sidewalk, so the developer provided a more stable, hygienic, and secure facility. This was well received by the local

community and as such, it serves as a testament that private development can also generate good social works.

CLI also developed a tricycle terminal for Barangay Quijada Guadalupe, right beside Casa Mira Towers Guadalupe. The terminal was built to alleviate traffic in the area caused by the loading and unloading of tricycle passengers. The new establishment provides safety and security to both passengers and operators of Guadalupe.

Additionally, CLI collaborated with Habitat for the '*Pinamalayan* Socialized Housing Project' and '*Bastikville* 4 Socialized Housing Project' in Quezon City, where CLI served as the developer of over 338 socialized units and 94 walk-up apartments. Aside from this, the Company generously contributed to the Habitat Bohol Rebuild Program in 2015, which aimed to rebuild over 8,000 homes affected by the October 2013 earthquake.

For its partnership with Ramon Aboitiz Foundation, Inc. ("**RAFI**"), CLI's current tree growing program includes over 202,436 native seedlings planted over 43 hectares. CLI collaborates with RAFI as part of its responsible compliance to Environmental Compliance Certificate requirements for its growing number of projects.

CLI is also an advocate of green building standards with some of its projects incorporating important green building and environmentally friendly features. Its Latitude Corporate Center office project is marked to be the first registered project in Cebu Business Park under *BERDE*, the Philippines' green building rating system that aims to promote sustainable design and operations.

In 2020, when the COVID-19 pandemic hit the country, CLI was in the forefront to nurture partnerships despite the health crisis.

The CLI Cares Campaign aimed to provide assistance to its employees, residents, third-party workers, medical frontliners and communities. Apart from issuing an early 14th month pay, CLI also reinforced health and medical coverage, provided health and safety kits, transportation services, flu vaccines for employees and their families, rapid tests for the skeletal staff and provisions for reusable face masks, among others. The Company also ensured the strict observance of health and safety protocols which included the regular sanitation of work stations. CLI was also able to secure health and safety measures in all Company properties. Awareness programs were also implemented to educate employees in practicing precautionary measures at home and at work. Webinars, online training, regular meetings, and engagement programs persisted despite the nationwide lockdown.

Additionally, CLI also extended support towards more than 5,000 third-party construction and maintenance workers through providing daily allowances on top of their wages, health kits, and essential supplies for their families. Construction workers were given Christmas packages while medical frontliners received protective equipment distributed to respective local authorities. Moreover, a quarantine facility in South Road Properties was constructed in support of the Cebu City government. The Company also donated food packs and medical supplies to 18 cities and 30 barangays where CLI has projects.

In 2021, the Company operationalized Cebu Landmasters Foundation, Inc. (the "**Foundation**") that serves as a vehicle to pursue the Company's Corporate Social Responsibility ("**CSR**") agenda.

The Foundation's framework is based on the Company's vision, which is to be the most community-focused real estate company in the Visayas and Mindanao regions.

Through the Foundation, the Company's efforts on corporate citizenship are organized into a more coherent and focused set of programs. The Foundation has identified interventions that are aligned with the needs and priorities of partner communities: building capacities for livelihood, environmental stewardship, health, sanitation and wellness, and to help develop skills through education.

In 2021, when Cebu was in the top list of provinces with the highest COVID-19 cases, the Company continued to pursue its pandemic response initiatives by supporting a private-sector led project, *Balik-Buhay SaBaBida* Program. The Company provided for the salaries and bonus allowance of nurses

assigned in the COVID wards in six partner hospitals, while the Company continued to support partner local government units (“**LGUs**”) in the vaccination roll out.

In addition, the activities of the Company and the foundation focused on community needs assessment and engagement, especially those in the vulnerable sector. An example of which is the Company’s engagement with Cebu City as partner LGU. The Company broke ground on its 100-unit, 5-storey socialized housing medium rise tenement building donated to the City of Cebu to resettle 100 informal settler families currently living in danger zones. While the building is being constructed, the Company created a taskforce composed of the following members: Cebu City’s Local Housing Board, the Division for the Welfare of the Urban Poor, Department of Human Settlement and Urban Development, and *Barangay* Lorega San Miguel (the host *barangay*). The taskforce held regular sessions to plan for the beneficiary selection, social preparation, and property management of the building. The Company provided the taskforce with guidance and oversight, lending its expertise in the area of property management and community development to help the LGU in the pre-settlement process, before the building will be completed and turned over to the City.

Furthermore, the Company partnered with Mandaue City, to plan for a future socialized housing tenement building that will benefit informal settler families hit by a major fire incident in 2019 in *Barangay*, Tipolo, Mandaue City. Plans were also being done for another socialized housing project in *Barangay* Bangkal, Lapu-Lapu City, in partnership with the Justice Peace and Integrity of Creation, an Arnold Janssen/SVD organization supporting disadvantaged members of the community. This housing project seeks to provide shelter to the homeless whose livelihood depended on scavenging and collecting recyclables.

Also in 2021, CLI joined the rest of the country in celebrating Olympic silver medalist Carlo Paalam’s extraordinary achievement at the Tokyo Olympics by granting him a ₱3.60 million house and lot in Velmimo Uptown, CDO. This is the first house and lot that the Company has given to an individual who has brought honor to the country.

Towards the end of the year, when typhoon Odette hit Cebu, the Company responded to the needs of its host communities by providing food packs, roofing materials and solar lamps, which were distributed mostly in the early part of 2022, in areas that were severely affected by the typhoon, benefiting over 4,000 families. In addition, the Company provided ₱30.00 million assistance in roof repairs that benefited more than 800 homeowners affected by the typhoon.

Strategic joint venture partnerships

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

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

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

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

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

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

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

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

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

CLI's net income to its shareholders has increased at a compound annual growth rate of 27.78% from its first public offering in 2017 to the recent full year 2021. The Company has continually proven great profitability and prudent financial management throughout its expansion. CLI's gross profit and net income increased steadily while maintaining good margins and debt management discipline.

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

For the year ended 2021, CLI recorded ₱2.61 billion net income attributable to CLI shareholders in 2021, an increase of 42% from ₱1.85 billion year-on-year. CLI's topline grew by 35% to ₱11.16 billion from 2020's ₱8.30 billion driven by significant construction accomplishments and robust sales, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition, based on its audited financial statements. The Company also maintained prudent debt management during the year. Net Debt to equity ratio remained at modest levels standing at 1.72x while lowering down cost of borrowing to 4.75% from 4.96% in 2020.

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

CLI also has one of the most organized and responsive accounts receivable and customer support departments in the industry. Customers who wanted to defer their equity payments due to the pandemic were given a grace period during the shutdown. Despite this, the delinquency rate in 2021 remained low at 5.3% improving from the 5.5% of the past year. Cancellation rate likewise improved to only 3.74% in 2021 from 4% in 2020.

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

In respect of its debt management, CLI endeavors to match its debt maturity profile with that of the cashflow it is generating from the very projects being funded. CLI's cash cycle is typically four to five years depending on the project type. So especially in a rising interest rate environment, the proceeds

to be raised from the Bonds are intended to be a means to carry out CLI's ongoing strategy of moving its debt maturity profile towards the longer end of the curve and at the same time mitigating the impact of higher borrowing costs since the Bonds involve fixed interest rates.

Operational excellence

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

Construction

For each horizontal and vertical development, CLI engages various general and specialty contractors with both local and national experience. With over 135 engineers in its roster, CLI handles the project and construction management aspect of every project, and manages the various contractors and sub-contractors that are utilized. As the project manager, CLI controls the delivery of its projects with priority on promptness, quality and professionalism. CLI does not have any in-house construction or any affiliated general contracting business.

Sales

CLI has one of the industry-leading sales support teams. With over 66 sales support personnel, this team collaborates, coordinates, and supports the over 11,000-strong accredited broker/agent network of CLI. This is CLI's strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

Key Strategies

Expansion to key cities in the Visayas and Mindanao

Regional Developments:

Bohol	: Velmiro Plains Bohol
Dumaguete	: Casa Mira Coast, Casa Mira Dumaguete
Bacolod	: MesaVirre Garden Residences, Casa Mira Granada, Velmiro Plains
Iloilo	: Casa Mira Iloilo
Ormoc	: Casa Mira Ormoc
CDO	: MesaVerte Garden Residences, Velmiro Uptown CDO, Casa Mira Towers CDO
Davao City	: MesaTierra Garden Residences, The Paragon Center, Davao Global Township, Casa Mira Towers LPU

In 2015, CLI embarked on its regional expansion when it launched MesaVerte Residences in CDO. This is the mid-market condominium offering of CLI with three 15-storey residential towers having a total of 798 units which almost sold out in less than a year of pre-selling. In 2018, the Company then introduced its mid-market horizontal project in the same city – Velmiro Uptown CDO. The subdivision's master plan shows an inventory of 396 units intended to meet the housing demand in the area.

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

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

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

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

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

In 2020, CLI sets footprint in Bohol and Iloilo with the successful launching of Velmiro Greens Bohol, a 3.6-hectare modern mid-market horizontal development in Jaro Dausi, Panglao, Bohol, and Casa Mira Iloilo, 14.4-hectare economic subdivision project in Jaro, Iloilo City with 1,188 housing units. With the fully take-up Casa Mira Coast in Sibulan, Negros Oriental, the Company launched Casa Mira Dumaguete, a 6.1-hectare project to develop 586 economic horizontal housing units. CLI also launched Casa Mira Towers LPU, a 930-unit economic condominium project, as a housing options for students in Lyceum of the Philippines University.

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

CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod, CDO, and Davao, with new expansion areas such as Butuan, Roxas, General Santos City and Palawan also on the horizon. CLI continues to pursue its aggressive plans to establish and deliver quality developments across the VisMin region.

Building recurring income developments

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

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

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

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

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

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

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

CLI's current recurring income assets include BPO floor space, executive office space, residential units, and various commercial and retail units in its condominium projects. These assets are now delivering an annual lease income to CLI of close to ₱74.30 million with their combined GLA of 29,133 sq.m. At present, the Company's rental occupancy rate is at 74% after the newly delivered spaces from Latitude Corporate Center wherein leasing initiatives are still ongoing. Several under construction commercial developments that will further boost its recurring income includes Astra Center and Patria de Cebu.

The new developments in Davao, Phase 1 of Davao Global Township and Paragon Center, are also designed to boost the recurring income of the Company by 2025 by integrating a hotel, commercial center, office, and residential tower into one development.

Vertical integration – property management

On April 20, 2017, Cebu Landmasters Property Management, Inc. ("**CLPM**"), a wholly-owned subsidiary of the Company, was incorporated to provide property management services to housing, condominium and office projects developed by the Company. With the goal of making CLPM a self-sustaining and revenue generating business unit, CLPM is envisioned to eventually offer and expand its services to outside clients. Currently, CLPM is managing 23 projects with revenue for the period ending December 31, 2021, 2020 and 2019 are ₱42.90 million, ₱42.60 million, and ₱36.80 million respectively.

Growth of economic housing brand (Casa Mira)

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

Despite the pandemic, strong housing demand in VisMin enabled CLI to sell a number of housing units from Casa Mira which accounted for 69% of the Company's reservation sales in 2020 amounting ₱14.23 billion. In 2021, as the economy reopens, demand for the Casa Mira brand remains resilient, accounting for 41% of the ₱16.52 billion reservation sales that the Company recorded during the year. There has been an increase in premier masters (high-end) from 31% in 2021 to 93% in the first quarter of 2022. There has also been a strengthened foothold in sales outside Cebu, from 19% in year 2021 to 89% in the first quarter of 2022. Currently, there are 11 Casa Mira communities and a total of over 13,155 housing units in VisMin namely: (1) Casa Mira Linao, (2) Casa Mira South, (3) Casa Mira Towers Guadalupe, (4) Casa Mira Towers Labangon, (5) Casa Mira Towers Mandaue, (6) Casa Mira Coast, (7) Casa Mira Bacolod, (8) Casa Mira Towers CDO, (9) Casa Mira Iloilo, (10) Casa Mira Dumaguete, (11) Casa Mira Towers LPU, (12) Casa Mira Ormoc, and (13) Casa Mira Towers Bacolod.

In 2022, CLI will roll out this brand in Davao, Palawan. The Company sees this as a great opportunity to tap into the classes B, C and D markets where most of the working population belongs to. With the Philippines' young and growing workforce, the need for affordable permanent housing options will continue to escalate.

Capitalizing on pipeline projects

CLI has a solid pipeline of over 21 projects over the next two years, including 19 residential, one office condo, and the start of lot sales in Davao Global Township. CLI will also begin work on the remaining of Phase 1 of Davao Global Township, which comprises the Cultural Center, City Center, and Pavilion. CLI plans to expand its present product offerings across VisMin with additional vertical residential and mixed-use complexes that will produce revenue and recurring income for the Company.

Establish and leverage strategic partnerships, alliances joint ventures and cooperation

CLI will also continue to pursue local partnerships that will serve to enhance its expansion plans. The Company has proven that strategic alliances can provide a winning formula for securing strategic locations and entering new markets for as long as the JVs are executed with best practices. Its existing JVs are BL CBP Ventures, Inc., CCLI Premier Hotels, Inc., Cebu BL-Ramos Ventures Inc., Cebu Homegrown Developers, Inc., CLI Premier Hotels Int'l. Inc., El Camino Developers Cebu, Inc., GGTT Realty Corporation, Mivesa Garden Residences, Inc., YHES Premier Hotel Inc., YHEST Realty and Development Corporation, Yuson Excellence Soberano, Inc., Yuson Huang Excellence Soberano, Inc.

Sugbo Prime Estates, Inc. and CLI-LITE, Inc. are CLI's new joint venture agreements for 2021. (CLI-LITE). In addition, the business expanded its stake in Ming-Mori Development Corporation from 20% to 78%, making it the joint venture's project manager and principal developer.

Corporate Organization

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

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

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

On February 26, 2021, the Company increased the authorized capital stock to ₱10.00 billion common shares and ₱1.00 billion voting preferred shares.

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

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

Subsidiaries and Affiliates

Corporate structure

The Company holds ownership interests in the following Subsidiaries and associates as of December 31, 2021:

Entity	Effective Percentage of Ownership	
	2021	2020
<i>Subsidiaries</i>		
(1) A.S. Fortuna Property Ventures, Inc. (ASF)	100	100
(2) CLI Premier Hotels Intl. Inc. (CPH)	100	100
(3) Cebu Landmasters Property Management, Inc. (CLPM)	100	100
(4) CLI-LITE Panglao Inc. (CLI-LITE)	88	-
(5) BL CBP Ventures, Inc. (BL Ventures)	50	50
(6) Yuson Excellence Soberano, Inc. (YES)	50	50
(7) Yuson Huang Excellence Soberano, Inc. (YHES)	50	50
(8) YHEST Realty and Development Corporation (YHEST)	50	50
(9) CCLI Premier Hotels, Inc. (CCLI)	50	50
(10) YHES Premier Hotel Inc. (YHESPH)	50	50
(11) Mivesa Garden Residences, Inc. (MGR)	45	45
(12) El Camino Developers Cebu, Inc. (El Camino)	35	35
(13) Cebu Homegrown Developers, Inc. (CHDI)	50	50
(14) Cebu BL-Ramos Ventures, Inc. (CBLRV)	50	50
(15) Ming-Mori Development Corporation (MMDC)	78	20
(16) GGTT Realty Corporation (GGTT)	50	50
(17) Sugbo Prime Estate, Inc. (SPE)	64	-
<i>Associates</i>		
(18) Magspeak Nature Park, Inc. (Magspeak)	25	25
(19) Icom Air Corporation (ICOM)	33	33

- (1) ASF was incorporated as a joint venture on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential and office development and a boutique mall. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary as of December 31, 2017. Its principal office is located on the 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (2) CPH, a wholly owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company's future hotel developments. The commercial operations started on September 14, 2019. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (3) CLPM, a wholly owned subsidiary of the Company, was incorporated on April 20, 2017, to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. CLPM started commercial operations on September 1, 2017. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (4) CLI-LITE was incorporated on July 19, 2021, as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (5) BL Ventures was incorporated on February 3, 2016, to develop Latitude Corporate Center, a 24-storey office development at the Cebu Business Park. BL CBP Ventures, Inc. was a JV of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.
- (6) YES was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a JV between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences, a 21-storey residential condominium, and two other mixed-use projects in Davao City. It will also engage in real estate brokering to facilitate the

marketing and sale of the JV developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave. in Davao City.

- (7) YHES was incorporated on November 10, 2017, to develop the Paragon Davao, a 1.9-hectare property in Riverside Davao. The development will become a mixed-use real estate which will include a residential, retail, hotel and convention center. YHES Inc., is a JV of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.
- (8) YHEST was incorporated on August 10, 2018 to develop the Davao Global Township. It is a JV between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.
- (9) CCLI was incorporated on November 12, 2018, as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The Citadines hotel is planned to be managed by Ascott. The principal place of business of CCLI is located at 2nd floor MesaVirre showroom in Bacolod City.
- (10) YHESPH was incorporated on October 28, 2019, as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. YHESPH has not yet started its commercial operations.
- (11) MGR was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property to be registered in the Company's name. Its principal office is located on the 10th Floor, Park Centrale Tower, J.M. del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.
- (12) EL Camino was incorporated on August 15, 2016, to develop a 1.17-hectare property inside the Cebu IT Park, and to construct (1) 38 Park Avenue at the Cebu IT Park, a 38-storey high-end residential condominium, and (2) Park Avenue Corporate Center, a Grade A office building with over 20,000 sq.m. of leasable area. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.
- (13) CHDI, a JV of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex, with sellable and leasable units, in a 12,405 sq.m. lot area in Mandaue City, Cebu. The Company has a 50% stake in Aboitiz CLI Cebu Developers, Inc.
- (14) CBLRV was incorporated on February 21, 2020, as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business is located in Cebu City.
- (15) MMDC was incorporated on August 1, 2013, to undertake and execute land reclamation projects, submit bids, and accept awards for reclamation projects, and manage, hold, and sell reclaimed land and other real property. MMDC is the private consortium that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves the development of the Minglanilla TechnoBusiness Hub, a 100-hectare techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has increased its stake to 78% from 20% in Ming-Mori Development Corporation in 2021. This transaction enabled CLI to become the project manager and principal developer of the reclamation project.
- (16) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City. On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for by the Group as an asset acquisition as discussed in Note 7 in the Audited Financial Statements. During the first quarter of 2021, GGTT started commercial operations, and is now considered as a subsidiary of CLI.

- (17) SPE was formed in 2019 as a one-person corporation and was converted into an ordinary stock corporation after entering into a JV with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is in Cebu City.
- (18) Magspeak was incorporated on October 21, 2011, to acquire, lease and develop lands into nature and eco-tourism parks in Balamban Cebu, and to manage, and operate the same. CLI holds a 25% stake in Magspeak.
- (19) ICOM was incorporated in December 2020 as an undertaking of CLI and various individual stockholders to import aircraft(s) and operate a transportation business in the Philippines. ICOM's principal place of business is located in Iloilo City.

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

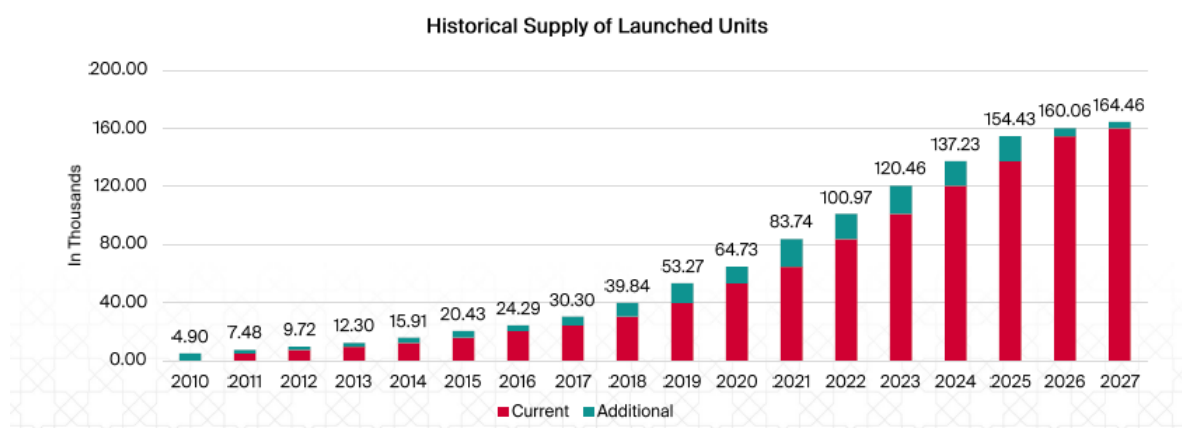
Competition

In 2021, SKF updated their study on the VisMin market and reported that CLI remained as “the leading residential developer in VisMin” with the largest market share from among real estate firms providing condominium projects and subdivisions in the region. The 2021 study shows that CLI leads the residential market with a 33% market share in condominium market, delivering 5,687 units and leads 26% of the subdivision market after supplying 2,844 units.

The real estate industry in VisMin and its trends²

Overall residential supply in VisMin increased by 4.07% from the 2020 figure. Subdivision remains dominant in terms of the overall supply with 53% share. From the upcoming developments scanned, the overall supply is expected to reach more than 164k units by year 2027.

Figure 1. Historical Supply of Launched Units



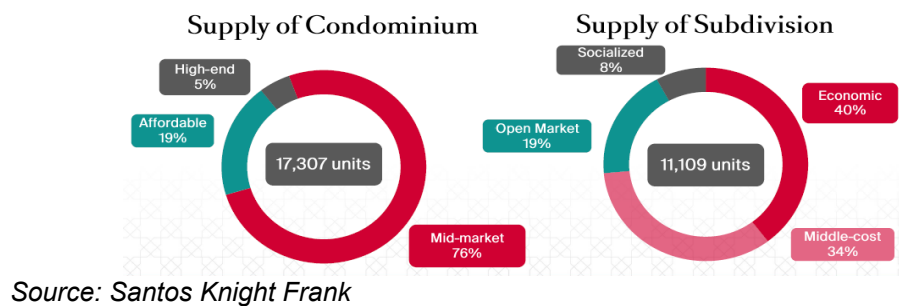
Source: Santos Knight Frank

Easing of quarantine widened the residential activities in some areas. It was observed that developers are keen towards building projects in Cebu. There is also an observed sprouting of growth areas which would increase the opportunities for developers to build projects in the future.

Developers have been more aggressive in tapping mid-market. For instance, condominium developers primarily target OFWs. There has been a sluggish supply increase in the affordable market due to the financial distress caused by the pandemic.

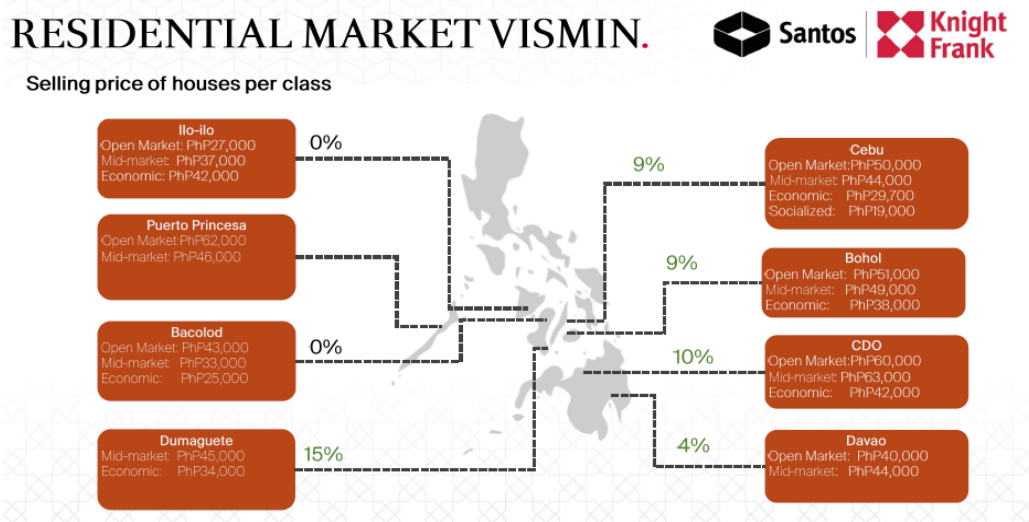
² From the Property Market Study prepared by Santos Knight Frank for CLI, September 28, 2021.

Figure 2. Supply of Condominium and Supply of Subdivision



Source: Santos Knight Frank

Figure 3. Selling Price of Houses in VisMin



Source: Santos Knight Frank

Office Market³

The current supply in Cebu, Davao and Bacolod is at 1,325,648 sq.m. of office space. This is expected to grow to 1,540,749 sq.m. of GLA by 2024 with an additional 200,000 sq.m.

On average, office buildings in Cebu, Davao, and Bacolod posted a lease rate of ₱592.00/sq.m. and a 19% vacancy rating.

Hospitality Market⁴

Among key areas in VisMin, Cebu has the highest supply of hotel rooms with 11,050 rooms, with a majority classified as economy. In terms of room type, hotels mainly offer deluxe and standard rooms.

Out of the identified hotels in VisMin, 12,399 (55%) rooms are still operational. Around 20% of hotel rooms are used as quarantine facilities for locals and returning OFWs, while 21% of hotel rooms are temporarily closed due to constant changes in COVID-19 restrictions.

The average occupancy rate is recorded at an all-time low at 30%, while Bacolod has the highest occupancy rate of 33%. Overall, the average daily rate is ₱2,800.00.

Retail Market⁵

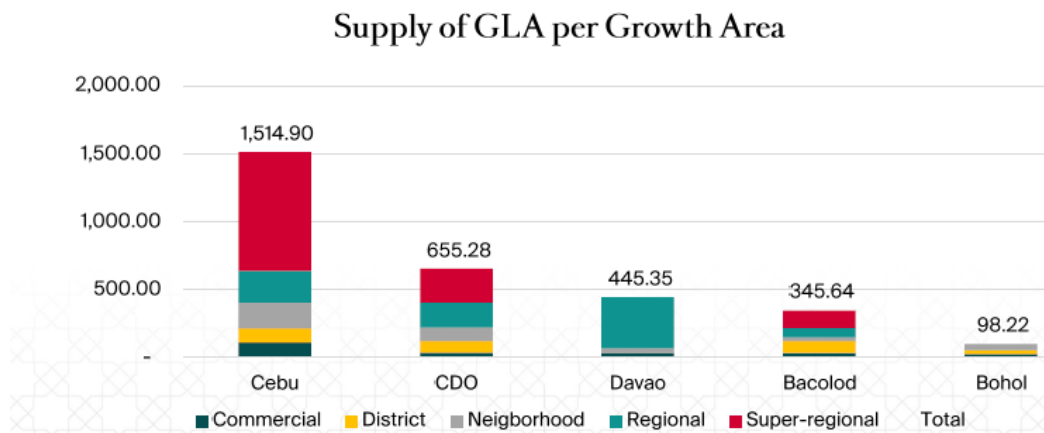
³ From the Property Market Study prepared by Santos Knight Frank for CLI, September 28, 2021.

⁴ From the Property Market Study prepared by Santos Knight Frank for CLI, September 28, 2021.

⁵ From the Property Market Study prepared by Santos Knight Frank for CLI, September 28, 2021.

Cebu holds the largest retail supply across all growth areas.

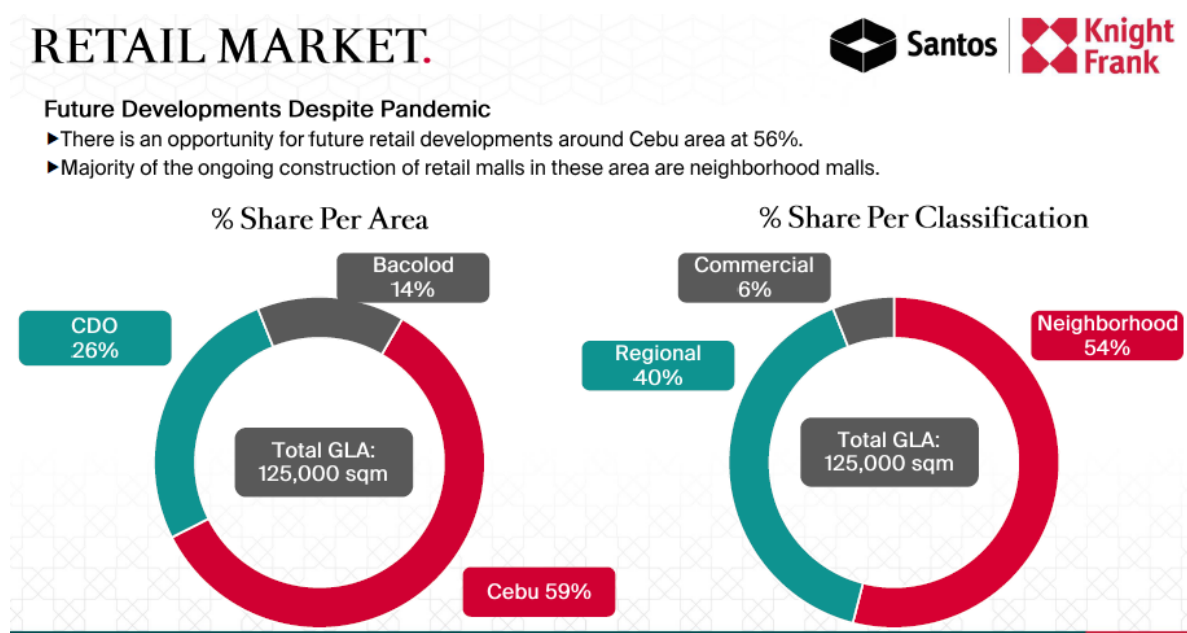
Figure 4. Supply of GLA per Growth Area



Source: Santos Knight Frank

There is an opportunity for future retail developments around Cebu area at 56%. Majority of the ongoing construction of retail malls in these areas are neighborhood malls.

Figure 5. Percentage Share per Area and per Classification



Source: Santos Knight Frank

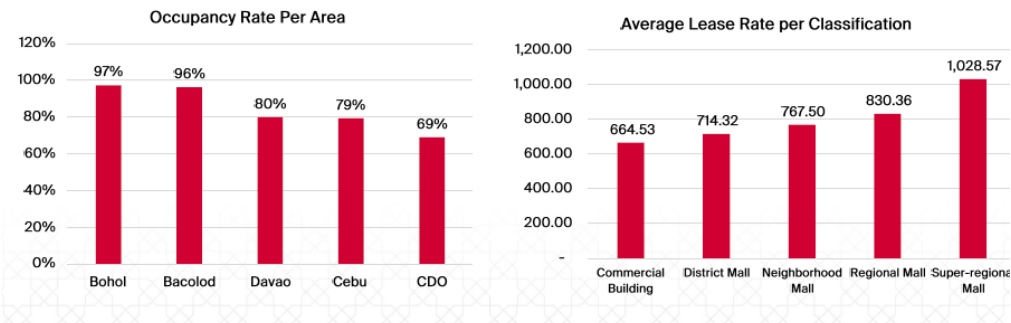
Overall occupancy is at a good number in overall areas, with an average lease of ₱600.00- ₱1,000.00 across classifications.

Figure 6. Overall Supply Across Multiple Areas

Overall Supply Across Multiple Areas

► For occupancy, we're seeing a good number in overall areas despite pandemic.

► For average lease rate, PhP600 to PhP1,000 across classifications. Super-regional malls is still considered as top option on all areas.



Source: Santos Knight Frank

Future growth areas⁶

1. General Santos City

Residential projects in General Santos City are mainly classified as economic housing. In terms of supply, the top developers in the area are 8990 Holdings, Bria Homes, and Agan Land with 2,664, 1,392 and 1,278 units, respectively. By classification, actively selling projects are being sold at an average of ₱38,300.00 per sq.m. for economic housing.

In terms of hospitality, majority of the top hotels in General Santos City are under the middle classification. The average occupancy rate of the top hotels is 26%, with an average rate of ₱3,100.00 per room.

The gross leasable area (GLA) is 132,700 sq.m. KCC Properties and SM Prime Holdings contribute 38% and 33% of that market. Occupancy rate is at 66% with an average lease rate of ₱600.00 per sq.m.

2. Butuan City

Vista Land is the top player in this City in terms of residential real estate. It has over 617 combined units.

In terms of hospitality, there are five hotels operating at 50% capacity. Middle class hotels supply 79% of the demand while economy hotels contribute 21%. There is currently low occupancy is caused by the Pandemic.

3. Roxas City

Pueblo de Panay mixed-use development is currently the largest township in the city, spanning 500 hectares. Residential projects are evenly spread among the major developers in the city, with Economic Housing being the most common with over 1,000 units.

In terms of retail, average lease rate is at ₱713.00/sq.m. with a GLA of 51,502 sq.m. and an average occupancy of 62.5%.

In the hospitality sector, the average room rate is at ₱2,799.00 with an average occupancy rate of 34%.

⁶ From the Property Market Study prepared by Santos Knight Frank for CLI, September 28, 2021.

Competitors

CLI is within the field of top industry players and local developers across its product range. The Company goes head-to-head with national players such as Amaia Land Corporation, Avida Land Corporation, and Alveo Land Corporation, all of which are subsidiaries of Ayala Land, Inc., Filinvest Land Inc., Megaworld Corporation, Rockwell Land Corporation, 8990 Holdings, and Hongkong Land which is in partnership with the local developer, Taft Properties.

The Company also competes with established local developers in Cebu, and other parts of VisMin, like Primary Group of Builders, AboitizLand, Johndorf, and Taft Properties.

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

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

Suppliers

Through a pre-qualification and bidding procedure, CLI obtains construction materials and services from third-party suppliers and partners both locally and nationally that fulfill the Company's stringent quality requirements. The Company does not foresee for shortage in raw materials or services for its operations as it establishes strong partnership with various stable and resilient suppliers and contractors.

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

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

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

Supplier	Product / Service
Steelasia Manufacturing Corporation	Supplier
Vic Enterprises	Supplier
APO Cement Corporation	Supplier
JLR Construction and Aggregates Inc.	Supplier
Maxima Steel Mills Corporation	Supplier
Phelps Dodge Philippines Energy Products Corp	Supplier
Cebu Oversea Hardware Co., Inc	Supplier
Metro Bacolod Pentalink, Inc.	Supplier
Nitronne Trade	Supplier
Matimco Incorporated	Supplier
Castcrete Builders, Inc	House Construction
Cigin Construction & Development Corp	House Construction
J. E. Abraham C. Lee Construction Inc	General Construction Works
Dakay Construction & Development Corp.	General Construction Works
PLD Construction and Development Inc.	General Construction Works
Young Builders Corporation	General Construction Works
EEL Corporation	General Construction Works
Carwill Construction Incorporated	General Construction Works
Riezl Landcare & Construction	General Construction Works

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

Construction Contracts

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

With over 135 engineers in its roster, the Company handles the project and construction management aspect of every project and manages the various contractors and sub-contractors that are utilized. As the project manager, the Company controls the delivery of its projects with priority on promptness, quality, and professionalism. The Company does not have any in-house construction or any affiliated general contracting business.

Customers

CLI caters to several real estate categories – residential, retail, offices, and hotels. Among the four categories, the Company's experience in the industry has been primarily focused on residential development which comprises 98.5% of total current projects.

Of the Company's real estate developments, 27% of CLI's horizontal and vertical projects serve the needs of the mid-market. Fast-selling projects like Midori Residences, Midori Plains, Velmiro Heights, Mivesa Residences, MesaVerte Garden Residences, Velmiro Uptown CDO, and Mivela Garden Residences show the growing demand for new, well-built, well-planned and strategically located homes for the mid-market segment. CLI's mid-market clients are those who can afford a monthly equity payment of ₱8,000.00 to ₱15,000.00 and an annual income of ₱400,000.00 to ₱800,000.00.

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

Casa Mira, CLI's best-selling product offering, comprised 41% of the Company's reservation sales in 2021. High-end residential developments are at 31%, driven by the newly launched project, Costa Mira Beachtown Mactan.

Employment Profile	%	Citizenship	%	Marital Status	%
Locally employed	49%	Filipino	95%	Married	43%
OFW	37%	Foreigner	5%	Single	50%
Self-Employed	9%			Others	7%
Entrepreneur	5%				

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

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

The Company has over 21,000 different live sales contracts and no single contract accounts for 20% or more of CLI's sales. These are all different and distinct individual buyers.

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

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

Leases for retail spaces within our mixed-use developments, as well as office spaces within our office developments are generally short-term ranging from 1-3 years, with renewability clauses. Leases are fixed rates with predetermined escalation clauses. No one leasing contract or tenant group contributes to more than 1% of the Company's overall revenues.

Related Party Transactions

Related party transactions ("**RPT**") are transfers of resources, services, or obligations between CLI and its Subsidiaries (the "**Group**") and its related parties, regardless of whether a price is charged.

Below are RPT transactions of the company as of March 31, 2022:

Name of Related Party	Nature of Relationship	Net Receivable (Payable) Balance as of 31 March 2022	Other relevant terms (e.g., nature of related party transaction; repayment terms)
BL CBP Ventures, Inc.	Subsidiary; JV	(₱97,136,941.30)	The RPT balance primarily pertains to CLI's purchase of office condominium units and parking slots in the JV entity's project (Latitude Corporate Center). As a commercial sales transaction executed and entered into on an arm's length basis, the balance shall be paid by CLI in accordance with the terms and conditions of the sales contracts it executed with the JV entity.
El Camino Developers Cebu, Inc.	Subsidiary; JV	163,234,179.20	This pertains to CLI's shareholder advances which serve as temporary working capital support for these JV entities. As agreed between the parties, the repayment terms are contingent on the liquidation of the JV entities' receivables, increase in take-outs, and positive cash flow.
Yuson Excellence Soberano, Inc.	Subsidiary; JV	407,185,136.91	
Cebu BL-Ramos Ventures, Inc.	Subsidiary; JV	221,449,542.51	This pertains to CLI's shareholder advances which are essentially capital contributions in nature to support the needs and requirements of these JV entities. Considering the nature and purpose of these infusions, the parties agreed on open-ended maturity and indefinite terms.
Cebu Homegrown Developers, Inc.	Subsidiary; JV	145,656,037.18	

Name of Related Party	Nature of Relationship	Net Receivable (Payable) Balance as of 31 March 2022	Other relevant terms (e.g., nature of related party transaction; repayment terms)
GGTT Realty Corporation	Subsidiary; JV	(75,225,739.66)	The RPT balance primarily pertains to CLI's purchase of residential condominium units and parking slots in the JV entity's project (Terranza Residences). As a commercial sales transaction executed and entered into on an arm's length basis, the balance shall be paid by CLI in accordance with the terms and conditions of the sales contracts it executed with the JV entity.
		₱765,162,214.84	

The Group's related party transactions also include advances to related parties, real estate sales to ultimate parent company, real estate sales to key management personnel, key management personnel compensation, and CLI's retirement fund.

Advances to related parties pertain to cash advances to shareholders, entities under common ownership and associates. Balance as at 31 December 2021 amounts to ₱57,401,674.00 and is presented as due from related parties in the consolidated statements of financial position.

Real estate sales to ultimate parent company include CLI's sales of condominium units to AB Soberano. Outstanding balance as at 31 December 2021 amounts to ₱80,411,781.00 and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position.

Real estate sales to key management personnel include CLI's sales of condominium units to key management personnel. Outstanding balance as at 31 December 2021 amounts to ₱57,186,058.00 and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position.

Key management personnel compensation pertains to short term benefits and post-employment benefits totaling ₱122,750,352.00 for the year ended 31 December 2021.

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets consists of the contributions to the plan and interest earned. The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Pursuant to CLI's RPT Policy, related parties include: (a) a person or close member of that person's family who has control or joint control of the Company; or is a key management personnel of the Company, its parent, subsidiaries or affiliates; (b) a substantial shareholder, who is any person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security; (c) an entity is a related party if it and the Company are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others); the entity is an associate or joint venture of CLI or vice-versa, or an associate or joint venture of a member of a group of which the other entity is a member; the entity is a post-employment benefit plan; the entity has a management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.

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

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

All RPTs breaching the ₱50.00 million threshold have been approved by the RPT Committee and CLI Board, and as supported by its respective minutes of meetings and committee/board resolutions. For FY2021, this included the approval of shareholder advances to related party joint venture entities, real estate purchases from related party joint venture entities, and procurement of contracted services from other related parties.

Further thereto, CLI also observes the 10% Material RPT threshold as prescribed by the SEC. Material RPT pertains to any RPT, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of CLI's total assets based on its latest AFS.

All individual material RPTs and aggregate material RPTs shall be approved by at least two-thirds vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote to approve the material related party transactions is not secured, it may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Before the execution of a material RPT, the Board may appoint an external independent party to evaluate the fairness of the terms thereof and evaluate if the transaction is done on normal market terms. Within three calendar days from the execution of any material RPT, CLI, through the Corporate Secretary, shall submit an Advisement Report to the SEC.

For FY2021, and while not a material RPT breaching the 10% materiality threshold of SEC, the Board appointed an independent third party (FTI Consulting Philippines Inc.) to evaluate the fairness of the transaction price pertaining to CLI's proposed acquisition of additional shares in a joint venture company, Ming-Mori Development Corporation. FTI Consulting rendered a fairness opinion and valuation study following the parameters set under the 2020 International Valuation Standards. The valuation was derived through a methodology called Discounted Cash Flows ("**DCF**") method, which involves forecasting the subject company's appropriate cash flow stream over an appropriate period and discounting it back to present value using an appropriate discount rate. Applying the DCF method, the third-party appraiser concluded that the transaction is fair from a financial point of view. Based on this fairness opinion and valuation study, the Board proceeded to approve and ratify the acquisition of additional shares in the JV company. Details of the fairness opinion and discussion on the procedures implemented are documented in the Minutes of the board meeting held on August 19, 2021. Moreover, the acquisition of additional shares after approval of the board is disclosed and uploaded in CLI's PSE EDGE portal.

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

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

Government approvals/regulations

The Company and its Subsidiaries secure various government approvals, permits and licenses required and necessary for their business operations, including their respective projects, as part of their ordinary

course of business. CLI does not foresee any material adverse effect of existing and future government regulations on the business of CLI and its Subsidiaries.

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

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

Research and Development

For FY2021, CLI’s Research & Development (“**R&D**”) expenses amounted to ₱3,577,569.78. This includes expenses in relation to valuation services provided by FTI Consulting Philippines, Inc., consultancy services of Meadowland Developers, Inc., assistance services provided by Isla Lipana & Co., and quantity surveying and construction services provided by AS Enriquez Engineering Consultancy. R&D expenses for FY2021 is 0.037% of revenues. CLI had no R&D expenses in 2020 and prior years.

Project Development

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

In millions	2021	2020	2019
Revenue	₱11,162	₱8,299	₱8,499
Capital Expenditures on Project Development	7,792	6,149	5,946
Ratio	143%	135%	143%

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

Health, Safety and Environmental Matters

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

Effect of Compliance

Companies are faced with a high cost of compliance, but in general the benefits outweigh the cost. For FY2021, the costs of compliance with environmental laws amounted to ₱22,151,564.79 (capitalized costs) and ₱182,842.61 (recorded as part of operating expenses), respectively. The capitalized costs primarily pertain to Sewage Treatment Plants electromechanical system works, construction of material recovery facility, topographic survey, geotechnical investigation, drainage impact assessment, and tree planting expenses, whereas the operating expenses primarily pertain to taxes, permits, and licenses.

Given the scale of the Company’s operations, environmental compliance is a means for CLI to ensure that the impact of environmental risks is mitigated. The Company’s land development activities have direct impacts on the environment. The Company’s use of materials, energy, and water can affect soil quality, water quality, air quality, biodiversity, and habitats, among others.

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

The Company neither had recorded cases of nor received sanctions for non-compliance with

environmental laws and/or regulations in 2021. This attests to the effectiveness of the Company's mechanisms in ensuring compliance. In the future, the Company aims to improve its system by investing in internal training and third-party advisories to monitor full compliance to the environmental laws and regulations and correct any non-compliance issues that may occur.

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

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

ESG Reporting Process and Governance

Being a publicly-listed company, CLI has complied with the requirements of the Securities and Exchange Commission on the aspect of Sustainability and Environmental, Social and Governance ("ESG") reporting. CLI published its first Integrated Report covering 2021 performance. Having been able to systematically account its positive and negative impacts, the Company's financial, natural, social, manufactured and human capitals and other non-financial metrics have driven the Company to identify aspects that are most material to the business and to its stakeholders, thereby having the mindset of going beyond compliance --- through process improvements that allow the Company to reduce its negative impacts and increase its economic contribution in the local communities where it conducts business.

Enhancing Brand Value and Market Leadership

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

With the Company's strong relationships with partner LGUs, broker community, and its JV partners, CLI is considered a trusted brand. CLI has 12% market share in the Visayas and Mindanao in terms of overall supply of residential units for vertical and horizontal developments, according to a survey undertaken by Santos Knight Frank in 2020. As a result, CLI is now the leading residential developer in the VisMin region.

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

As a result of the Company's initiatives, CLI was recognized as one of the BCI Asia's Top 10 Developers in the Philippines for 2018, 2020, and 2021 and the only one from the VisMin region. The BCI Asia Awards seeks to recognize top developers and architects that have 'the greatest impact on the built environment in Southeast Asia'. The top 10 developers are identified as 'the firms with the aggregate value of projects under construction by the extent of their sustainability and confirmed green building ratings'.

In addition, CLI won several awards during the 9th Annual PropertyGuru Philippines Property Awards in 2021 including a special recognition in ESG and was awarded as the Fastest Growing Real Estate Developer in the Philippines by the 2021 International Finance's Real Estate Awards.

CLI Workforce, Customers and Communities

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

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

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

Resource Use, Managing Impacts and Biodiversity Management

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

*Contribution to United Nations' Sustainable Development Goals ("**UN SDG**")*

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

Employees

The Group has a total of 739 employees, broken down in entities and department as follows as of August 31, 2022:

Department/Company	Employees	2022 Target
Parent Company		
Engineering	135	173
Sales	66	89
Accounting and Finance	61	64
Treasury	59	70
Business Development	36	50
Permits & Licenses	30	36

Property Management	33	38
Accounts Management	35	48
Customer Care	30	36
Human Resources & Admin	21	22
Tax	18	18
Marketing	17	17
Purchasing	17	17
Corporate Finance	7	9
IT	10	16
Legal	8	7
Internal Audit	4	5
Leasing	2	3
ERM	2	2
CLI Hotels-Support	4	4
Sustainability/CLI Foundation	3	3
Top Management	5	5
BOI	2	2
Total	605	734
Subsidiaries		
CLPM	98	114
CPH	36	36
Total	134	150
GRAND TOTAL	739	884

The Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. Efforts to professionalize the Company over the last 18 years are evident as the Company has grown from two employees to a dynamic team of executives, managers, officers, and staff instilled with the Company's brand of professional work ethics and strong corporate values. The Company has a total of 739 employees as of August 31, 2022 and expects to have 884 regular employees by the end of December 31, 2022.

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

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

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

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

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

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

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

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

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

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

DESCRIPTION OF PROPERTY

Land Inventory

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

Location	Primary use	Ownership	With Security Interest?	Total Area
Magtuod, Davao	Residential	CLI	Yes	285,842
Matina, Davao	Estate	YHEST	No	220,000
CDO	Residential	CLI	No	143,477
Consolacion, Cebu	Residential	CLI	No	103,000
Danao, Cebu	Residential	CLI	No	80,000
Panglao, Bohol	Residential	CLI-LITE	No	40,228
Mandaue City, Cebu	Residential	CHDI	No	24,623
Bogo, Cebu	Residential	CLI	No	23,128
Puerto Princesa, Palawan	Residential	CLI	No	20,974
Minglanilla, Cebu	Residential	CLI	No	18,369
Lowaii, Mactan	Residential	CLI	No	12,641
Biking, Bohol	Residential	CLI	No	12,518
Junob, Dumaguete	Residential	CLI	No	11,181
Riverside, Davao	Mixed-use	YHES	No	10,201
Mandaue, Cebu	Residential	CHDI	No	8,435
IT Park, Cebu	Mixed-use	El Camino	Yes	5,828
Cebu City, Cebu	Residential	CBLRV	Yes	5,539
Davao	Residential	CLI	No	3,672
Cebu City, Cebu	TBD	CLI	No	913
Cebu City, Cebu	TBD	CLI	No	467
Mandaue City, Cebu	TBD	CLI	No	387
Total				1,031,424

Other Assets

As of March 31, 2022, the Company's other properties consist of Property and Equipment and Investment Property amounting to ₱950.60 million and ₱13.76 billion, respectively.

For the carrying amounts and movements of the Company's Other Assets, please refer to Notes 11 and 13 in the Unaudited Interim Consolidated Financial Statements as of March 31, 2022.

Rental Properties

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

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

Project	Location	Type	GLA (In sq.m.)
Base Line Center	Juana Osmeña St., Cebu	Office and Retail	6,249
Park Centrale	Cebu IT Park, Cebu	Office and Retail	4,661
Casa Mira Towers Labangon	Labangon, Cebu	Retail	877
Asia Premier Residences	Cebu IT Park, Cebu	Residential and Retail	932
Mivesa Residences	Lahug, Cebu	Residential and Retail	376
Base Line Residences	Juana Osmeña St., Cebu	Residential and Retail	265
MesaVerte Residences	Osmeña Ext., CDO	Retail	158
MesaTierra Garden Res	Davao	Retail	328
Casa Mira South	Naga, Cebu	Retail	193
Cebu BL Ramos Ventures	Cebu City	Retail	1,886
Midori Residences	AS Fortuna Mandaue, Cebu	Residential and Retail	86
Latitude Corporate Center	Cebu Business Park	Office and Retail	13,122
TOTAL			29,133

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

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

Leased Properties

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

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

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

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

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

Property	Area (sq.m)	Lease rate	Location	Start of Term	Term	Renewal Options
Land	6,670	Monthly rent of ₱150.00 per sq.m. with 5% escalation every two years	Colon, Cebu City	2019	40 years	None
Land	2,804	Monthly rent of ₱1,000.00 per sq.m. with 5% escalation every two years	Cebu Business park	2019	43 years	None
Land	7,595	Monthly rent of ₱132.00 per sq.m. with 5% escalation annually	Banilad, Cebu City	2021	22 years	With option for renewal (i.e., 30 days prior to the expiration)

Mortgage, Liens, and Encumbrances

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

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

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

Under Section 18 of Presidential Decree No. 957, no mortgage on any unit or lot shall be made by the owner or developer without prior written approval of the HLURB (now DHSUD). Accordingly, before the

Company mortgages properties being used for its condominium or subdivision projects, it ensures compliance with the said law and its implementing regulations.

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

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

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

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

Insurance

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

Intellectual Property

CLI ensures compliance with intellectual property laws and regulations, including guidelines and issuances of the Intellectual Property Office of the Philippines ("IPOPHL"). CLI recognizes the importance of its trademarks as among its valuable assets and help distinguish CLI's products and services from competitors. Thus, protection of its trademarks is a priority of CLI.

The following are among the material trademarks owned by the below entities, and these trademarks are registered accordingly with IPOPHL:

Trademark	Holder	Registration Number	Date of Registration
CEBU LANDMASTERS 	CLI	4/2016/503726	2017-01-12
M MASTERS TOWER CEBU BY CEBU LANDMASTERS 	CLI	4/2021/503998	2021-07-02

Trademark	Holder	Registration Number	Date of Registration
CASA MIRA MORE FOR THE FILIPINO FAMILY 	CLI	4/2020/514876	2021-07-02
CASA MIRA HOMES 	CLI	4/2020/514874	2021-07-02
CASA MIRA TOWERS 	CLI	4/2020/514877	2021-07-02
38 PARK AVENUE 	CLI	4/2021/527846	2022-05-09
LATITUDE CORPORATE CENTER 	CLI	4/2016/505104	2017-02-09
CASA MIRA 	CLI	4/2016/503727	2017-01-19
BASE LINE CENTER 	CLI	4/2016/503728	2017-01-19
MANDTRA RESIDENCES 	CHDI	4/2020/514875	2021-04-23
TERRANZA RESIDENCES 	GGTT	4/2020/514873	2021-07-02

Trademark	Holder	Registration Number	Date of Registration
YHEST REALTY AND DEVELOPMENT CORP. 	YHEST	4/2019/502022	2019-09-22

Material Permits and Licenses

CLI and its Subsidiaries are in possession of the material permits required for the conduct of their respective businesses. Details of these material permits are set out in the table below.

A. Corporate Permits

1. CLI

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS200321240	September 26, 2003	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	8RC0001425996E	November 12, 2003	Not Applicable
Business Permit	Local Government Unit	82314	November 25, 2021	2021-2022
Employer Data Form	Home Development Mutual Fund	2011-0575-0005	Not Applicable	Not Applicable
Certificate of Registration	Social Security System	06-1692314-4	Not Applicable	Not Applicable
PhilHealth Certificate of Registration	Philippine Health Insurance Corporation	201722300228	Not Applicable	Not Applicable
PEZA Certificate of Registration	Philippine Economic Zone Authority	No.13-48	March 18, 2013	Not Applicable
DOLE Certificate of Compliance on Occupational Safety & Health Standards	Department of Labor and Employment	Establishment Code: AOZGOD7XZ7	Not Applicable	Not Applicable

2. A.S. Fortuna Property Ventures, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201708536	March 09, 2017	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001171343	March 09, 2017	Not Applicable

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Business Permit	Local Government Unit	For processing – waiting for FSIC Clearance		

3. CLI Premier Hotels Intl. Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201619652	August 26, 2016	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001674040	September 15, 2016	Not Applicable
Business Permit	Local Government Unit	For processing		

4. Cebu Landmasters Property Management, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201713404	April 20, 2017	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	081RC2021000001175	November 11, 2021 (Date OCN generated)	Not Applicable
Business Permit	Local Government Unit	For processing		

5. CLI-LITE Panglao Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	2021070019653-04	July 19, 2021	Perpetual existence
Certificate of Registration	Bureau of Internal Revenue	081RC20210000000016	August 02, 2021	Not Applicable
Business Permit	Local Government Unit	For processing		

6. BL CBP Ventures, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201633170	February 03, 2016	50 years from date of incorporation (deemed

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
				perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001768639	February 29, 2016	Not Applicable
Business Permit	Local Government Unit	143061	June 17, 2022	June 17, 2023

7. Yuson Excellence Soberano, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201629294	December 15, 2016	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001284982	January 26, 2017	Not Applicable
Business Permit	Local Government Unit	For processing – waiting for OBO inspection		

8. Yuson Huang Excellence Soberano, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201738792	November 22, 2017	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001692104	November 23, 2017	Not Applicable
Business Permit	Local Government Unit	B-149693-3	February 12, 2022	December 31, 2022

9. YHEST Realty and Development Corporation

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201817011	August 10, 2018	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001692107	August 08, 2018	Not Applicable
Business Permit	Local Government Unit	B-154322-2	February 12, 2022	December 31, 2022

10. CCLI Premier Hotels, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201845177	November 12, 2018	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001715071	December 04, 2018	Not Applicable
Business Permit	Local Government Unit	202298936	March 16, 2022	Not Applicable

11. YHES Premier Hotel Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201963199	October 28, 2019	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001702386	November 05, 2019	Not Applicable
Business Permit	Local Government Unit	B-173775-5	February 16, 2022	December 31, 2022

12. Mivesa Garden Residences, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201708851	March 13, 2017	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001719384	March 13, 2017	Not Applicable
Business Permit	Local Government Unit	149645	November 26, 2021	November 26, 2022

13. El Camino Developers Cebu, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201618500	August 15, 2016	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Registration	Bureau of Internal Revenue	2RC0001262861	September 15, 2016	Not Applicable
Business Permit	Local Government Unit	146215	June 17, 2022	June 17, 2023

14. Cebu Homegrown Developers, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS20190000715	December 05, 2019	Perpetual existence
Certificate of Registration	Bureau of Internal Revenue	2RC0001769142	December 26, 2019	Not Applicable
Business Permit	Local Government Unit	171527	June 17, 2022	June 17, 2023

15. Cebu BL-Ramos Ventures, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS202061326	February 21, 2020	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001814382	March 04, 2020	Not Applicable
Business Permit	Local Government Unit	172556	June 17, 2022	June 17, 2023

16. Ming-Mori Development Corporation

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201331552	August 01, 2013	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001007496	September 03, 2013	Not Applicable
Business Permit	Local Government Unit	For processing		

17. GGTT Realty Corporation

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS200306422	August 17, 2020 (amended AOI)	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0000670891	August 07, 2009	Not Applicable
Business Permit	Local Government Unit	For processing – waiting for the Occupancy permit of the new sales office		

18. Sugbo Prime Estate, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	OPC20190000093	November 22, 2021 (SEC approval date on conversion of OPC to OSC)	Perpetual existence
Certificate of Registration	Bureau of Internal Revenue	081RC2022000000 0898	March 15, 2022 (date OCN generated)	Not Applicable
Business Permit	Local Government Unit	For processing		

B. Completed Project Permits

1. San Jose Maria Village – Balamban

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	0011	December 2, 2009	Not Applicable
HLURB COR	DHSUD	27120	February 16, 2016	Not Applicable
LTS	DHSUD	030154	February 16, 2016	Not Applicable
ECC	DENR	070405-250255212	May 25, 2004	Not Applicable

2. San Jose Maria Village – Minglanilla

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	Not Available	Not Available	Not Applicable
HLURB COR	DHSUD	16540	May 3, 2007	Not Applicable
LTS	DHSUD	17981	May 3, 2007	Not Applicable

ECC	DENR	070607-280131212	June 28, 2006	Not Applicable

3. San Jose Maria Village – Talisay

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	07-10-122-DP	February 10, 2011	Not Applicable
HLURB COR	DHSUD	20814	March 29, 2011	Not Applicable
LTS	DHSUD	21847	March 29, 2011	Not Applicable
ECC	DENR	ECC R07 1003 0067	March 5, 2010	Not Applicable

4. San Jose Maria Village – Toledo

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	07 -008- 0212	December 9, 2008	Not Applicable
HLURB COR	DHSUD	20712	December 14, 2009	Not Applicable
LTS	DHSUD	21743	December 14, 2009	Not Applicable
ECC	DENR	070707-130238212	August 2, 2007	Not Applicable

5. Villa Casita Balamban

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	Not Applicable	January 29, 2008	Not Applicable
HLURB COR	DHSUD	27120	February 16, 2016	Not Applicable
LTS	DHSUD	030154	February 16, 2016	Not Applicable
ECC	DENR	E07-2018-0079	June 29, 2018	Not Applicable

6. Midori Plains

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-43-10-1949	November 25, 2011	Not Applicable
HLURB COR	DHSUD	20911	April 18, 2012	Not Applicable
LTS	DHSUD	25470	April 18, 2012	Not Applicable
ECC	DENR	ECC-R07-1108-0183	August 12, 2011	Not Applicable

7. Asia Premier Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	DP No. 07-010-0226	February 2, 2010	Not Applicable
HLURB COR	DHSUD	20726	March 12, 2010	Not Applicable
LTS	DHSUD	21759	March 12, 2010	Not Applicable
ECC	DENR	ECC-R07-1001-0008	February 3, 2010	Not Applicable

8. Base Line Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	Not Applicable
HLURB COR	DHSUD	20878	December 5, 2011	Not Applicable
LTS	DHSUD	25434	December 5, 2011	Not Applicable
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	Not Applicable

9. Midori Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-12-0171	April 10, 2012	Not Applicable
HLURB COR	DHSUD	23912	December 13, 2012	Not Applicable
LTS	DHSUD	26266	December 13, 2012	Not Applicable
ECC	DENR	ECC-R07-1111-0284	November 25, 2011	Not Applicable

10. Park Centrale Tower

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-013-0296	February 6, 2013	Not Applicable
HLURB COR	DHSUD	23943	September 11, 2013	Not Applicable
LTS	DHSUD	27137	September 11, 2013	Not Applicable
ECC	DENR	ECC-R07-1301-0003	January 31, 2013	Not Applicable

11. Mivesa Garden Residences (Phase 1)

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-013-0303	May 28, 2013	Not Applicable
HLURB COR	DHSUD	029535	March 3, 2015	Not Applicable
LTS	DHSUD	029535	March 3, 2015	Not Applicable
ECC	DENR	ECC-R07-1308-0187	August 23, 2013	Not Applicable

12. Mivesa Garden Residences (Phase 2)

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-17-0422	June 7, 2017	Not Applicable
HLURB COR	DHSUD	029535	March 3, 2015	Not Applicable
LTS	DHSUD	029535	March 3, 2015	Not Applicable
ECC	DENR	ECC-R07-1308-0187	August 23, 2013	Not Applicable

13. Velmiro Heights (Phase 1)

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-43-10-2036	December 12, 2013	Not Applicable
HLURB COR	DHSUD	26338	January 19, 2015	Not Applicable
LTS	DHSUD	029524	January 19, 2015	Not Applicable
ECC	DENR	ECC-R07-1312-0282	December 23, 2013	Not Applicable

14. Casa Mira Linao (Phase 1 and 2)

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-43-1-2039	November 25, 2014	Not Applicable
HLURB COR	DHSUD	27051	September 2, 2015	Not Applicable
LTS	DHSUD	030344	September 2, 2015	Not Applicable
ECC	DENR	ECC-R0701405-0086	May 14, 2014	Not Applicable

15. Casa Mira Towers Labangon Tower 1

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0381	October 26, 2015	Not Applicable
HLURB COR	DHSUD	27668	December 22, 2016	Not Applicable
LTS	DHSUD	031099	December 22, 2015	Not Applicable
ECC	DENR	ECC-OL-R07-2016-0003	January 5, 2016	Not Applicable

16. Casa Mira Towers Labangon Tower 2

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0381	October 26, 2015	Not Applicable
HLURB COR	DHSUD	27668	December 22, 2016	Not Applicable
LTS	DHSUD	031100	December 22, 2015	Not Applicable
ECC	DENR	ECC-OL-R07-2016-0003	January 5, 2016	Not Applicable

17. Casa Mira South Phase 1A

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	None	August 16, 2016	Not Applicable
HLURB COR	DHSUD	27696	April 19, 2017	Not Applicable
LTS	DHSUD	033657	September 3, 2018	Not Applicable
ECC	DENR	ECC-R07-1610-0017	November 21, 2016	Not Applicable

18. Casa Mira South Phase 1B

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	None	August 16, 2016	Not Applicable
HLURB COR	DHSUD	27696	April 19, 2017	Not Applicable
LTS	DHSUD	033657	September 3, 2018	Not Applicable
ECC	DENR	ECC-R07-1610-0017	November 21, 2016	Not Applicable

19. Casa Mira South Phase 2A

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	None	August 16, 2016	Not Applicable
HLURB COR	DHSUD	27696	April 19, 2017	Not Applicable
LTS	DHSUD	033657	September 3, 2018	Not Applicable
ECC	DENR	ECC-R07-1610-0017	November 21, 2016	Not Applicable

20. Casa Mira South Phase 2B

Name of License	License / Permit No.	Issuing Regulatory Body	Issue Date	Expiry Date
Development Permit	None	DHSUD	August 16, 2016	Not Applicable
HLURB COR	028498	DHSUD	August 17, 2018	Not Applicable
LTS	033606	DHSUD	August 17, 2018	Not Applicable
ECC	ECC-R07-1610-0017	DENR	November 21, 2016	Not Applicable

21. MesaVerte Residences Tower 1

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-Condo-16-003(NMR10)	August 5, 2015	Not Applicable
HLURB COR	DHSUD	25357	April 1, 2016	Not Applicable
LTS	DHSUD	030278	April 1, 2016	Not Applicable
ECC	DENR	ECC-R07-1506-0180	July 3, 2015	Not Applicable

22. MesaVerte Residences Tower 2

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-Condo-15-003(NMR10)	October 7, 2015	Not Applicable
HLURB COR	DHSUD	26222	October 27, 2017	Not Applicable
LTS	DHSUD	031774	October 27, 2017	Not Applicable
ECC	DENR	ECC-R07-1506-0180	July 3, 2015	Not Applicable

23. Base Line Center

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	Not Applicable
HLURB COR	DHSUD	20878	December 5, 2011	Not Applicable
LTS	DHSUD	25434	December 5, 2011	Not Applicable
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	Not Applicable

24. Base Line Retail

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	Not Applicable
HLURB COR	DHSUD	20878	December 5, 2011	Not Applicable
LTS	DHSUD	25434	December 5, 2011	Not Applicable
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	Not Applicable

25. Citadines Cebu City

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	Not Applicable
HLURB COR	DHSUD	20878	December 5, 2011	Not Applicable
LTS	DHSUD	25434	December 5, 2011	Not Applicable
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	Not Applicable

26. Base Line HQ

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	Not Applicable
HLURB COR	DHSUD	20878	December 5, 2011	Not Applicable
LTS	DHSUD	25434	December 5, 2011	Not Applicable
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	Not Applicable

27. Base Line Premier

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	Not Applicable
HLURB COR	DHSUD	20878	December 5, 2011	Not Applicable
LTS	DHSUD	25434	December 5, 2011	Not Applicable
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	Not Applicable

28. MesaVerte Residences Tower 3

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-Condo-16-003(NMR10)	August 5, 2015	Not Applicable
HLURB COR	DHSUD	25357	April 1, 2016	Not Applicable
LTS	DHSUD	030278	April 1, 2016	Not Applicable
ECC	DENR	ECC-R07-1506-0180	July 3, 2015	Not Applicable

29. Guadalupe Pinamalayan Socialized Housing Project

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	05-15	June 19, 2014	Not Applicable
HLURB COR	DHSUD	Not Applicable	Not Applicable	Not Applicable
LTS	DHSUD	031487	October 12, 2016	Not Applicable
ECC	DENR	Not Applicable	Not Applicable	Not Applicable

30. Villa Casita North

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	Not Applicable	Not Applicable	Not Applicable
HLURB COR	DHSUD	27120	February 16, 2016	Not Applicable
LTS	DHSUD	030154	February 16, 2016	Not Applicable
ECC	DENR	ECC-OL-R07-2018-0079	June 29, 2018	Not Applicable

31. Mivesa Garden Residences (Phase 3)

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-013-0303	May 28, 2013	Not Applicable
HLURB COR	DHSUD	26348	March 3, 2015	Not Applicable
LTS	DHSUD	029535	March 3, 2015	Not Applicable
ECC	DENR	ECC-R07-1308-0187	August 22, 2013	Not Applicable

32. MesaTierra Garden Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	SMR-DP-17-001	February 27, 2017	Not Applicable
HLURB COR	DHSUD	27556	March 10, 2017	Not Applicable
LTS	DHSUD	033273	February 13, 2018	Not Applicable
ECC	DENR	ECC-OL-R11-2017-0147	August 8, 2017	Not Applicable

33. Casa Mira Coast

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	2018-02-001	February 1, 2018	Not Applicable
HLURB COR	DHSUD	029240	August 24, 2018	Not Applicable
LTS	DHSUD	033655	August 24, 2018	Not Applicable
ECC	DENR	ECC-OL-R07-2017-0160	November 22, 2017	Not Applicable

C. ONGOING PROJECTS PERMITS**1. Casa Mira Homes Ormoc**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	051-2020	December 14, 2020	Not Applicable
HLURB COR	DHSUD	CR-R8-00010	August 12, 2021	Not Applicable
LTS	DHSUD	LS-R8-00016	August 12, 2021	Not Applicable
ECC	DENR	ECC-OL-2020-0059	April 24, 2020	Not Applicable

2. Velmiro Heights CDO

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	10-2020	August 25, 2021	Not Applicable
HLURB COR	DHSUD	REM-CR-21-010	April 29, 2021	Not Applicable
LTS	DHSUD	REM-LS—21-013	April 29, 2021	Not Applicable
ECC	DENR	Not Applicable	Not Applicable	Not Applicable

3. Velmiro Plains Bacolod

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	223-02-19	April 3, 2019	Not Applicable
HLURB COR	DHSUD	028898	September 4, 2019	Not Applicable
LTS	DHSUD	0335564	September 4, 2019	Not Applicable
ECC	DENR	ECC-OL-R06-2019-0318	May 24, 2019	Not Applicable

4. Casa Mira Towers Bacolod

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	WVR-DP-21-002	July 12, 2021	Not Applicable
HLURB COR	DHSUD	06-084	Feb 2, 2022	Not Applicable
LTS	DHSUD	076-100	Feb 2, 2022	Not Applicable
ECC	DENR	Not Applicable	Not Applicable	Not Applicable

5. Casa Mira Iloilo

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	2019-002	June 14, 2019	Not Applicable
HLURB COR	DHSUD	028910	December 27, 2019	Not Applicable
LTS	DHSUD	033583	December 27, 2019	Not Applicable
ECC	DENR	ECC-OL-R06-2019-0569	October 9, 2019	Not Applicable

6. Casa Mira Bacolod

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	WVR-DP-21-002	July 12, 2021	Not Applicable
HLURB COR	DHSUD	06-084	September 5, 2019	Not Applicable
LTS	DHSUD	06-100	September 5, 2019	Not Applicable
ECC	DENR	ECC-OL-R07-2019-0253	September 5, 2020	Not Applicable

7. Casa Mira Towers Mandaue T1 & T2

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	R7-020-0536	January 30, 2020	Not Applicable
HLURB COR	DHSUD	029966	November 22, 2019	Not Applicable
LTS	DHSUD	035654	November 22, 2019	Not Applicable
ECC	DENR	ECC-OL-R07-2019-0253	September 5, 2020	Not Applicable

8. Casa Mira Towers Mandaue T3 & T4

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-019-0514	August 15, 2019	Not Applicable
HLURB COR	DHSUD	029966	November 22, 2019	Not Applicable
LTS	DHSUD	035654	November 22, 2019	Not Applicable
ECC	DENR	ECC-OL-R07-2019-0253	September 5, 2020	Not Applicable

9. Casa Mira Dumaguete

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	2020-022-0001-001	October 28, 2020	Not Applicable
HLURB COR	DHSUD	CR-07-20-056	December 29, 2020	Not Applicable
LTS	DHSUD	LS-07-20-074	December 29, 2020	Not Applicable
ECC	DENR	ECC-OL-R07-2020-0029	February 1, 2020	Not Applicable

10. The East Village at DGT T1

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-XI-2021-006	November 23, 2021	Not Applicable
HLURB COR	DHSUD	RXI-2022-002	March 3, 2022	Not Applicable
LTS	DHSUD	RXI-03-2022-001	February 22, 2022	Not Applicable
ECC	DENR	ECC-OL-R11-2021-0135	May 12, 2021	Not Applicable

11. The East Village at DGT T2

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-XI-2021-007	November 23, 2021	Not Applicable
HLURB COR	DHSUD	RXI-2022-002	March 3, 2022	Not Applicable
LTS	DHSUD	RXI-03-2022-002	February 22, 2022	Not Applicable
ECC	DENR	ECC-OL-R11-2021-0135	May 12, 2021	Not Applicable

12. The East Village at DGT T3

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-XI-2021-008	November 23, 2021	Not Applicable
HLURB COR	DHSUD	RXI-2022-002	March 3, 2022	Not Applicable
LTS	DHSUD	RXI-03-2022-003	February 22, 2022	Not Applicable
ECC	DENR	ECC-OL-R11-2021	May 12, 2021	Not Applicable

13. The East Village at DGT T4

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-XI-2021-009	November 23, 2021	Not Applicable
HLURB COR	DHSUD	RXI-2022-002		Not Applicable
LTS	DHSUD	RXI-03-2022-004	February 22, 2022	Not Applicable
ECC	DENR	ECC-OL-R11-2021-0135	May 12, 2021	Not Applicable

14. Mandtra Residences T1 & T2

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-020-0785	January 30, 2020	Not Applicable
HLURB COR	DHSUD	CR-C07-21-011	February 18, 2021	Not Applicable
LTS	DHSUD	LS-R07-21-013	February 18, 2021	Not Applicable
ECC	DENR	ECC-OL-R07-2020-0184	August 25, 2020	Not Applicable

15. Terranza Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	DP-20-003	January 22, 2022	Not Applicable
HLURB COR	DHSUD	06-046	March 30, 2021	Not Applicable
LTS	DHSUD	06-051	March 30, 2021	Not Applicable
ECC	DENR	ECC-OL-R06-2020-0362	October 14, 2020	Not Applicable

Atty. Ricardo A. Boligao, Jr., an independent external counsel for CLI, has examined the above mentioned permits and licenses. In his examination, he assumed the genuineness and authenticity of all documents submitted to him as originals. He also relied upon the certification and representations of CLI's officers and other authorized representatives. On the basis of such examination, Atty. Boligao is of the opinion that: (i) CLI and its subsidiaries have secured (or in the process of securing) all the mandated permits and licenses which are material and necessary to operate its business as currently conducted; and (ii) the permits that have been secured by CLI and its subsidiaries are valid and subsisting.

LEGAL PROCEEDINGS

As of date of this Prospectus, the Company and its Subsidiaries are not a party to, nor are any of the Company's or its Subsidiaries' properties the subject of any pending material litigation, arbitration or other legal proceeding, and no litigation or claim of material importance is known to the management and the directors to be threatened against the Company, its Subsidiary or any of its properties, except for a civil case involving the Company, as summarized below and as disclosed in the Certification dated June 24, 2022 in respect of ongoing legal proceedings involving the Company.

In *Wood Innovation Trading, Inc. (Plaintiff) vs. Cebu Landmasters, Inc. (Respondent)* (Civil Case No. 2017, 15288), the Plaintiff alleged that it had prior rights over two properties which the Company acquired in March 2017. Accordingly, the Plaintiff is seeking ₱10.70 million in damages and cancellation of the titles issued to the Company. On August 20, 2019, the Regional Trial Court in Dumaguete City dismissed the Plaintiff's claims. Nonetheless, the case remains pending as the Company pursued its counterclaim of ₱800.00 million against the Plaintiff for filing such frivolous suit. The Company believes that the pendency of the case does not have any material adverse effect on its properties, business, and operations and on the contrary, the Company will stand to benefit and be awarded with damages should the court eventually decide on its favor.

MARKET PRICE OF AND DIVIDENDS ON ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price of the Issuer's Equity

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

The high and low prices of the common shares for each quarter since its common shares have been listed (including the first half of 2022 ending June 24, 2022) are indicated in the tables below.

In ₱	High	Low	Close
2017			
Second Quarter (month of June only)	5.98	5.13	5.34
Third Quarter	5.51	4.58	5.07
Fourth Quarter	5.17	4.59	4.88
2018			
First Quarter	5.12	4.21	4.70
Second Quarter	5.06	4.48	4.58
Third Quarter	4.73	4.27	4.42
Fourth Quarter	4.59	3.60	4.14
2019			
First Quarter	4.29	4.19	4.20
Second Quarter	4.89	4.80	4.83
Third Quarter	4.75	4.70	4.74
Fourth Quarter	4.83	4.67	4.83
2020			
First Quarter	3.80	3.70	3.72
Second Quarter	5.10	4.35	4.69
Third Quarter	4.92	4.83	4.90
Fourth Quarter	5.05	4.99	5.05
2021 *price after stock dividends			
First Quarter	2.65	2.60	2.64
Second Quarter	3.85	3.72	3.77
Third Quarter	3.00	2.89	2.95
Fourth Quarter	3.00	2.73	3.00
2022			
First Quarter	2.98	2.94	2.97
Second Quarter (ending on June 28, 2022)	2.55	2.49	2.54
Third Quarter (Ending August 31, 2022)	2.54	2.46	2.46

The closing price of the Company's common shares listed on the PSE is ₱2.46 per share as of August 31, 2022. The market capitalization of the Company is ₱8.52 billion computed using the outstanding common shares of the Company and the closing price of the Company's common shares on the PSE as of August 31, 2022.

Stockholders

The following are the list of registered holders of the common equity securities of the Company as of August 31, 2022:

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	AB Soberano Holdings Corp.	2,267,130,595	62.57%
2.	PCD Nominee Corp. (Filipino)	1,283,303,334	35.42%
3.	Jose R. Soberano III	31,220,000	0.86%
4.	PCD Nominee Corp. (Non-Filipino)	24,063,501	0.66%
5.	Jose Franco B. Soberano	7,247,500	0.20%
6.	Janella Mae B. Soberano	5,017,500	0.14%
7.	Joanna Marie B. Soberano	5,017,500	0.14%
8.	Ma. Nona A. Velez	300,000	0.01%
9.	Myra P. Villanueva	33,450	0.00%
10.	Myrna P. Villanueva	29,300	0.00%
11.	Marietta V. Cabreza	22,300	0.00%
12.	Lolita Siao-Ignacio	22,300	0.00%
13.	Maria Lourdes M. Onozawa	22,300	0.00%
14.	Milagros P. Villanueva	22,300	0.00%
15.	Owen Nathaniel S Au Itf: Li Marcus Au	111	0.00%
16.	Jesus N. Alcordo	2	0.00%
17.	Ma. Aurora D. Geotina-Garcia	2	0.00%
18.	Rufino Luis T. Manotok	2	0.00%
	TOTAL	3,623,451,997	100.00%
	Treasury shares	158,250,530	-4.37%
	TOTAL	3,465,201,467	95.63%

The following are common shares held by the Company's Board of Directors lodged with PCD Nominee Corporation as of August 31, 2022:

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Jose R. Soberano III	137,423,750	3.97%
2.	Ma. Rosario B. Soberano	132,127,500	3.82%
3.	Jose Franco B. Soberano	13,082,741	0.38%
4.	Janella Mae B. Soberano	11,765,641	0.34%
5.	Joanna Marie B. Soberano	11,889,691	0.34%
6.	Beauregard Grant L. Cheng	2,453,000	0.07%
7.	Stephen A. Tan	11,150	0.00%
8.	M. Jasmine S. Oporto	8,920	0.00%
9.	Rufino Luis T. Manotok	2	0.00%
10.	Ma. Aurora Geotina-Garcia	2	0.00%
	TOTAL	308,762,397	8.92%

Dividends

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

with its dividend policy and following the SEC rule on calculation of available retained earnings for dividend declaration and after appropriations for investment and other requirements.

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

Cash and stock dividends declared and paid by the Company in 2014 up to FY2021 are as follows:

a. Cash dividends

Year of Declaration	Rate of Dividend Declared per Share (in ₱)	Record Date	Amount Paid (in ₱)
2014	12.50	November 3, 2014	48,000,000
2015	7.19	February 28, 2015	42,000,000
2015	10.27	June 15, 2015	60,000,000
2015	8.56	October 15, 2015	50,000,000
2015	5.66	December 15, 2015	50,000,000
2016	2.26	March 31, 2016	20,000,000
2016	5.99	August 31, 2016	52,943,457
2016	4.32	September 15, 2016	38,150,000
2016	1.70	September 30, 2016	15,000,000
2016	0.74	November 21, 2016	650,000,000
2016	0.05	December 1, 2016	40,000,000
2016	0.03	December 1, 2016	40,000,000
2017	0.15	March 23, 2018	235,186,980
2019	0.20	March 26, 2019	332,590,000
2020	0.25	April 3, 2020	414,795,000
2021	0.25	April 16, 2021	388,749,900
2022	0.112 (Regular) 0.038 (Special)	April 22, 2022	519,277,800

b. Stock dividends

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

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

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

Subsidiary	Total Dividends Declared			
	CLI Share	2021	2020	2019
Cebu Landmasters Property Management, Inc.	100%	₱12,500,000	₱7,300,000	₱6,000,000

Yuson Excellence Soberano, Inc.	50%	-	20,000,000	40,000,000
Mivesa Garden Residences, Inc.	45%	160,000,000	50,000,000	-

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

History of Share Issuances for the Past Five years

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

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

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

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

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

Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction

Under the SRC and the SRC Rules, securities are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are approved for registration by the SEC or are otherwise exempt securities under Section 9 of the Code or sold pursuant to an exempt transaction under Section 10 of the Code.

As set out above, in 2021, the Company issued 1,909,451,997 common shares in the form of stock dividends to its stockholders as of the relevant record date. The issuance is an exempt transaction pursuant to Section 10.1(d) of the SRC which states that the requirement of registration shall not apply to a distribution by a corporation actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus.

Share Issuances under the Company's ESOP

The Company granted stock options on January 5, 2022 to 73 eligible employees. Last March 15, 2022, 27 eligible employees exercised their stock options. In April 2022, 3,349,470 common shares from the treasury shares held by the Company were issued to the said employees. During the grant and the exercise date, and prior to actual re-issuance of shares pursuant to the ESOP, CLI had 161,600,000 treasury shares. After issuance, CLI has 158,250,530 remaining treasury shares.

The Company did not secure prior approval or confirmation of exemption from the SEC in relation to the issuance of 3,349,470 common shares from shares in treasury. It relied on Section 10.1(h) of the SRC which provides that “broker’s transactions, executed upon customer’s orders, on any registered Exchange or other trading market” are exempt transactions or exempt from the registration requirement under the SRC. The Company’s failure to register or secure an exemption from registration for the shares issued under its ESOP is currently the subject of an inquiry with the SEC.

CAPITALIZATION AND INDEBTEDNESS

The Company's consolidated liabilities, equity, and capitalization as of the relevant period shall be set out in the relevant Offer Supplement.

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

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

COMPANY MILESTONES FOR THE PERIOD MARCH 31, 2022

CLI launched four projects worth ₱5.40 billion in the first three months of 2022, totaling 1,360 units. This is slightly more than the ₱5.20 billion with 1,566 units sold in three launches during the same period last year.

The first residential project in the prestigious Davao Global township was successfully launched as one of the four projects. The three East Village towers sold out in two weeks, indicating that the fourth tower will open in the second quarter of this year. Apart from East Village, CLI has also launched the Astra Corporate Center office condominium in Cebu, the Velmiro Homes Bohol Expansion, and the Casa Mira Dumaguete Expansion.

During the first three months of 2022, CLI posted robust sales take-up of ₱4.50 billion, an increase of 36% from the ₱3.30 billion of the same period last year.

To date, CLI has already sold out 89% of its inventory across all projects in different stages of development allowing the firm to continue to grow its record unrecognized revenue to ₱26.00 billion, up by 4% from ₱25.00 billion as of the end of 2021.

The more favorable economic conditions in VisMin, CLI's geographic scope, was recently affirmed by an uptick in the bookings in Citadines Cebu City. The next CLI hotels to be completed are lyf Cebu City (opening in 2023) and Radisson Red Cebu Mandaue (opening in 2024).

The improving business climate is expected to also benefit the newly completed Latitude Corporate Center at the heart of Cebu's most prestigious business district, Cebu Business Park. Latitude Corporate Center contributed significantly to the total gross leasable area of 29,000 sqm. And has already resulted in a 28% increase in leasing revenue year on year.

CLI has invested ₱2.60 billion in capital expenditures this first three months in acquisitions for new land amounting to ₱530.00 million. The listed company purchased over 5 hectares in key VisMin areas bringing the firm's landbank to 104 hectares while additional 60 hectares are currently under negotiations.

Spending is expected to increase since project development has already commenced at the 100-hectare Minglanilla Techno Business Park (Ming-Mori). Ming-Mori is projected to boost the firm's growth exponentially by generating close to ₱200.00 million in annual leasing revenue. CLI has a 78% stake in this ambitious reclamation project, the company's second estate development next to Davao Global Township in Davao and followed by Masterson Town in CDO. For the year 2022, CLI has forecasted a total of ₱13.00 billion to be spent for capital expenditures. Majority of the said amount will be spent for project development of various ongoing projects while ₱1.50 to ₱2.00 billion is set aside for land acquisition of various sites in CDO, Davao, Iloilo, Butuan and other expansion areas of which the company is still in active negotiation with landowners.

CLI is set to launch additional projects in the coming weeks including more Casa Mira communities in Cebu, Palawan, and Davao; mid-market projects also in Cebu and Davao; and Premier projects in Cebu and a beach residence in Panglao, Bohol.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

January 1 to March 31, 2022 vs. January 1 to March 31, 2021

For the period ended March 31, 2022, CLI generated a net income to parent of ₱811.00 million, a normalized growth of 62% year on year. The term normalized is due to the one-time tax adjustment that the Company recorded from the passage of the CREATE Act which considerably reduced the Company's recorded taxes during the year. Considering the tax benefit in 2021, CLI grew by 14% from the reported ₱714.00 million in net income to CLI of the same period last year.

The significant increase in profit was driven by the outstanding topline growth of 53% fueled by the robust sales take-up and increase in construction operations during the period. After the easing of pandemic-related lockdown in the VisMin region, CLI immediately deployed catch-up measures to catch-up any minor delays caused by the enhanced community quarantine because of the pandemic.

In Millions	March 2022	March 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2022	2021
Revenue	₱3,585	₱2,349	₱1,235	52%	100%	100%
Cost of Sales	(1,931)	(1,210)	(722)	60%	(54%)	(51%)
Gross Profit	1,653	1,140	5145	45%	46%	49%
Operating Expenses	(532)	(396)	(136)	34%	(15%)	(17%)
Income from operations	1,121	744	377	51%	31%	32%
Interest Expense	(112)	(49)	(63)	130%	(3%)	(2%)
Other Operating Income	63	22	41	186%	2%	1%
Other Gains/ Losses	(0)	(1)	1	(84%)	0%	0%
Profit before tax	1,072	716	356	50%	30%	30%
Tax Benefit/ Expense	(251)	9	(242)	(2625%)	(7%)	0%
Consolidated Net Income	820	725	95	13%	23%	31%
Non-Controlling Interest	(10)	(11)	2	(16%)	0%	0%
Parent Net Income	811	714	97	14%	23%	30%

REVENUES

Real estate sales

Revenues from sale of real estate reported a notable increase of 52% y-o-y to ₱3.50 billion from ₱2.30 billion which resulted from higher construction progress and more units qualifying for revenue recognition. Moreover, effective catch-up measures have compensated for delays due to pandemic lockdowns and construction is now in full swing in the company's 15 VisMin sites.

In terms of location, CLI's presence in Cebu remains strong, representing 36% of the total revenues during the period. Visayas and Mindanao likewise started to contribute significantly with 34% and 29% respectively.

Premier Masters (Premier market), at ₱640.00 million, increased by 73% y-o-y from ₱370.00 million, mainly due to incremental percentage of completion ("**POC**") in Terranza Residences in Iloilo and One Astra Place in Cebu.

Garden Series (Mid-market), remain stable at ₱768.00 million.

Casa Mira Series (Economic market), at ₱2.10 billion, significantly grew by 81% y-o-y from ₱1.18 million, driven by Casa Mira Iloilo, Casa Mira Towers CDO and Casa Mira South Phase 3B.

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

Leasing

Rental revenue stood at ₱18.00 million, a 28% y-o-y increase from ₱14.00 million, due to the completion of Latitude Corporate Center increasing the Company's GLA in 2021 to 29,133 sq.m.

Property Management

This was composed mainly of services to CLI's completed projects. Revenue from property management arising from external customers is at ₱12.00 million, higher than ₱9.00 million compared to the same period last year, a 34% increase due to the increase in managed projects by the property arm.

Hotel operations

Citadines Cebu City posted ₱16.00 million revenue from ₱4.00 million of the same period last year, a 4x increase as tourism and business travel starts to pick up.

COST AND EXPENSES

Cost of sales and services

The Company's cost of sales for the period ended March 31, 2022 reported at ₱1.90 billion, 60% y-o-y increase from ₱1.20 billion, in parallel with the growth in revenue performance.

Operating Expenses

Total operating expenses during the period amounted to ₱532.00 million, a 35% y-o-y increase from ₱396.00 million, mainly due to the increase in commissions and incentives with the full implementation of PFRS 15. Salaries and employee benefits likewise increased by 22% y-o-y to ₱431.90 million, relative to the increase in manpower to 682 to support the Company's expansion across VisMin.

During the period, the Company was able to take advantage of the favorable interest rate environment with an average cost of debt at 4.82%.

NIAT ATTRIBUTABLE TO NON-CONTROLLING INTEREST ("NCI")

For the period ended March 31, 2022, NIAT attributable to NCI stood at ₱10.00 million, 16% y-o-y decline from ₱11.00 million, due to the minimal incremental sales and POC on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR Inc.) and Latitude Corporate Center (BLCBP); and as MesaTierra Garden Residences (YES Inc.) and 38 Park Avenue (El Camino) come close to completion and turn-over by the end of 2021. Newly formed Joint Ventures such as CHDI and GGTT are forecasted to contribute substantial earnings in the next quarters of 2022.

REVIEW ON THE COMPANY'S FINANCIAL CONDITION

As of March 31, 2022 vs. December 31, 2021

CLI's balance sheet remains strong and healthy to support construction and expansion plans. As of March 31, 2022, CLI reported total assets at ₱70.00 billion from ₱66.60 billion as of December 31, 2021 driven by the increase in contract assets and investment properties.

In Millions	March 2022	December 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2022	2021
Cash and cash equivalents	₱970	₱1,096	(₱126)	(11%)	1%	2%
Receivables – net	7,181	6,006	1,175	20%	10%	9%
Contract assets – net	21,186	20,290	896	4%	30%	30%
Real estate inventories	19,636	18,709	927	5%	28%	28%
Due from related parties	40	57	(17)	(30%)	0%	0%
Prepayments and other current assets	4,659	4,737	(78)	(2%)	7%	7%
Investments in associates	143	135	8	6%	0%	0%

In Millions	March 2022	December 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
			Amount	%		
Property and equipment – net	951	916	35	4%	1%	1%
Right-of-use assets	1,144	1,153	(9)	(1%)	2%	2%
Investment properties – net	13,760	13,240	520	4%	20%	20%
Other non-current assets – net	323	313	10	3%	0%	0%
Total Assets	69,992	66,652	3,341	5%	100%	100%
Interest-bearing loans and borrowings	33,210	32,022	1,188	4%	47%	48%
Trade and other payables	14,519	12,820	1,699	13%	21%	19%
Contract liabilities	494	604	(110)	(18%)	1%	1%
Customers' deposits	97	90	7	8%	0%	0%
Lease liabilities	1,139	1,126	13	1%	2%	2%
Income tax payable	2	2	0	12%	0%	0%
Post-employment defined benefit obligation	5	5	0	0%	0%	0%
Deferred tax liabilities – net	2,259	2,051	8	10%	3%	3%
Total Liabilities	51,726	48,720	3,006	6%	74%	73%
Capital stock	3,627	3,623	4	0%	5%	5%
Additional paid-in capital	1,627	1,609	18	1%	2%	2%
Treasury shares	(748)	(748)	0	0%	(1%)	(1%)
Revaluation reserves – net	(13)	(13)	0	0%	0%	0%
Retained earnings	6,660	6,369	291	5%	10%	10%
Non-controlling interest	7,114	7,092	22	0%	10%	11%
Total Equity	18,267	17,932	335	2%	26%	27%

ASSETS

11% decrease in Cash and Cash equivalents

Due to payments to loans such as project term loan for Latitude Corporate Center and Baseline Prestige and other contractor and supplier payables.

20% increase in Receivables (including non-current portion)

Increase in receivables are brought about by the movement of accounts from contract assets to receivables as these units become ready and completed and is due for turnover and takeout.

4% increase in Contract assets (including non-current portion)

Increased to ₱21.00 billion from ₱20.00 billion from installment contracts on new and existing projects that continue to recognize real estate revenue as construction progresses.

5% increase in Real Estate inventory

Due to the continuous construction of projects by the company.

30% decrease in Due from related parties

Due to collections on the transactions paid by CLI on behalf of its related parties decreased to ₱40.00 million from ₱57.00 million.

2% decrease in Prepayments and other current assets

Due to recoupment of downpayments and release of retention payables on completing projects such as Mivesa garden residences Phase 3.

6% increase in Investment in Associates

Mainly from investments to ICOM and Magspeak.

4% increase in Property and equipment

Due to the construction of new offices and branches to support CLI's expanding developments.

4% increase in Investment Properties

Attributed to ongoing construction of recurring income generating projects such as Masters Tower, Abaca Resort, Astra Corporate Center and Davao Global Township.

1% decrease in Right of use asset

Due to amortization of high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Hotel Tower, 22-year land lease for Banilad Highstreet and 40-year land lease for Patria de Cebu.

LIABILITIES

13% Increase in Trade Payables (including non-current portion)

Due to accruals made on unbilled costs to match with revenue recognized and unpaid dividends declared.

18% decrease in Contract Liabilities

Decreased to ₱494.00 million from ₱604.00 million due to decline in collections from buyers that are ahead of the stage of completion.

8% Increase in customers' deposit

Driven by the higher equity collections on the recorded sales take-up of the company in relation to the actual construction accomplishment of the corresponding projects.

4% increase in Interest-bearing loans and borrowings (including non-current portion)

Increased to ₱33.00 billion from ₱32.00 billion from new bank loans availed. In 2021, average borrowing cost is at 4.85% net of significant loan payments related to take-outs and project completion.

12% increase in Income Tax Payable

Due to the differences in tax expense using the accrual method and cash basis method of tax accounting.

10% increase in deferred tax liabilities -net

Due to the differences in tax and accrual (accounting) income.

EQUITY

5% increase in Company's Retained Earnings

Due to the Net income recognized and dividends declared during the period .

2021 COMPANY MILESTONES

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

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

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

- i. Costa Mira Beachtown Mactan Cebu
- j. Casa Mira Towers Bacolod

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

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

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

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

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

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

CLI received PRA approval in June 2021 to reclaim and develop the 100-hectare Minglanilla techno business hub in Cebu. Following that, CLI increased its ownership share from 20% to 78% in order to streamline CLI's operations as the development's developer and project manager. During the year, PRA issued a Notice to Proceed for the reclamation. In October 2021, CLI broke ground to begin its development.

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

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

In August 2021, CLI signed a Memorandum of Agreement to acquire 14.3 hectares of Xavier University – Ateneo de Cagayan's Manresa Property in uptown Cagayan de Oro. CLI's acquisition, named Manresa Town, will be developed with condominiums, dormitories, retail and commercial spaces that will be an integral part to the masterplanned township of Xavier University Cagayan de Oro. Proceeds

that Xavier University will be receiving will be used to develop the new Xavier University Masterson Campus, which at 21 hectares will be three times larger in area than the current campus. Provisions in the agreement prepared by Xavier University and endorsed by Jesuit leaderships in the Philippines and in Rome were approved by the Vatican after a thorough two-year review process. The new 21-hectare Xavier University Masterson Campus is envisioned to catalyze development in Northern Mindanao with a Sustainable and New Normal-ready Campus Masterplan. The masterplan of the Xavier University Masterson Campus will blend seamlessly with the adjacent Manresa Town to be developed by CLI, a 14.3-hectare mixed-use university town that provides Xavier University students convenient and safe residential options, easy access to commercial establishments and future-ready offices.

In December 2021, CLI and Borromeo Brothers Estate Inc. inaugurated the ₱1.20 billion 4-Star BERDE-certified commercial tower Latitude Corporate Center, increasing CLI's office GLA to over 29,000 sq.m. from 14,000 sq.m. year-on-year. The hybrid office building standing 24-storeys high with designated spaces for BPO offices (8th – 12th floors), Enterprise offices (14th – 16th floors), Executive offices (17th-24th floors) and a retail concept (first and second floors) is strategically located in Cebu Business Park and is among the tallest buildings in the business district. The development was awarded early this year with a four-star accreditation under the BERDE rating system, a testament to its sustainable design tailor fit to world class standards.

During the 9th Property Guru Philippines Property awards, CLI was awarded as the Best Developer for Visayas and Mindanao along with nine other special awards from its portfolio of innovative, and market-resonant projects spread across the archipelago, such as Casa Mira Towers Mandaue, Davao Global Township, MesaVirre Garden Residences, One Paragon Place, Patria de Cebu, Radisson Red, and Velmiro Uptown CDO.

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

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

FY 2021 vs. FY 2020

CLI recorded net income to parent shareholders of ₱2.61 billion, an increase of 42% from ₱1.846 billion in 2020. The significant increase was driven by the strong topline growth and one-time tax adjustment amounting to ₱293.50 million brought about by the implementation of CREATE Act.

As a result of the application of CREATE Law, lowering RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company and the subsidiaries, was lower by ₱11,812,475 than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by ₱280,801,696 and such was recognized in the 2021 profit or loss and in other comprehensive income.

Earnings per share in 2021 was ₱1.04 computed as net income attributable to CLI shareholders amounting to ₱2.61 billion divided by weighted average number of shares of 2,507,833,165, while earnings per share in 2020 was ₱1.15 computed as net income ₱1.846 billion divided by weighted average number of shares of 1,605,279,067.

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

In Millions	December 2021	December 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
			Amount	%		
Revenue	₱11,162	₱8,299	₱2,863	35%	100%	100%
Cost of Sales	(5,972)	(4,282)	(1,690)	39%	(54%)	(52%)
Gross Profit	5,190	4,017	1,173	29%	46%	48%
Operating Expenses	(1,950)	(1,266)	(684)	54%	(17%)	(15%)
Income from operations	3,240	2,751	489	18%	29%	33%
Interest Expense	(264)	(66)	(198)	301%	(2%)	0%
Other Operating Income	257	69	189	275%	2%	0%
Other Gains/ Losses	(129)	38	(167)	(440%)	(1%)	0%
Profit before tax	3,104	2,792	312	11%	27%	34%
Tax Benefit/ Expense	(433)	(716)	283	(40%)	(4%)	9%
Consolidated Net Income	2,671	2,076	595	29%	24%	25%
Non-Controlling Interest	(58)	(230)	172	(75%)	0%	3%
Parent Net Income	2,613	1,846	767	42%	23%	22%

REVENUES

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

Real estate sales

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

Casa Mira accounted for 44% of revenues, followed by the Garden series with 30% and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu remains outstanding, representing 55% of the total revenues, followed by CDO with 11% with Davao and Iloilo both contributing 10%.

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

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

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

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

Hotel operations

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

Leasing

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

Property Management

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

COST AND EXPENSES

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

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

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

OTHER INCOME/ EXPENSE

The Company's other operating income likewise increased to ₱257.00 million from ₱69.00 million due to water revenue from the CLI's managed projects and an increase of administrative fees charged to the customers. Moreover, there is also a ₱129.00 million provision for loss on typhoon due to the recent Typhoon ODETTE that affected some of the projects of the company. This caused the substantial increase in the other gains and losses of the company during 2021.

NIAT ATTRIBUTABLE TO NON-CONTROLLING INTEREST ("NCI")

For the period ended December 31, 2021, NIAT attributable to NCI stood at ₱58.00 million, 75% y-o-y decline from ₱230.00 million, due to the minimal incremental sales and POC on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR Inc.) and Latitude Corporate Center (BLCBP); and as MesaTierra Garden Residences (YES Inc.).

REVIEW ON THE COMPANY'S FINANCIAL CONDITION

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

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2021, CLI's consolidated assets stood at ₱66.70 billion, a 33% y-o-y growth to ₱66.60 billion from ₱50.09 billion driven by the increase in contract assets, real estate inventories and investment properties.

In Millions	December 2021	December 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2021	2020
Cash and cash equivalents	₱1,096	₱797	₱299	37%	2%	2%
Receivables – net	6,006	6,142	(136)	(2%)	9%	12%
Contract assets – net	20,290	13,857	6,434	46%	30%	28%
Deposits on land for future development	0	700	(700)	(100%)	0%	1%
Real estate inventories	18,709	13,398	5,311	40%	28%	27%

In Millions	December 2021	December 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2021	2020
Due from related parties	57	22	35	162%	0%	0%
Prepayments and other current assets	4,737	3,020	1,718	57%	7%	6%
Investments in associates	135	130	5	4%	0%	0%
Property and equipment – net	916	643	272	42%	1%	1%
Right-of-use assets	1,153	951	202	21%	2%	2%
Investment properties – net	13,240	10,094	3,146	31%	20%	20%
Other non-current assets – net	313	337	(24)	(7%)	0%	1%
Total Assets	66,652	50,091	16,562	33%	100%	100%
Interest-bearing loans and borrowings	32,022	23,794	8,228	35%	48%	48%
Trade and other payables	12,820	7,484	5,337	71%	19%	15%
Contract liabilities	604	533	72	13%	1%	1%
Customers’ deposits	90	196	(106)	(54%)	0%	0%
Lease liabilities	1,126	835	291	35%	2%	2%
Income tax payable	2	31	(29)	(93%)	0%	0%
Post-employment defined benefit obligation	5	1	4	665%	0%	0%
Deferred tax liabilities – net	2,051	1,690	360	21%	3%	3%
Total Liabilities	48,720	34,563	14,157	41%	73%	69%
Capital stock	3,623	1,714	1,909	111%	5%	3%
Additional paid-in capital	1,609	1,609	0	0%	2%	3%
Treasury shares	(748)	(733)	(15)	2%	(1%)	(1%)
Revaluation reserves – net	(13)	(13)	(1)	5%	0%	0%
Retained earnings	6,369	6,054	315	5%	10%	12%
Non-controlling interest	7,092	6,896	197	3%	11%	14%
Total Equity	17,932	15,527	2,405	15%	27%	31%

ASSETS

37% increase in Cash and Cash equivalents

Increase to ₱1,095.82 million from ₱797.18 million largely due to collections and higher take-outs deposited under Short-term placements.

2% decrease in Accounts receivable (including non-current portion)

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

46% increase in Contract assets (including non-current portion)

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

100% decrease in Deposits on land for future development (including non-current portion)

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

40% increase in Real estate inventory

Increase to ₱18.71 billion from ₱13.40 billion driven by inventory on newly projects launched during the year, inventory on projects under construction becoming more valuable as building progress is

achieved, and reclassification of investment properties worth a total of ₱1.85 billion to real estate inventories as well as fully paid raw land worth ₱1.08 billion from deposits on land to real estate inventories.

162% increase in Due from related parties

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

57% increase in Prepayments and other current assets

Increase to ₱4.74 billion from ₱3.02 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions and related input Value Added Tax on construction materials purchased.

4% increase in Investment in Associates

Increase to ₱135.06 million from ₱129.85 million mainly from investment to ICOM and Magspeak Nature Park, Inc. during the year amounting to ₱110.82 million and ₱24.25 million respectively.

42% increase in Property and equipment

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

21% increase in Right-of-use asset

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

31% increase in Investment properties

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

7% decrease in other non-current assets

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

LIABILITIES

35% increase in Interest-bearing loans and borrowings (including non-current portion)

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

71% increase in Trade and other payables (including non-current portion)

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

13% increase in Contract Liabilities

Increased to ₱604.00 million from ₱533.00 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

54% decrease in Customer deposits

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

21% increase in Deferred Tax Liabilities

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

35% Increase in Lease liabilities

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

93% decrease in Income tax payable

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

665% increase in Post employment defined benefit obligation

Due to the additional funds set aside for the plan.

EQUITY

111% increase in Capital Stock

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

2% increase in Treasury Shares

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

5% increase in Revaluation reserves

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

5% increase in Retained earnings

Attributable to the net income recognized during the period.

3% increase in Non-Controlling Interest

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

FY 2020 vs. FY 2019

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

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

In Millions	December 2020	December 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2020	2019
Revenue	₱8,299	₱8,499	(₱200)	(2%)	100%	100%
Cost of Sales	(4,282)	(4,301)	19	0%	(52%)	(51%)
Gross Profit	4,017	4,198	(182)	(4%)	48%	49%
Operating Expenses	(1,266)	(1,145)	(121)	11%	(15%)	(13%)
Income from operations	2,751	3,053	(302)	(10%)	33%	36%
Interest Expense	(66)	(45)	(21)	46%	(1%)	(1%)
Other Operating Income	69	53	15	29%	1%	1%
Other Gains/ Losses	38	120	(82)	(68%)	0%	1%
Profit before tax	2,792	3,181	(390)	(12%)	34%	37%
Tax Benefit/ Expense	(716)	(744)	28	(4%)	(9%)	(9%)
Consolidated Net Income	2,076	2,438	(362)	(15%)	25%	29%
Non-Controlling Interest	(230)	(426)	196	(46%)	(3%)	(5%)
Parent Net Income	1,846	2,012	(166)	(8%)	22%	24%

REVENUES

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

Real estate sales

Revenue from sale of real estate reached ₱8.15 billion, a 3% y-o-y slight decline from ₱8.39 billion in 2019, driven by Garden Series (36%), followed by Casa Mira Series (32%) and Premier Masters (27%). In the same period of 2019, Garden Series generated 37% of the total revenues, followed by Casa Mira (30%) and Premier Masters (30%). In terms of location, CLI's presence in Cebu remains strong, representing 52% of the total revenues, followed by CDO (16%) and Bacolod (11%), for both periods ending December 31, 2020.

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

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

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

During the second half of 2020, CLI posted a 38% growth as compared to the first half. The robust growth was driven by the easement of quarantine across VisMin sites increasing construction efficiency to 90% from 70% in the 2nd quarter. Collections on the other hand has also improved with more accounts qualifying for revenue recognition in the last two quarters.

Hotel operations

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

Leasing

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

Property Management

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

COST AND EXPENSES

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

Total operating expenses during the period amounted to ₱1.27 billion, 11% y-o-y increase from ₱1.15 billion mainly from an increase in commissions and incentives to ₱429.73 million with the implementation of PFRS 15. Salaries and employee benefits also grew by 18% to ₱367.29 million due to an increase in the Group's manpower to 574 employees from 475 employees to support CLI's expansions across VisMin. Despite the digitalization of the Company's sales and marketing, other operating expenses likewise increased as the Company implemented and heightened safety and health protocols in the workplace.

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

OTHER INCOME/ EXPENSE

The company's other operating income likewise increased to ₱69.00 million from ₱53.00 million due an increase in administrative fees charged to the customers. During the year, the company has also recognized a decline on other gains and losses from ₱120.00 million to ₱38.00 million due to the booked forex loss on the settlement of payables denominated in foreign currency.

NIAT ATTRIBUTABLE TO NON-CONTROLLING INTEREST ("NCI")

For the period ended December 31, 2020, NIAT attributable to NCI stood at ₱230.00 million, 46% y-o-y decline from ₱426.00 million, due to the minimal incremental sales and POC on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR Inc.) and Latitude Corporate Center (BLCBP).

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

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

In Millions	December 2020	December 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2020	2019
Cash and cash equivalents	₱797	₱917	(₱120)	(13%)	2%	2%
Receivables – net	6,142	5,876	266	5%	12%	15%
Contract assets – net	13,857	8,893	4,964	56%	28%	23%
Deposits on land for future development	700	1,289	(590)	(46%)	1%	3%
Real estate inventories	13,398	9,447	3,951	42%	27%	25%
Due from related parties	22	10	12	121%	0%	0%
Prepayments and other current assets	3,020	2,266	754	33%	6%	6%
Investments in associates	130	16	113	693%	0%	0%
Property and equipment – net	643	355	288	81%	1%	1%
Right-of-use assets	951	175	776	444%	2%	0%
Investment properties – net	10,094	8,905	1,189	13%	20%	23%
Fair value of plan assets – net	0	6	(6)	(100%)	0%	0%
Other non-current assets – net	337	129	208	162%	1%	0%
Total Assets	50,091	38,283	11,807	31%	100%	100%
Interest-bearing loans and borrowings	23,794	16,847	6,947	41%	48%	44%
Trade and other payables	7,484	5,784	1,700	29%	15%	15%
Contract liabilities	533	419	114	27%	1%	1%
Customers' deposits	196	191	5	3%	0%	0%
Lease liabilities	835	140	694	495%	2%	0%
Income tax payable	31	30	1	5%	0%	0%
Post-employment defined benefit obligation	1	0	1	100%	0%	0%
Deferred tax liabilities – net	1,690	1,125	565	50%	3%	3%

In Millions	December 2020	December 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
			Amount	%		
Total Liabilities	34,563	24,535	10,028	41%	69%	64%
Capital stock	1,714	1,714	0	0%	3%	4%
Additional paid-in capital	1,609	1,609	0	0%	3%	4%
Treasury shares	(733)	(247)	(486)	196%	(1%)	(1%)
Revaluation reserves – net	(13)	(7)	(6)	96%	0%	0%
Retained earnings	6,054	4,623	1,431	31%	12%	12%
Non-controlling interest	6,896	6,056	840	14%	14%	16%
Total Equity	15,527	13,748	1,779	13%	31%	36%

ASSETS

13% decrease in Cash and Cash equivalents

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

5% increase in Accounts receivable (including non-current portion)

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

56% increase in Contract assets (including non-current portion)

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

46% decrease in Deposits on land for future development (including non-current portion)

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

42% increase in Real estate inventory

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

121% increase in Due from related parties

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

33% increase in Prepayments and other current assets

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

693% increase in Investment in Associates

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

81% increase in Property and equipment

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

444% increase in Right-of-use asset and 495% increase in Lease liabilities

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

13% increase in Investment properties

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

162% increase in other non-current assets

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

LIABILITIES

41% increase in Interest-bearing loans and borrowings (including non-current portion)

Increased to ₱23.79 billion from ₱16.85 billion mainly from the ₱8.0 billion Corporate Notes issued during the year.

29% increase in Trade and other payables (including non-current portion)

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

27% increase in Contract Liabilities

Increased to ₱533.00 million from ₱419.00 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

495% Increase in Lease liabilities

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

50% increase in Deferred Tax Liabilities

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

EQUITY

196% increase in Treasury Shares

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

96% increase in Revaluation reserves

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

31% increase in Company's Retained Earnings

Due to the Net income recognized during the period.

14% increase in Non-Controlling Interest

Increased to ₱6.90 billion from ₱6.06 billion due to the additional paid-in capital during the year to fund joint ventures, Cebu Homegrown Developers, Inc., Cebu BL Ramos Ventures, and GGTT Realty Corporation.

FY 2019 vs. FY 2018

CLI posted a consolidated Net Income After Taxes ("**NIAT**") growth of 12%, from ₱2.17 billion to ₱2.44 billion. CLI's NIAT likewise increases to ₱2.02 billion, solid earnings growth of 17% y-o-y as compared to the ₱1.67 billion in 2018. The favorable result is driven from the construction progress of the following ongoing projects: MesaVirre Garden Residences in Bacolod, Velmiro Uptown in CDO, 38 Park Avenue and Casa Mira South in Cebu, and MesaTierra Garden Residences in Davao.

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

In Millions	December 2019	December 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2019	2018
Revenue	₱8,499	₱6,763	₱1,736	26%	100%	100%
Cost of Sales	(4,301)	(3,136)	(1,165)	37%	(51%)	(46%)
Gross Profit	4,198	3,627	571	16%	49%	54%
Operating Expenses	(1,145)	(894)	(251)	28%	(13%)	(13%)
Income from operations	3,053	2,733	320	12%	36%	40%
Interest Expense	(45)	(133)	88	(66%)	(1%)	(2%)
Other Operating Income	53	33.5	19.5	58%	1%	0%
Other Gains/ Losses	120	(26)	146	562%	1%	0%
Profit before tax	3,181	2,608	573	22%	37%	39%
Tax Benefit/ Expense	(744)	(439)	(305)	69%	(9%)	(6%)
Consolidated Net Income	2,438	2,169	269	12%	29%	32%
Non-Controlling Interest	(426)	(502)	76	(15%)	(5%)	(7%)
Parent Net Income	2,012	1,667	345	21%	24%	25%

REVENUES

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

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

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

The rental revenue grew by 10% y-o-y to ₱63.16 million from ₱57.48 million. This was attributable to the Company's 60% increase in GLA to 14,296 sq.m. with the recent turnover of Base Line Retail (5,216 sq.m. GLA), Base Line HQ (1,721 sq.m. GLA) and Casa Mira Towers Labangon (1,124 sq.m. GLA) in Cebu.

COST AND EXPENSES

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

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

Borrowing costs, both booked as cost of real estate sale and outright expense, for the year decrease from ₱176.95 million to ₱169.53 million due to interest cost savings during 2019. Total interest cost capitalized as real estate inventory amounted to ₱802.55 million, from ₱242.24 million y-o-y, as more debt was availed in 2019 to support the Company's planned capital expenditures including land

banking initiative and project development. This included the ₱2.00 billion corporate notes issued in 2019 and ₱5.00 billion corporate notes issued in 2018.

OTHER INCOME/ EXPENSE

The Company's other operating income likewise increased to ₱53.00 million from ₱33.50 million due an increase in administrative fees charged to the customers. During the year, the company has also recognized an increase in other gains and losses from loss o ₱26.00 million to a gain of ₱120.00 million due to the booked forex gain on the settlement of payables denominated in foreign currency.

Furthermore, the company has recognized an increase in tax expense of 69% from ₱439.00 million to ₱744.00 million attributable to the increase in taxable net income.

As of December 31, 2019 vs December 31, 2018

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

In Millions	December 2019	December 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
			Amount	%		
Cash and cash equivalents	₱917	₱949	(₱32)	(3%)	2%	4%
Receivables – net	5,876	4,039	1,837	45%	15%	16%
Contract assets – net	8,893	5,442	3,450	63%	23%	21%
Deposits on land for future development	1,289	1,755	(465)	(27%)	3%	7%
Real estate inventories	9,447	6,257	3,190	51%	25%	25%
Due from related parties	10	21	(11)	(53%)	0%	0%
Prepayments and other current assets	2,266	864	1,401	162%	6%	3%
Investments in associates	16	11	5	46%	0%	0%
Property and equipment – net	355	326	29	9%	1%	1%
Right-of-use assets	175	0	175	100%	0%	0%
Investment properties – net	8,905	5,699	3,206	56%	23%	22%
Fair value of plan assets – net	6	0	6	100%	0%	0%
Other non-current assets – net	129	65	64	99%	0%	0%
Total Assets	38,283	25,428	12,856	51%	100%	100%
Interest-bearing loans and borrowings	16,847	10,641	6,205	58%	44%	42%
Trade and other payables	5,784	2,403	3,381	141%	15%	9%
Contract liabilities	419	458	(39)	(9%)	1%	2%
Customers' deposits	191	43	148	347%	0%	0%
Lease liabilities	140	0	140	100%	0%	0%
Income tax payable	30	18	12	68%	0%	0%
Post-employment defined benefit obligation	0	6	(6)	(100%)	0%	0%
Deferred tax liabilities – net	1,125	537	588	109%	3%	2%
Total Liabilities	24,535	14,106	10,430	74%	64%	55%
Capital stock	1,714	1,714	0	0%	4%	7%
Additional paid-in capital	1,609	1,609	0	0%	4%	6%
Treasury shares	(247)	(212)	(35)	16%	(1%)	(1%)

In Millions	December 2019	December 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
			Amount	%	2019	2018
Revaluation reserves – net	(7)	(12)	6	-47%	0%	0%
Retained earnings	4,623	2,943	1,680	57%	12%	12%
Non-controlling interest	6,056	5,281	775	15%	16%	21%
Total Equity	13,748	11,322	2,426	21%	36%	45%

ASSETS

3% decrease in Cash and Cash equivalents

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

45% increase in Receivables (including non-current portion)

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

63% increase in Contract assets (including non-current portion)

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

27% decrease in Deposit on land for future development (including non-current portion)

Decreased to ₱1.29 billion from ₱1.75 billion due to increased project developments during 2019.

51% increase in Real Estate inventory

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

53% decrease in Due from related parties

Transactions paid by CLI on behalf of its subsidiaries and affiliates decreased to ₱9.95 million from ₱21.15 million as of December 31, 2018.

162% increase in Prepayments and other current assets

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

46% increase in Investments in associates

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

9% increase in Property and equipment

Increased to ₱355.00 billion from ₱326.00 billion is attributable to office expansion of the company to support the increasing manpower and operations.

100% increase in Right of uses asset

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

56% increase in Investment Properties

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

100% increase in Fair value of plan assets – net

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

99% increase in Other Non-current assets

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

LIABILITIES

58% increase in Interest bearing loans (including non-current portion)

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

141% increase in Trade and other payables (including non-current portion)

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

9% decrease in Contract Liabilities

Decrease to ₱419.00 million from ₱458.00 million due to increase in progress completion of units relative to the amount paid by buyers.

347% increase in Customer deposit

Due to the increase in collections from buyers where the revenue criteria for sales recognition has not been met. Increased to ₱191.00 million from ₱43.00 million is in line with increase in reservation sales and project launches during the year.

68% increase in Income tax payable

Increased to ₱29.73 million from ₱17.73 million due to the higher taxable income.

100% decrease in Post employment defined benefit obligation

Due to availment of the benefit.

109% increase in Deferred tax liabilities

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

EQUITY

16% increase in Treasury shares

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

47% decrease in Revaluation Reserve

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

57% increase in Retained Earnings

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

15% increase in Non-Controlling interests

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

OTHER DISCLOSURES RELATED TO THE COMPANY'S FINANCIAL CONDITION AND OPERATIONS

1. There are no known trends or demands, commitments, events, or uncertainties that will reasonably affect the Company's liquidity.

2. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. As at December 31, 2021 and 2020, the Group has capital commitments of about ₱8,346,359,878.00 and ₱7,492,397,005.00, respectively, for the construction of real estate inventories, property and equipment, and investment properties.

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As at December 31, 2021 and 2020, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

3. There are no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
4. For the last three fiscal years, there are no any significant elements of income or loss that arose from the Company's continuing operations.
5. There are no material changes from period to period outside of normal real estate operating cycle.
6. There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

KEY PERFORMANCE INDICATORS

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

Management considers the following as KPIs:

	2019	2020	2021
Gross Profit Margin ¹	49%	48%	46%
Net Income Margin ²	29%	25%	24%
EBITDA ³	₱3.42 billion	₱3.36 billion	₱3.80 billion
EBITDA Margin ⁴	40%	40%	34%
Interest Coverage Ratio ⁵	5.18	3.63	3.42
Return on Average Assets ⁶	8%	5%	5%
Return on Average Equity (Parent) ⁷	29%	23%	28%
Return on Average Equity (Consolidated) ⁷	17.73%	13.37%	14.89%
Current Ratio ⁸	2.56	2.41	1.67
Net Debt-to-Equity Ratio ⁹	1.16	1.48	1.72
Debt-to-Equity Ratio	1.23	1.53	1.79

	YTD March 31, 2022	YTD March 31, 2021
Gross Profit Margin ¹	46%	49%
Net Income Margin ²	23%	30%
EBITDA ³	₱1.34 billion	₱0.84 billion
EBITDA Margin ⁴	37%	36%
Interest Coverage Ratio ⁵	6.05	6.64
	As of March 31, 2022	As of December 31, 2021
Return on Assets ¹⁰	5%	5%

Return on Equity (Parent) ⁷	29%	29%
Current Ratio ⁸	1.62	1.67
Net Debt-to-Equity Ratio ⁹	1.77	1.72
Debt-to-Equity Ratio	1.82	1.79

1. Gross Profit Margin is gross profit as a percentage of revenues
 2. Net Income Margin is consolidated net income as a percentage of revenues
 3. EBITDA is defined as earnings before interest, tax, depreciation and amortization from continuing operations, and before exceptional items.
 4. EBITDA margin is EBITDA as a percentage of revenues
 5. Interest Coverage ratio is EBITDA plus cash and cash equivalents divided by interest paid from loans
 6. Return on Average Assets is net income as a percentage of the average assets as at year-end and assets as at end of the immediately preceding year.
 7. Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year.
 8. Current Ratio is current assets divided by current liabilities
 9. Net Debt-to-Equity Ratio is interest bearing debt less cash and cash equivalents over total equity
 10. Return on Assets is net income* as a percentage of assets
- * ROE and ROA is computed based on the projected net income for the year

The Company's gross profit margin is dependent on the mix of revenue during the period. For the first three months of 2022, 46% of the Company's topline was attributable to economic projects, which has lower Gross Profit Margin compared to the other segments. Additionally, recurring projects posted lesser revenue contributions during the year, these projects have Gross Profit Margins with over 50% to 60%. Meanwhile, Net Income Margin remains healthy at 23%.

For the period ended March 31, 2022, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 29%. Net Debt to Equity ratio slightly increased to 1.77x from 1.72x to finance new project launches. The Company's current ratio projects ample liquidity at 1.62x.

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

KPIS; CERTAIN FINANCIAL RATIOS

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

Financial Ratios (Consolidated)	Relevant Definitions	Required Ratios under Notes Facility Agreement	2019	2020	2021
Debt to Equity Ratio	Debt-to-Equity Ratio means the result obtained by dividing (i) the amount of interest-bearing liabilities of the Issuer by (ii) the total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer.	A maximum ratio of 2.5:1	1.23	1.53	1.79
Current Ratio	Current ratio is computed by dividing (i) Total Current Assets over (ii) Current Liabilities.	A minimum ratio of 1:1	2.56	2.41	1.67

Financial Ratios (Consolidated)	Relevant Definitions	Required Ratios under Notes Facility Agreement	2019	2020	2021
Interest Coverage Ratio	Interest coverage ratio is computed by dividing EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization) to interest paid during the period. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year.	A minimum ratio of 3:1	5.18	3.63	3.42

Upon the other hand, the table below reflects the financial ratios computed on the basis of the definitions under the PFRS.

Financial Ratios (Consolidated)	Relevant Definitions per PFRS	2019	2020	2021
Debt to Equity Ratio	Total Liabilities divided by Total Equity	1.78	2.23	2.72
Current Ratio	Total Current Assets divided by Total Current Liabilities	2.56	2.41	1.67
Interest coverage Ratio	Earnings before interest and taxes (EBIT) divided by Interest expense ⁷	4.01	2.83	2.55

Please also see below financial soundness indicators for the period ended as of March 31, 2022:

Financial Ratios (Consolidated)	Relevant Definitions per <u>PFRS</u>	As of March 31, 2022
Current Ratio	Total Current Assets divided by Total Current Liabilities	1.62
Debt to Equity Ratio	Total Liabilities divided by Total Equity	2.83
Asset to Equity ratio	Total Assets divided by Total Equity	3.83
Interest coverage Ratio	Earnings before interest and taxes (EBIT) divided by Interest expense ⁸	6.05
<i>Profitability Ratios</i>		
Gross Profit Margin	Total Gross Profit divided by Total Revenue	46%
Net Income Margin	Total Consolidated Net Income divided by Total Revenue	23%

⁷ The ratio is computed using 12-months trailing EBIT divided by interest incurred during the same period.

MANAGEMENT AND CERTAIN SECURITY HOLDERS

BOARD AND SENIOR MANAGEMENT

The overall management and supervision of the Company is vested in its board of directors. The Company's officers and management team cooperate with its Board by preparing relevant information and documents concerning the Company's business operations, financial condition, and results of operations for its review and action. At present, the Board consists of nine members, including three independent directors in accordance with the requirements of the SRC and the SEC's New Code of Corporate Governance for Publicly Listed Companies. The CLI Board is composed of directors with collective working knowledge, experience, and expertise that are relevant to the real estate industry. The CLI Board has an appropriate mix of competence and expertise and they remain qualified for their positions individually and collectively. All of CLI's directors were re-elected during the Company's annual stockholders' meeting held on June 7, 2022.

Members of the Board of Directors

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

Name	Age	Position	Citizenship
Jose R. Soberano III	66	Chairman of the Board	Filipino
Ma. Rosario B. Soberano	64	Director	Filipino
Jose Franco B. Soberano	36	Director	Filipino
Beauregard Grant L. Cheng	40	Director	Filipino
Joanna Marie B. Soberano-Bergundthal	34	Director	Filipino
Rufino Luis T. Manotok	71	Independent Director	Filipino
Ma. Aurora D. Geotina-Garcia	69	Independent Director	Filipino
Atty. Ma. Jasmine S. Oporto	69	Independent Director	Filipino
Stephen A. Tan	65	Director	Filipino

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

- Jose R. Soberano III* has been the Company's Chairman, CEO, and President since its incorporation. He obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School. He previously worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and in Ayala Land, Inc., where he was appointed Senior Division Manager in 1997. He was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City when he resigned in 2000 from Ayala. He served as President of the Rotary Club of Cebu 2011, and President of the Chamber of Real Estate Builders Association-Cebu in 2010. He is currently the (i) Chairman of the Board of the Center for Technology and Enterprise Inc., a socially-oriented instruction that offers technical training to less privileged youth; (ii) President of Sri Visayan Foundation Inc and Cebu Country Club, Inc.; (iii) Director and Treasurer of Sugbu Chinese Heritage Museum Foundation Inc.; and (iv) Director and Trustee of University of San Carlos. Mr. Jose R. Soberano III has more than 20 years of experience in managing and heading companies engaged in real estate development.

- *Ma. Rosario B. Soberano* has served as the Director, Treasurer, and Executive Vice President of the Company since 2003. She received a Bachelor of Science major in Accountancy degree in 1979 and graduated summa cum laude from St. Theresa's College in Cebu. She also obtained a Master's Degree in Business Administration from the University of the Philippines ("UP") – Cebu in 1983. She is a Certified Public Accountant and a licensed real estate broker duly registered with the Professional Regulations Commission and Department of Human Settlements and Urban Development.
- *Jose Franco B. Soberano* has served as Director of the Company since 2010 and joined the Company as COO and Senior Vice-President in 2010. He received a degree in Bachelor of Science in Management, major in Legal Management and minor in Finance, from the Ateneo de Manila University in 2007. In 2012, he obtained a Master's Degree in Real Estate Development from Columbia University in New York City. Prior to joining the Company, he was a project manager at Hewlett-Packard Asia Pacific (HK) Ltd. He is a founding member of the Global Shapers – Cebu Hub, an initiative of the World Economic Forum, and is President of the Sacred Heart School – Ateneo de Cebu Alumni Association since 2014.
- *Beauregard Grant L. Cheng* is currently the CFO and Executive Director of CLI since 2019. Before joining CLI, he was a Senior Deal Manager with a rank of Vice-President at BDO Capital & Investment Corporation. He led his project teams in managing various complex capital market transactions and advised companies in a broad array of industries on corporate restructuring and reorganization. Previously, he was a private banker based in Singapore handling accounts for high net worth individuals and institutions. He is a registered Chartered Financial Analyst ("CFA") Charter holder and is a member of the CFA Philippines Society. He earned his degree in Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. He was awarded as one of the Top Ten Outstanding Students of the Philippines by the Philippine President. He earned his Masters of Science in Wealth Management with distinction from Singapore Management University and Swiss Finance Institute in Zurich.
- *Joanna Marie B. Soberano-Bergundthal* has served as Director of the Company since 2010, and joined the Company as Vice President and Marketing Director in July 2016. She earned from the University of Asia and the Pacific both her Bachelor and Master of Arts in Communication, Major in Integrated Marketing Communication in 2008 and 2009 respectively. She was Top 1 of her Batch 2008. Prior to joining the Company, she was a Marketing Manager of the Global Team of Nestle based in Switzerland from June 2014 to August 2015 and was Marketing Project Manager based in Thailand from August 2015 to June 2016. In October 2013 to May 2014, she worked as a Marketing Manager of Nestle Philippines.
- *Rufino Luis T. Manotok* joined as one of the Company's Independent Directors in February 2017. He finished Advanced Management Program of Harvard Business School in 1994. He earned his Master of Business Management degree from the Asian Institute of Management in 1973, and Bachelor of Arts, major in Economics from the Ateneo de Manila University in 1971. He is currently an Independent Director of First Metro Investment Corporation and was the Chairman and President of Ayala Automotive Holdings Corporation from 2009 to 2012. From 2007 to 2009, he was Ayala Corporation's Senior Managing Director, CFO, and Chief Information Officer. He was Managing Director, heading Strategic Planning Group of Ayala Corporation from 1998 to 2006.
- *Ma. Aurora D. Geotina-Garcia* joined as one of the Company's Independent Directors in February 2017. She received her Bachelor of Science in Business Administration and Accountancy degree from UP in 1973. She completed her Master of Business Administration ("MBA") from the same university in 1978. She headed SyCip Gorres Velayo & Co.'s ("SGV & Co.") Global Corporate Finance Division from 1992 until her retirement from the partnership in 2001. She was a Senior Adviser to SGV & Co. from the time of her retirement until September 2006. She has served as a consultant to businesses and the government for over 30 years in the area of corporate finance. She is presently the President of Mageo Consulting Inc. since March 2014, President of CIBA Capital Philippines Inc. since December 2008, and an Independent Director of Queen City Development Bank since 2009.

- *Atty. Ma. Jasmine S. Oporto* joined the Board of Directors of CLI as an Independent Director in August 2018. She obtained her Bachelor of Laws from the UP College of Law, and Bachelor of Landscape Architecture from the same university. She also attended Comparative International and American Law Program of the Center for American and International Law. She is an experienced Chief Legal Officer, Chief Compliance Officer, and Corporate Secretary and has worked in said capacity with publicly listed companies like Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation. She is also a certified Compliance & Risk Management Professional with the GRC Institute of Australia. In her legal practice, she has intensive experience in working with wide network of external and in-house legal counsels for labor, commercial litigation, securities law, power industry regulation, land, infrastructure capital, and general corporate law.
- *Stephen A. Tan* has been a member of the CLI board as Non-Executive Director since 2019. He is a Certified Public Accountant and a holder of an MBA, with distinction, from Katholieke Universiteit Leuven in Belgium and a Bachelor of Science in Management Engineering from Ateneo de Manila University. He is also a Hubert H. Humphrey (Fulbright) Fellow in Agricultural Economics at the University of California, Davis. He earned his degree in Accounting from the University of San Carlos. Prior to retiring from CLI as CFO in May 2019, he has also served as CFO and Treasurer at various companies engaged in real estate development, construction, food, and shipbuilding, among others. For more than 30 years, he has been a part-time MBA professor in leading universities in Cebu City.

Executive Officers and Key Personnel

The following persons are the key executive officers and other officers⁹ of CLI:

Name	Age	Position	Citizenship
Jose R. Soberano III	66	President and CEO	Filipino
Ma. Rosario B. Soberano	64	Treasurer and Executive Vice-President	Filipino
Jose Franco B. Soberano	36	COO and Executive Vice President	Filipino
Beauregard Grant L. Cheng	40	Chief Financial Officer	Filipino
Joanna Marie B. Soberano-Bergundthal	34	Senior Vice-President for Marketing and Assistant Treasurer	Filipino
Janella Mae B. Soberano	30	Assistant Vice President for Customer Relations	Filipino
Atty. Alan C. Fontanosa	59	Corporate Secretary	Filipino
Atty. Larri-Nil G. Veloso	43	Vice-President for Legal and Assistant Corporate Secretary	Filipino
Atty. John Edmar G. Garde	33	Compliance Officer	Filipino
Marilou P. Plando	46	Assistant Vice President for Risk Management and Chief Risk Officer	Filipino
Engr. Pedrito A. Capistrano, Jr.	58	Vice-President for Engineering	Filipino
Connie N. Guieb	43	Vice-President for Finance	Filipino
Marie Rose C. Yulo	53	Vice-President for Sales	Filipino
Jessel M. Kabigting	52	Vice-President for Operations	Filipino

⁹ Officers identified in the latest General Information Sheet of CLI.

Sylvan John M. Monzon	46	Vice-President for Business Development	Filipino
Mark Leo M. Chang	43	Vice-President for External Affairs	Filipino
Rhodora M. Vicencio	49	Vice President for Property Management	Filipino
Julieta R. Castaños	42	Assistant Vice-President for Business Development	Filipino
Clarissa Mae A. Cabalda	33	Investor Relations Officer	Filipino

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

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

- *Janella Mae B. Soberano* joined the Company as Corporate Communications and Customer Relations Head in January 2020. She obtained her Bachelor of Arts in Integrated Marketing Communications degree from the University of Asia and the Pacific, Manila in 2013 and completed her Master of Science in Strategic Communications at Columbia University, New York in 2020. Prior to graduate school, she worked for the Company as Marketing Manager from 2017 to 2018 and United Laboratories as Brand Manager from 2013 to 2017. She is the daughter of Jose R. Soberano III and Ma. Rosario B. Soberano.
- *Atty. Alan C. Fontanosa* is the Corporate Secretary of CLI. He is a partner at the law firm, SyCip Salazar Hernandez & Gatmaitan (“**SyCip**”). He is also the partner in charge of SyCip’s Cebu Office. He obtained his undergraduate and law degree from the University of San Carlos and was admitted to the Philippine Bar in 1988.
- *Atty. Larri-Nil G. Veloso* is the Vice-President for Legal and serves as the Company’s Assistant Corporate Secretary. An experienced practitioner in Corporate Law, he holds a Bachelor of Arts in Mass Communication from UP and earned his Bachelor of Laws from the University of Southern Philippines Foundation. While finishing law school, he worked for print and online newspapers, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to joining the Company, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and later promoted as General Manager. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Atty. John Edmar G. Garde* is the Compliance Officer of CLI. Prior to joining CLI as Legal Counsel-Corporate Finance, he served as Manager/Director in the Business Tax Services of SGV & Co. He graduated cum laude from the University of San Carlos with a degree in Bachelor of Science in Management Accounting. He also received his law degree from the same university. He is also a Certified Compliance Officer, having garnered the highest rating and certificate of excellence during the 2021 Certification Course for Compliance Officers of the Center for Global Best Practices.
- *Marilou P. Plando* is the Assistant Vice President for Risk Management and Chief Risk Officer of CLI since 2021. Prior to working with CLI, she worked with Aboitiz Equity Ventures as its Legal Business Administrator from 2011 to 2016 then as its Enterprise Risk Manager from 2016 to 2018.
- *Engr. Pedrito A. Capistrano Jr.* is the Vice-President for Engineering of the Company. He is a licensed engineer in the field of Civil Engineering and Geodetic Engineering. He has been working with the Company since August 2011 when he was hired as Project Manager. His more than 34 years of experience has established his solid foundation and credibility in the *construction* and allied fields. Some of the established companies he had worked for were Filinvest Land Inc., Robinsons

Land Corporation, Cebu Industrial Park Developers, Inc., AboitizLand, Inc., and Aboitiz Construction Group, Inc. He finished his Bachelor of Science degree in Civil Engineering at Cebu Institute of Technology University in Cebu City and earned his Master of Science in Management Engineering from University of the Visayas also in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

- *Connie N. Guieb* is the Vice-President for Finance and Accounting. As a Certified Public Accountant, she also serves as the Financial Comptroller. She has more than 15 years of accountancy and finance experience in various industries in both public and private sectors in the Philippines. She graduated cum laude with a Bachelor of Science in Accountancy degree from the *University* of San Carlos, and Bachelor of Laws from the University of Cebu. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Marie Rose C. Yulo* is the Company's Vice-President for Sales. Prior to this, she was the Assistant Vice-President for both Sales and Marketing from March 2011 until August 2016 when the Company spun off its marketing unit as a separate department to provide focused *attention* to the equally challenging marketing and branding initiative of the Company. She also has significant experience in the areas of travel and tours and banking. She completed her Bachelor of Science degree in Business Administration at the University of San Carlos and earned MBA units from the University of the Visayas. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Jessel M. Kabigting* is the Vice-President for Operations of the Company. He finished Civil Engineering from the University of Santo Tomas and is the Gold Medalist in the Ateneo-Regis University MBA Program with a specialization in Marketing and Finance. He worked for 25 years in construction, real estate, and in outsourcing companies prior to joining the Company. He managed the planning, construction, procurement, and operations of various residential, office, retail, and mixed-use projects in the Philippines under Ayala Land and MDC. He also previously worked at Accenture for 6 years and served as Service Transition Executive and Solution Architect *for* the Philippines. During this time, he led outsourcing and sales engagements for Philippines and India and worked with clients from the USA and Europe. He used to manage day-to-day business operations for three firms before joining the Company. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Sylvan John M. Monzon* is the Vice-President in-charge of business development for the Company's projects in Mindanao. Prior to CLI, he held various positions in the real estate industry for more than 20 years such as Project Development Assistant Supervisor of Cebu Holdings, Inc., Assistant COO of Ortigas and Company Limited Partnership, and as Head of Business Development of Ortigas and Company Holdings Inc. He graduated with a Bachelor of Science degree in Business Management from the University of Asia and the Pacific in Pasig City, Philippines. He also earned a Certificate in Business Economics from the same university. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Mark Leo M. Chang* is the Company's Vice-President for External Affairs. He graduated with a degree in Bachelor of Laws (Juris Doctor) from the University of San Carlos School of Law, Cebu City in 2009 and Bachelor in Business Management from UP – Cebu in 1999. In 1998, he was awarded as one of The Outstanding Student Leaders of UP – Cebu by the Junior Jaycees of UP – Cebu Chapter. He previously worked as Senior Manager for External Affairs of Cebu Holdings, Inc., a subsidiary of Ayala Land, Inc. from February 2015 to July 2017 (including as Consultant) and as Senior Manager for Permits with Countryside Water Services under Filinvest Development Corporation from August 2017 to June 2018. He held the position of Presidential Staff Officer V functioning as Executive Assistant and Political Officer under the Office of the Presidential Political Adviser Sec. Ronaldo M. Llamas of the Office of the President from April 2011 to December 2014. He also worked as an Intern (Researcher) at SyCip – Cebu Branch from September 2005 to March 2007. He used to be the National President of the Association of Law Students of the Philippines, a federation of law student councils in the country, for Academic Year (“**AY**”) 2008-2009 and

President of Lex Circle, law Student Council, for 2 terms in AY 2006-2008. He is one of the founders of Roco for President Youth Movement and Aksyon Kabataan, a youth arm of Aksyon Demokratiko, the political party of the late Sen. Raul S. Roco in 1998. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

- *Rhodora M. Vicencio* is the Vice President for Property Management of CLI. She has 25 years of experience in property management specializing in residential and commercial real estate, facility administration and leasing. She worked in different real estate companies in the National Capital Region, Cordillera Administrative Region, Bicol Region, Western Visayas, and Central Visayas. She was also a consultant and instrumental in the set-up of local operations of Common Ground Works, Philippines from Malaysia. She graduated from the College of the Holy Spirit in Manila with a double major in Bachelor of Science in Commerce in Marketing and Management. She also attended and completed modules under the Post-Baccalaureate Program for Building and Property Management in De La Salle – College of St. Benilde.
- *Julieta R. Castaños* joined the Company as Business Unit Head for Cebu Residential Projects in March 2020. She obtained her Bachelor of Science in Accountancy from the University of San Carlos in 2000. She previously worked at Filinvest Land, Inc. for 14 years with various functions: from April 2005 to January 2009 as Branch Accountant; from January 2009 to January 2012 as Branch Operations Head; from January 2012 to May 2013 and from September 2014 to April 2018 as Senior Manager for Project Development; and from April 2018 to February 2020 as Project *Development* Head for Visayas and North Mindanao. Prior to this, she was with AboitizLand, Inc. from 2002 to 2005 where she held positions in the Accounting Department and ultimately rising to the position of Business Development Manager in March 2013 before leaving the group in September 2014. She was also elected President of the Subdivision and Housing Developers Association, Central Visayas Chapter (“**SHDA-CV**”) from 2015 to 2017 and is currently one of the Board of Advisers of SHDA-CV. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Clarissa Mae A. Cabalda* is the Investor Relations Officer of CLI since April 2017. She is a Certified Public Accountant and a holder of Master of Arts in Economics. She obtained her undergraduate and Master’s degree from the University of San Carlos. Prior to joining CLI, she previously worked at AboitizLand for 3 years in Corporate Finance. She has also extensive working experience in finance from reputable companies such as SM Prime Holdings, Inc. and KFC Philippines.

Significant Employees

Other than the Directors and Officers identified in the item on Directors and Executive Officers in this Prospectus, there are no other employees of the Company who may have significant influence in the Company’s major and/or strategic planning and decision-making.

Family Relationships

As of the date of this Prospectus, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company’s senior management are as follows:

1. Ma. Rosario B. Soberano (Director, Treasurer and Executive Vice-President) is the spouse of Jose R. Soberano III (Chairman of the Board, President, and CEO).
2. Jose Franco B. Soberano (Director, COO, and Executive Vice-President), Joanna Marie B. Soberano-Bergundthal (Director, Vice-President for Marketing, and Asst. Treasurer) and Janella Mae B. Soberano (Corporate Communications and Customer Relations Head) are the children of Jose R. Soberano III (Chairman of the Board, President, and CEO) and Ma. Rosario B. Soberano (Director, Treasurer, and Executive Vice-President).

Apart from the foregoing, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors or executive officers of the Company.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry and save as indicated below in respect of Ma. Aurora D. Geotina-Garcia (one of the independent directors), none of the Company's other directors, executive officers, or controlling persons of the Company have, in the five-year period prior to the date of this Prospectus:

1. had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;
3. have been the subject of 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 their involvement in any type of business, securities, commodities, or banking activities; or
4. have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC 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 such judgment having not been reversed, suspended, or vacated.

Ma. Aurora D. Geotina-Garcia, one of the independent directors, is a party in the following legal proceedings which were filed against her in her capacity as a former member of the Board of Directors of the Bases Conversion and Development Authority ("**BCDA**"):

1. *Criminal case for libel which is presently pending with the Court of Appeals* – The case involves statements which the BCDA caused to be published in the April 10, 2012 issue of the Philippine Daily Inquirer. At the time of publication, the accused were members of BCDA's Board of Directors, including Ms. Geotina-Garcia. The private complainant, who is the CEO of CJH Development Corporation, contended that by these publications, the accused deliberately, maliciously, knowingly, and publicly imputed crimes, acts, and omissions against him, which supposedly tarnished, tainted, and besmirched his good name, honor, and reputation.

The trial court granted the accused's demurrer to evidence and dismissed the case for insufficiency of the prosecution's evidence. The dismissal was equivalent to an acquittal, which was immediately final and executory.

The private complainant filed a Petition for Certiorari dated December 9, 2020 with the Court of Appeals, alleging grave abuse of discretion on the part of the trial court in granting the accused's demurrer to evidence and dismissing the case for insufficiency of the prosecution's evidence. In a Resolution dated May 24, 2021, the Court of Appeals required the respondents to file a comment. The accused filed their comment dated July 19, 2021.

2. *Appeal from the dismissal by the Office of the Ombudsman of criminal charges for acts of the BCDA Board of Directors pending before the Supreme Court* – The case was originally filed with the Office of the Ombudsman, which was dismissed on January 15, 2016. The appeal before the Supreme Court was dismissed in a Decision dated January 13, 2021. The petition filed a Motion for Reconsideration dated February 9, 2022.
3. *Appeal from the dismissal by the Office of the Ombudsman of administrative charges for acts of the BCDA Board of Directors pending before the Court of Appeals* – The appeal was dismissed in a Decision dated January 30, 2018, which was affirmed in a Resolution dated May 16, 2018. Ms. Geotina-Garcia is not aware of any appeal or petition filed by of CJH Development Corporation from the Court of Appeals' rulings.

EXECUTIVE COMPENSATION

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

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

The following table identifies and summarizes the aggregate compensation of the Company's President & CEO and the five most highly compensated executive officers, and all other officers and directors as a group, for the years ended December 31, 2021, 2020, 2019, and 2018.

Position	Period Ended	Basic Compensation (in ₱)	Other Compensation (in ₱)
President and CEO and the four most highly compensated executive officers named above	2022 (est.)	45,070,987.50	21,961,500.00
	2021	40,973,625.00	19,965,000.00
	2020	37,248,750.00	18,150,000.00
	2019	33,862,500.00	16,500,000.00
All officers and directors as a group excluding the President and four (4) most highly compensated executive officers	2022 (est.)	27,578,355.39	10,607,059.77
	2021	25,071,232.18	9,642,781.61
	2020	22,792,029.26	8,766,165.10
	2019	20,720,026.60	7,969,241.00

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

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

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

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Record and Beneficial Owners of more than 5% of CLI as of August 31, 2022:

Title of Class	Name, Address of Record Ownership and Relationship with Issuer	Stockholder Name	No. of Common Shares	Percentage (of common shares)
Common Shares	AB Soberano Holdings Corp., 2877 V. Rama Avenue	AB SOBERANO HOLDINGS CORP.	2,267,130,595	62.57%

Title of Class	Name, Address of Record Ownership and Relationship with Issuer	Stockholder Name	No. of Common Shares	Percentage (of common shares)
	Guadalupe Cebu City			
Common Shares	PCD Nominee Corporation (Filipino)	PCD NOMINEE CORP. (FILIPINO)	1,283,303,334	35.42%
	G/F MSE Bldg. Ayala Ave. Makati City			

Beneficial Owners of AB Soberano as of August 31, 2022:

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

Security Ownership of Directors and Management (Executive Officers) of CLI as of August 31, 2022:

Directors

Name	Direct	Indirect	Total	Percentage to Total Outstanding Shares
Jose R. Soberano	168,978,250	1,090,845,167	1,259,823,417	34.77%
Ma. Rosario B. Soberano	132,127,500	1,090,845,167	1,222,972,667	33.75%
Jose Franco B. Soberano	20,330,241	22,725,941	43,056,182	1.19%
Joanna Marie B. Soberano-Bergundthal	16,907,191	22,725,941	39,633,132	1.09%
Beauregard Grant L. Cheng	2,453,000	-	2,453,000	0.07%
Stephen A. Tan	11,150	-	11,150	0.00%
Ma. Jasmine S. Oporto	8,920	-	8,920	0.00%
Rufino Luis T. Manotok	2	161,500	161,502	0.00%
Ma. Aurora D. Geotina-Garcia	1	-	1	0.00%
Total	340,816,256	2,227,303,716	2,568,119,972	70.87%

Officers

Name	Direct	Indirect	Total	Percentage to Total Outstanding Shares
Larri-Nil G. Veloso	103,000	-	103,000	0.00%
Marilou P. Plando	26,760	-	26,760	0.00%
Total	129,760	-	129,760	0.00%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

However, no other transaction, without proper disclosure, was undertaken by the Group. CLI employees are also required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

Please refer to the discussion on "*Related Party Transactions*" under the section on "*Description of Business*".

CORPORATE GOVERNANCE

Compliance Policy and Evaluation System

In accordance with the State's policy to actively promote corporate governance reforms aimed to raise investor confidence, develop capital market and help achieve high sustained growth for the corporate sector and the economy, the Board of Directors, Management, and Employees of CLI commit to the principles and best practices contained in the Manual on Corporate Governance (the "**Manual**"), a copy of which had been duly filed with the SEC in 2017 as an attachment of the Registration Statement filed by CLI for its Initial Public Offering.

The evaluation system established by CLI in measuring and determining the level of compliance with its Manual includes the conduct of annual board and committee assessments. In 2021, CLI rolled-out its digitalized board and committee assessment forms. The duly accomplished Assessment Forms were then reviewed, verified, and tabulated by the Office of the Compliance Officer. A summary of the results of the board and committee assessments, including the various performance ratings and comments of the directors and committee members, were presented and discussed during CLI's respective corporate governance committee and board meetings and copies of which were uploaded to CLI's Diligent Boards.

Measures Undertaken to Comply with Leading Practices on Good Corporate Governance

CLI has undertaken measures to comply with the adopted leading practices on good corporate governance. The Board of Directors and management team of CLI have promoted and implemented various principles and recommendations under SEC Memorandum Circular No. 19, series of 2016 (otherwise, the Code of Corporate Governance for Publicly-Listed Companies), Corporate Governance Guidelines for Companies Listed on the PSE, as well as recommended practices under the ASEAN Corporate Governance Scorecard. In case of non-compliance with the recommended principles and best practices, CLI identifies and elucidates on the same, and provides explanation as to how the overall principles being recommended are still achieved by CLI. These are all reported by CLI through its comprehensive Integrated Annual Corporate Governance Reports which are submitted to the SEC, uploaded to PSE EDGE, and posted in CLI's website.

Further thereto, CLI also rolled out and cascaded various policies and programs to its employees and personnel for proper awareness, understanding, and implementation of CLI's good corporate governance practices. For FY2021, this is highlighted by the roll-out of CLI's updated Handbook on Employee Discipline, CLI Executives and Company Travel Policy, Transfer Pricing Policy, Anti-Money Laundering and Terrorist Financing Prevention, updated Executive Committee Charter and Limits of Authority, Policy on New Investments, Shareholder Advances, Capital Infusions, and Management Services, among other CLI policies and corporate training in FY2021.

Deviations from the CLI's Manual of Corporate Governance

In its 2021 Integrated Annual Corporate Governance Report, CLI disclosed that it had been non-compliant in some of the recommendations set out in the Code of Corporate Governance for Publicly-Listed Companies. However, such non-compliances have been properly explained and that despite such non-compliance, CLI is still able to achieve the corporate governance principle being recommended.

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

Plan to improve the CLI's Corporate Governance

Recognizing and understanding that good corporate governance is essential to sound strategic business management and sustainable growth and development, CLI fully commits and undertakes to continue to bolster and enhance its corporate governance, not only through its continued and consistent compliance with laws, rules, regulations, and corporate best practices, but also by improving and

strengthening CLI's internal controls, risk management, investor and other stakeholder relations, checks and balances, and policies and procedures. In recognition of its continued efforts and improvements in the area of corporate governance, CLI received Special Environment, Social and Governance Recognition from the Philippine Property Awards for the calendar year 2021.

REGULATORY FRAMEWORK

Laws on housing and land projects

Republic Act No. 11201: Department of Human Settlements and Urban Development Act

Republic Act No. 11201 or the Department of Human Settlements and Urban Development Act, which was signed into law on February 14, 2019, created the Department of Human Settlements and Urban Development (the “**DHSUD**”), through the consolidation of the Housing and Land Use Regulatory Board (“**HLURB**”) and the Housing and Urban Development Coordinating Council (“**HUDCC**”).¹⁰ The DHSUD has been mandated to act as the primary national government entity responsible for the management of housing, human settlement, and urban development, and the sole and main planning and policymaking, regulatory, program coordination, and performance monitoring entity for all housing, human settlement, and urban development concerns, primarily focusing on the access to and the affordability of basic human needs. Its powers and functions include the regulation of housing and real estate development.

The DHSUD exercises administrative supervision over the following housing agencies, which shall remain attached for purposes of policy and program coordination, monitoring, and evaluation: (a) National Housing Authority (NHA), (b) National Home Mortgage Finance Corporation (NHMFC), (c) Home Development Mutual Fund (HDMF), and (d) Social Housing Finance Corporation (SHFC).

The Human Settlements Adjudication Commission (the “**HSAC**”) was reconstituted from the HLURB and is mandated to adjudicate, among others, disputes relating to real estate development, homeowners association, and appeals from decision of local and regional planning and zoning bodies. Hence, the adjudicatory functions of the HLURB are transferred to the HSAC, and HLURB is attached to the DHSUD for policy, planning and program determination only.

On July 19, 2019, the implementing rules and regulations (“**IRR**”) of Republic Act No. 11201 were approved. These describe in more detail the functions of the DHSUD and enumerates the functions of the HLURB that were transferred to it, such as, among others, its regulatory functions, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums, and similar real estate developments. The IRR of Republic Act No. 11201 also enumerates the oversight and monitoring functions of the Department and its powers and functions in relation to public housing and urban development.

Presidential Decree No. 957: The Subdivision and Condominium Buyers’ Protective Decree

Presidential Decree No. 957, or the Subdivision and Condominium Buyers’ Protective Decree (as amended, “**PD 957**”), is the principal statute regulating the development and sale of real property as part of a condominium or subdivision project. It was enacted pursuant to the policy of the state to ensure that real estate subdivision owners, developers, operators, and/or sellers provide and properly maintain roads, drainage, sewerage, water systems, lighting systems and other similar basic requirements in order to guarantee the health and safety of home and lot buyers. PD 957 covers condominium and subdivision projects for residential, commercial, industrial and recreational areas as well as open spaces and other community and public areas in the project. The DHSUD (formerly, HLURB) is the administrative agency of the government which, together with local government units, enforces PD 957 and has jurisdiction over real estate trade and business. As mentioned above, DHSUD has assumed the functions of the HUDCC and the planning and regulatory functions of HLURB, while the HSAC has assumed the adjudication functions of HLURB.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by DHSUD and relevant LGU where the project is situated. Approval of such plans is conditional on, among other things, the developer’s financial,

¹⁰ In view of this law, Republic Act No. 11201, references to “HLURB” in the laws and regulations mentioned in this section “Regulatory Framework” such as P.D. No. 957, HLURB Resolution No. 985, Series of 2019, HLURB Memorandum Circular No. 03, Series of 2016, B.P. No. 220 and its IRR, Executive Order No. 71, Series of 1993, Republic Act No. 7279, Republic Act No. 9646, Republic Act No. 4726 and Environmental Laws and Safety Standards, have been changed to “DHSUD”. Such similar references have been also used elsewhere in this Prospectus.

technical and administrative capabilities. Before it is approved, the subdivision plan must comply with the Subdivision Standards and Regulations. On the other hand, the condominium plan, in addition to complying with the same procedure, must also comply with Presidential Decree No. 1096, or the National Building code, with respect to the building(s) in the condominium project. The owner or developer is required to submit the condominium plan in accordance with the requirements of the National Building Code to the building official of the city or municipality where the property lies and the same will be acted upon subject to the conditions and in accordance with the procedure prescribed in Section 6 of Republic Act No. 4726, or the Condominium Act.

Alterations of approved condominium plans affecting significant areas of the project, such as infrastructure and public facilities, also require prior approval of DHSUD and the city or municipal engineer.

The development of subdivision and condominium projects can only commence after the relevant government bodies have issued the required development permit and the necessary building or construction permits in accordance with the requirements of the city or municipality where the property lies. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements that may differ depending on the nature of the project; and (ii) issuance of the barangay clearance, the locational and zoning clearance, permits issued by the DENR such as the Environmental Compliance Certificate ("**ECC**"), conversion order or exemption clearance from the Department of Agrarian Reform ("**DAR**"), permit to drill from the National Water Resources Board, and such other permits and approvals. In cases where the property involved is located in an area already classified as residential, commercial, industrial or other similar development purposes, a DAR conversion order shall no longer be required as a precondition for issuance of certificate of registration and license to sell.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from DHSUD. Subdivision or condominium units may only be sold or offered for sale after a license to sell has been issued by DHSUD. Further, to ensure that the owner or developer of a proposed subdivision or condominium project shows firm commitment to proceed with a project, current DHSUD regulations require minimum developments before the issuance of a license to sell: (a) for subdivision projects, proof of land clearing and grubbing, road tracing and entrance gate if included in the brochure or advertisement; and (b) for condominium projects, excavation per approved plan/excavation permit is required.

As a requisite for the issuance of a license to sell, developers are required to file with DHSUD any of the following to guarantee the construction and maintenance of roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with applicable laws, rules, and regulations:

1. A surety bond callable upon demand equivalent to 20% of the development cost of the unfinished portion of the approved plan, issued by a duly accredited bonding company (whether private or government), and acceptable to DHSUD;
2. a real estate mortgage executed by the applicant developer as mortgagor in favor of the Republic of the Philippines, as represented by DHSUD as mortgagee over property other than that subject of the application, free from any liens and encumbrance and provided that the value of the property, computed on the basis of the zonal valuation of the Bureau of Internal Revenue, shall be at least 20% of the total development cost; or
3. other forms of security equivalent to 10% of the development cost of the unfinished portion of the approved plan which may be in the form of the following:
 - a) a cash bond;
 - b) a fiduciary deposit made with the cashier and/or disbursing officer of DHSUD;
 - c) a certificate of guaranty deposit issued by any bank or financing institution of good standing in favor of DHSUD for the total development cost;
 - d) a letter from any bank of recognized standing certifying that so much has been set aside from the bank account of the developer in favor of DHSUD, which amount may be

- withdrawn by DHSUD at any time the developer fails or refuses to comply with its duties and obligations under the bond contract; or
- e) any irrevocable credit line to be utilized in the development of the project from any bank of recognized standing and a refinancing re-structuring program indicating sources of funding from duly accredited funding institutions.

The DHSUD is vested with quasi-judicial powers and regulatory functions necessary for the enforcement and implementation of PD 957. Among these regulatory functions are: (i) regulation of the real estate trade and business; (ii) registration of subdivision lots and condominium projects; (iii) issuance of license to sell subdivision lots and condominium units in the registered units; (iv) approval of performance bond and the suspension of license to sell; (v) registration of dealers, brokers and salesman engaged in the business of selling subdivision lots or condominium units; (vi) revocation of registration of dealers, brokers, and salesmen; (vii) approval of mortgage on any subdivision lot or condominium unit made by the owner or developer; (viii) granting of permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects; (ix) approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned; (x) regulation of the relationship between lessors and lessees; and (xi) hear and decide cases on unsound real estate business practices, claims involving refund filed against project owners, developers, dealers, brokers or salesmen, and cases of specific performance.

The DHSUD is also authorized, *motu proprio* or upon verified complaint filed by a buyer of a subdivision lot or condominium unit, to revoke the registration of any subdivision or condominium project and the license to sell any subdivision lot or condominium unit in said project upon showing that the owner or dealer:

- a) is insolvent;
- b) has violated any of the provisions of PD 957, or any applicable rule or regulation of DHSUD, or any undertaking under his/its bond;
- c) has been or is engaged or is about to engage in fraudulent transactions;
- d) has made any misrepresentation in any preliminary prospectus, brochure, circular, or other literature about the subdivision project or condominium project that has been distributed to prospective buyers; or
- e) does not conduct his business in accordance with law or sound business principles.

Project permits and licenses to sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation, and/or failure to conduct business in accordance with law or sound business principles. A license or permit to sell may only be suspended, cancelled or revoked after a written notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with DHSUD's rules of procedure and other applicable laws.

HLURB Resolution No. 985, Series of 2019: 2019 Real Estate Development Monitoring Rules of HLURB

On June 17, 2019, the then HLURB (now DHSUD) released HLURB Resolution No. 985 entitled approving the 2019 Administrative Rules of Procedure in the Monitoring of Real Estate Development Projects and Imposition of Sanctions for Violation of PD 957 and Other Related Laws and their Implementing Rules and Regulations. This is primarily aimed at ensuring the faithful observance by owners and/or developers of their obligation to fully develop the project on time and in accordance with the approved development plan, contractual stipulations, sales representations, and pertinent conditions imposed in clearances, permits and licenses.

The Regional Officer shall have jurisdiction and power to investigate land use or development projects in real estate transactions and verify reports of alleged violations of the laws, rules and regulations implemented by the DHSUD. The Regional Officer may issue an Authority to Monitor specific projects, cease-and-desist orders restraining the commission or continuance of acts, impose fines and penalties for violations of law, rules and regulation, cite any person in direct contempt, and issue writs or alias writs of execution to enforce orders and rulings of the Regional Office.

HLURB Memorandum Circular No. 03, Series of 2016: The 2015 Guidelines on Time Completion

HLURB Memorandum Circular No. 03, Series of 2016, or the 2015 Guidelines on Time Completion (the “**HLURB 2015 Guidelines**”) provides that projects required by law to be registered with the DHSUD such as industrial, commercial and residential subdivisions, residential or commercial condominiums, and similar projects, such as memorial parks, should be completed within one year from the date of the issuance of the license to sell, or any other period fixed by the DHSUD (“**Time of Completion**”). Failure to comply with the Time of Completion will: (1) entitle buyers to exercise their rights under PD 957 and the Civil Code of the Philippines in addition to other rights and remedies under other laws; and (2) subject the owner or developer to administrative fines, sanctions and penalties which may include the suspension of the license to sell and a cease and desist order.

The DHSUD shall rely on the work program or program of development submitted during the application for a Certificate of Registration and license to sell in determining the applicable Time of Completion of a project.

Residential subdivision projects are subject to different Times of Completion for the land and the housing components. The Time of Completion for land development, which includes land clearing and grubbing, road construction, installation of power and water distribution system, construction of drainage and sewerage systems, and other developments, will depend on the work program or program of development submitted by the owner or developer. All subdivision amenities and facilities such as clubhouse, playgrounds, sports facilities, and other infrastructures included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement shall be developed and completed within the period for the project’s land development. Meanwhile, the completion and delivery of any housing unit purchased shall be explicitly provided in the contract to sell or any purchase agreement, and absent any indication thereof, will not exceed one year from the date of purchase.

For condominium projects, all facilities and amenities included in the approved project plans, brochures, prospectus, printed matters, letters, or any forms of advertisement shall be completed in accordance with the work program or program of development of the project. The Time of Completion as stated in the license to sell shall be binding and obligatory upon the owner or developer, but if it provides a shorter period in any form of advertisement, it shall be bound by the shorter period.

The HLURB 2015 Guidelines also provides that the Time of Completion which shall include the date, time and year shall be indicated in the license to sell of the project, which shall be binding and obligatory on the part of the owner or developer, unless a shorter period of completion or delivery is represented in any form of advertisement. The Time of Completion should be indicated in any advertisement of a project.

As a general rule, the Time of Completion is non-extendible, except in the following instances and upon the posting of a bond or security:

1. Existence of sub-soil conditions discoverable only after actual excavation and would require additional excavation time;
2. Occurrence of a fortuitous event completely independent of the will of the owner or developer, that requires reconstruction or causes delays in the project, and renders its completion within the original approved period impossible in a normal manner;
3. Issuance of a lawful order of a court, other government agency or local government unit that temporarily enjoins the development of the project, unless such issuance is caused by the fault, mistake or negligence of the owner or developer.

If an owner or developer wishes to apply for additional time due to the foregoing grounds, it shall file a sworn application with the Regional Field Office of the DHSUD where the project is registered, including a proof of notice to all lot or unit buyers, a revised work program with computation of remaining cost of completion and other requirements, within 60 days from the discovery of the unfavorable sub-soil conditions, the occurrence of the fortuitous event, or from receipt of the order or issuance of a court or government body.

The owner or developer of a project that is not completed on time will be given a Notice of Alleged Reported Violation requiring it to explain under oath why no administrative fine and sanctions and cease and desist order should be imposed against it. Should the owner or developer fail to comply with the order or justify the non-completion of a project, an order imposing administrative fines and sanction shall be issued, and the owner or developer shall be required to submit additional documentations on the project.

Upon review of the submitted documents, a final order shall be issued requiring the completion of the project within such period as may be fixed by the DHSUD, and a performance bond shall be secured conditioned on this undertaking. In case of non-completion of the project within the approved Time of Completion, an administrative fine shall be imposed in accordance with the approved Schedule of Fines and other existing DHSUD guidelines, the license to sell shall be suspended, and a cease and desist order shall be issued enjoining the owner or developer from further selling any lot, including any building or improvement thereon, or any unit in a project, from advertising the project, and from collecting amortization payment, until the completion of the project and issuance of a Certificate of Completion.

DHSUD Department Order No. 2020-010, Series of 2020 and DHSUD Department Order No. 2021-009, Series of 2021.

During the onset of the COVID-19 pandemic, the DHSUD issued Department Order No. 2020-010, Series of 2020 ("**D.O. 2020-010**"), which granted an additional one year to owners and developers of covered projects to respond to the circumstances brought about by the surge in COVID-19. The additional time was for the completion of projects affected by the stoppage of development during the community quarantine periods. The additional one year is reckoned from the end of the time of completion of the project as indicated in the License to Sell.

In 2021, the DHSUD issued Department Order No. 2021-009, Series of 2021, ("**D.O. 2021-009**"). Under this department order, in addition to the one-year additional time of completion under D.O. 2020-010, all projects were granted a maximum of one-year additional time reckoned from the end of the time of completion of the project as indicated in the License to Sell or availed under D.O. 2020-010. To avail of the same, the project must be registered and licensed with the DHSUD, or the DHSUD and the owner or developer must apply for such additional time with the DHSUD.

Any owner or developer availing of additional time of completion must submit an application letter, a revised work program based on the requested extended period of completion and must file a performance bond supported by a notarized fact sheet duly signed by a licensed architect or engineer and indicating therein the remaining cost of the project. Upon approval, the Regional Office shall send a letter of approval to the owner or developer, stating therein such additional period of time granted.

Provided however, that all projects with time of completion ending before March 2020 granted or as provided on the License to Sell are not covered by the above issuances and are, thus, governed by the DHSUD 2015 Guidelines.

B.P. 220: An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas from those Provided under Presidential Decrees Numbered Nine Hundred Fifty-Seven, Twelve Hundred Sixteen, Ten Hundred Ninety-Six, and Eleven Hundred Eighty-Five

B.P. 220 and its Implementing Rules and Regulations ("**BP 220 IRR**") apply to the development of economic and socialized housing projects in urban and rural areas. Likewise, they apply to the development of either a house and lot or a house or lot only ("covered project").

Under B.P. 220 and the BP 220 IRR, the covered project must be approved by the DHSUD or the LGU, as the case may be, before it commences. The approval of the Preliminary Subdivision Development Plan is valid only for a period of 180 days from approval. Further, the development design and plans must undergo survey and evaluation conducted by DHSUD. The BP 220-IRR adopted the rules set out by P.D. 957 and its Implementing Rules.

BP 220 IRR also sets forth minimum design standards and technical guidelines which are different from those under P.D. 957 (The Subdivision and Condominium Buyers' Protective Decree), P.D. 1216

(Defining Open Space in residential Subdivision), P.D. 1096 (National Building Code of the Philippines), and P.D. 1185 (Fire Code of the Philippines). However, possible variations of the guidelines and standards may be allowed by the DHSUD should the strict observance of such cause unnecessary hardship based on specific regional, cultural, and economic setting.

A developer who intends to sell the subdivision or condominium should register the project and obtain a License to Sell from DHSUD. The notice on Application for Certificate of Registration must be published at the expense of the applicant, and a billboard notice must be posted on the project site until the issuance of the Licenses to Sell. Failure to publish the notice within two weeks from receipt of notice to publish by DHSUD will require the developer to re-file the application for the Certificate of Registration.

In addition to the requirements of registration and License to Sell, BP 220 IRR also requires the submission of a performance bond and payment of prescribed fees. BP 220 IRR also proscribes any sale within two weeks from the registration of the project.

BP 220 IRR also provides for several obligations of the developer, such as the initiation of organization and registration of a homeowner's association, and the donation of roads and open spaces found in the project to LGUs of the area after their completion had been certified by the Board.

Failure on the part of the developer to develop the project in accordance with the approved project plans within the time specified shall subject the developer to administrative sanctions and penalties. The above-mentioned Guidelines on Time of Completion is also applicable to the projects under this B.P. 220.

Further, DHSUD mandates subdivision and condominium developer to submit a copy of the special/temporary permit from the Professional Regulation Commission and of the separate permit from the Department of Labor and Employment for foreign architects who signed on plans required under the IRR of PD 957 and BP 220.

Executive Order No. 71, Series of 1993

Under *Executive Order No. 71, Series of 1993*, cities and municipalities assume the powers of the DHSUD over the following:

- a) approval of preliminary as well as final subdivision schemes and development plans of all subdivisions, residential, commercial, industrial, and for other purposes;
- b) approval of preliminary as well as final subdivision schemes and development plans of all economic and socialized housing projects;
- c) evaluation and resolution of opposition against issuance of development permits for any of said projects; and
- d) monitoring the nature and progress of its approved land development projects to ensure their faithfulness to the approved plans and specifications.

Republic Act No. 7279: Urban Development and Housing Act of 1992

Republic Act No. 7279, as amended recently by Republic Act No. 10884, or the Urban Development and Housing Act of 1992, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, and at least 5% of condominium area or project cost, at the option of the developer, within the same city or municipality whenever feasible, and in accordance with the standards set by DHSUD and other existing laws. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development.

Republic Act No. 9646: Real Estate Service Act

Real estate dealers, brokers and salesmen are also required to register with DHSUD before they can sell lots or units in a registered subdivision or condominium project. Furthermore, no person shall practice or offer to practice real estate service in the Philippines unless he/she has satisfactorily passed

the licensure examination given by the Professional Regulatory Board of Real Estate Service. Under Republic Act No. 9646, or the Real Estate Service Act, the real estate service practitioners required to take the licensure examination are:

1. Real estate consultants — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, offer or render professional advice and judgment on: (i) the acquisition, enhancement, preservation, utilization or disposition of lands or improvements thereon; and (ii) the conception, planning, management and development of real estate projects;
2. Real estate appraisers — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, perform or render, or offer to perform services in estimating and arriving at an opinion of or act as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form; or
3. Real estate brokers — duly registered and licensed natural persons who, for a professional fee, commission or other valuable consideration, act as an agent of a party in a real estate transaction to offer, advertise, solicit, list, promote, mediate, negotiate or effect the meeting of the minds on the sale, purchase, exchange, mortgage, lease or joint venture, or other similar transactions on real estate or any interest therein.

Republic Act No. 4726: The Condominium Act

Under the Condominium Act, the owner of a project shall, prior to the conveyance of any condominium therein, register a declaration of restrictions relating to such project, which restrictions shall constitute a lien upon each condominium unit in the project, and shall insure to and bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project. The Register of Deeds shall enter and annotate the declaration of restrictions upon the certificate of title covering the land included within the project.

The declaration of restrictions ("declaration") shall provide for the management of the project by anyone of the following management bodies: a condominium corporation, an association of the condominium owners, a board of governors elected by condominium owners, or a management agent elected by the owners or by the board named in the declaration. The declaration shall also provide for voting majorities, quorums, notices, meeting date, and other rules governing such body or bodies.

Further, any transfer or conveyance of any unit or an apartment, office or store or other space, shall include the transfer or conveyance of the undivided interests in the common areas, or, in a proper case, the membership or shareholdings in the condominium corporation. A condominium corporation shall not, during its existence, sell, exchange, lease, or otherwise dispose of the common areas owned or held by it in the condominium project unless authorized by the affirmative vote of a simple majority of the registered owners with prior notification to all registered owners. Further, the condominium corporation may expand or integrate the project with another upon the affirmative vote of a simple majority of the registered owners, subject only to the final approval of DHSUD.

Real estate sales on installments

Republic Act No. 6552: Maceda Law

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial and commercial lots).

Under the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments

made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.

2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments). Provided, that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Zoning and land use

Republic Act No. 7160: Local Government Code of the Philippines

A city or municipality may, through an ordinance passed by the Sanggunian, after conducting public hearings for the purpose, authorize the reclassification of agricultural lands and provide for the manner of their utilization or disposition in the following cases: (i) when the land ceases to be economically feasible and sound for agriculture or (ii) where the land shall have substantially greater economic value for residential, commercial or industrial purposes, as determined by the Sanggunian concerned; provided that such reclassification shall be limited to the following percentage of total agricultural land area at the time of the passage of the ordinance:

1. For Highly Urbanized and Independent Component Cities, 15%;
2. For Component Cities and First to Third Class Municipalities, 10%;
3. For Fourth to Sixth Class Municipalities, 5%.

Zoning ordinances may also limit land use. Once enacted, a comprehensive land use plan approved by the relevant local government unit may restrict land use in accordance with such land use plan. Zoning ordinances may also classify lands as commercial, industrial, residential or agricultural. Lands may also be further re-classified based on a local government unit's future projection of needs.

Republic Act No. 6657: Comprehensive Agrarian Reform Law of 1988

Under Republic Act No. 6657, as amended, or the Comprehensive Agrarian Reform Law of 1988, and such other rules and regulations currently in effect in the Philippines, land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of the DAR.

Republic Act No. 11231: Agricultural Free Patent Reform Act

This law removes restrictions on free patents to allow the efficient and effective utilization of these lands. Under this law, agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions imposed under Sections 118, 119 and 121 thereof regarding acquisitions, encumbrances, conveyances, transfers, or dispositions. Agricultural free patent shall now be considered as title in fee simple and shall not be subject to any restriction on encumbrance or alienation.

This law has retroactive effect and any restriction regarding acquisitions, encumbrances, conveyances, transfers, or dispositions imposed on agricultural free patents issued under Section 44 of Commonwealth Act No. 141, as amended, before the effectivity of this law shall be removed and are hereby immediately lifted.

Property registration and nationality restrictions

Presidential Decree No. 1529: Property Registration Decree

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper survey, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate Register of Deeds may issue an Original Certificate of Title ("**OCT**"). The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the Register of Deeds. All land patents (i.e. homestead, sales and free patents) must be registered with the appropriate Register of Deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument, or entry affecting registered land, if filed or entered in the office of the Register of Deeds for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the Register of Deeds.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the Register of Deeds the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the Register of Deeds upon the certificate of title and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the Register of Deeds issues a Condominium Certificate of Title.

Article XII, Section 7 of the Constitution; Commonwealth Act No. 141

Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, pursuant to Republic Act No. 4726 (as amended), with respect to condominium developments, the ownership of condominium units where the common areas in the condominium

project are co-owned by the owners of the separate units or owned by a corporation is limited to up to 40% foreign equity.

Environmental laws and safety standards

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("**EIS**") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("**IEE**") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EIS and ECC are mandatory. In determining the scope of the EIS System, two factors are considered: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences of the project to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum each contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact, that the proponent has complied with all the requirements of the EIS System, and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("**EGF**") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property, and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team organized to monitor compliance with the ECC and applicable laws, rules, and regulations.

While a development project may not fall under the categories wherein an ECC is required, it is still required to obtain a Certificate of Non-Coverage ("**CNC**") from the EMB or the DENR Regional Office. The applicant must submit a Project Description to the EMB, which will then evaluate whether or not an ECC is required for the project. If an ECC is not required, then the EMB will issue a CNC to be submitted to DHSUD.

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

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under the National Building Code. Aside from the building permit under the National Building Code, an applicant in specific instances may be required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines.

Real property taxation

Republic Act No. 7160: Local Government Code of the Philippines

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned *Sanggunian*) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of 1% on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located.

In the event there are unpaid real property taxes relating to real property, such taxes constitute a lien on the property which shall be superior to any other lien, mortgage, or encumbrance of any kind whatsoever, and shall be extinguished only upon payment of the delinquent taxes and penalties. Failure to pay the real property tax will result in the payment of interest at the rate of 2% per month on the unpaid amount or a fraction thereof, until the delinquent tax shall have been fully paid; provided, however, that in no case shall the total interest on the unpaid tax or portion thereof exceed 36 months.

Construction license

A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("PCAB"). In applying for and granting such license, PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of the firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

Referral to Arbitration

Executive Order No. 1008 vests the Construction Industry Arbitration Commission ("CIAC") with original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. The jurisdiction of the CIAC may include, but is not limited, to violation of specifications for materials and workmanship, violation of the terms of agreement interpretation and/or application of contractual time and delays, maintenance and defects, payment, default of employer or contractor and changes in contract cost.

CIAC may acquire jurisdiction in two ways, either by providing an arbitration clause in the contract between the parties, or by agreement of the parties to submit the dispute to CIAC. Thus, the fact that the parties incorporated an arbitration clause in their contract is sufficient to vest the CIAC with jurisdiction over any construction controversy, notwithstanding any reference made to another arbitral body. CIAC's jurisdiction over construction disputes is conferred by law, and thus, cannot be waived by mere agreement of the parties.

Liability of Engineers, Architects and Contractors

Under the Republic Act No. 386 or the Civil Code of the Philippines, as amended, the engineer or architect who drew up the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, the same should collapse by reason of a defect in those plans and specifications, or due to defects in the ground. The contractor is likewise responsible for the damages if the edifice falls, within the same period, on account of construction defects or the use of materials of inferior quality, or due to any violation of the terms of the construction contract. If the engineer or architect supervises the construction, he shall be solidarily liable with the contractor. The acceptance

of the building after completion does not imply waiver of any of the causes of action by reason of any of the aforementioned defects. The action arising therefrom must be brought within 10 years following the collapse of the building.

Board of Investments

The Board of Investments ("**BOI**"), an agency attached to the Department of Trade and Industry, was created under the Omnibus Investment Code of 1987 (Executive Order No. 226, as amended). The BOI is responsible for promoting and assisting local and foreign investors to venture in desirable areas of business or economic activities.

Under the Omnibus Investment Code, preferred areas of activities or projects specified by the BOI in the Investment Priorities Plan ("**IPP**") enjoy tax exemption and other benefits to enterprises which venture into such projects. Generally, these incentives include the grant of income tax holiday, the duty-free importation of capital goods, exemption from wharfage dues and export tax, and other non-fiscal incentives such as the employment of foreign nationals, streamlined customs procedures, and the importation of consigned equipment.

Depending on whether the activity is classified as a pioneer or a non-pioneer project and provided the registered enterprise meets the project targets, the income tax holiday incentive may be granted for a period of four years to a maximum of six years. However, for eligible mass housing projects in the National Capital Region, Metro Cebu and Metro Davao region, the BOI limits the Income Tax Holiday incentive granted to such registered project to three years.

Based on the latest BOI guidelines, economic and low-cost housing projects must meet the following criteria to qualify for registration: (a) the selling price of each housing unit shall be more than ₱450,000.00 but not exceeding ₱2,000,000.00, (b) the project must be located outside Metro Manila; (c) the project must have a minimum of 20 livable dwelling units in a single site or building, (d) the project must be new or expanding economic/low-cost housing project, (e) for vertical housing projects, at least 51% of the total floor area, excluding common facilities and parking areas, must be devoted to housing units.

All economic/low-cost housing projects are required to comply with socialized housing requirement by building socialized housing units in an area equivalent to at least 15% of the total registered project area or total BOI registered project cost for horizontal housing and 15% of the total floor area of qualified saleable housing units for vertical housing projects.

In view of the effectivity of Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises ("**CREATE Act**"), which was signed into law on March 26, 2021, registered business enterprises with incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules in accordance with Section 311:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive based on the law, provided that the 5% gross income tax can be availed of for ten years from the effectivity of CREATE Act or until April 10, 2031; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive for 10 years.

Anti-Money Laundering Act and its amendments

Republic Act No. 9160 or the Anti-Money Laundering Act of 2001 (as amended, “**AMLA**”) criminalizes, among other acts, the act of making the proceeds or money from an unlawful activity appear to have originated from legitimate sources. To monitor or detect these transactions, covered institutions or persons are required to report (a) transactions that meet a minimum threshold amount; and (b) those transactions considered suspicious to the Anti-Money Laundering Council (“**AMLC**”), regardless of whether such meets the minimum threshold amount.

In 2013, the AMLA was amended by Republic Act No. 10365 to consider the failure to report covered or suspicious transactions a money laundering offense. The AMLA was further amended in 2021 by Republic Act No. 11521, which took effect on 30 January 2021, making real estate developers (“**REDs**”), real estate brokers (“**REBs**”), covered persons. Thus, REDs and REBs are now required to report covered and suspicious transactions to the AMLC.

A covered transaction refers to a single cash transaction involving an amount in excess of ₱7,500,000.00 or its equivalent in any other currency.

While suspicious transactions are those: (i) with no underlying legal or trade obligation, purpose or economic justification; (ii) client is not properly identified; (iii) the amount involved is not commensurate to the client’s financial capacity; (iv) perceived to be structured to avoid being reported or are related to any unlawful activity; (v) involves any circumstance that deviates from the client’s profile or past transactions with covered persons; and (vi) any transaction that is similar or analogous to any of the foregoing.

Under Section 42 of AMLC Regulatory Issuance (B) No. 1 Series of 2018, all covered and suspicious transactions must be reported to the AMLC within five days from occurrence. For suspicious transactions, “occurrence” is the date of determination of the suspicious nature of the transaction, which shall be made not more than ten days from date of transaction.

To enable covered persons to file reports, Sec. 4, Rule 22 of the 2018 Implementing Rules and Regulations (“**2018 AMLA IRR**”) provides that all covered persons shall register with the AMLC’s electronic reporting system in accordance with the registration and reporting guidelines. Registration with the AMLC is online and free. The 2018 AMLA IRR further provides that for existing covered persons who are not yet registered shall not be cited for non-registration, provided that they shall apply for registration 30 working days from effectivity of the 2018 AMLA IRR. Newly covered persons shall apply for registration within 30 working days from the issuance of license by their respective government agencies. REDs and REBs must have registered with the AMLC by March 16, 2021.

Company Policies on Anti-Money Laundering and Countering the Financing of Terrorism

AMLC Regulatory Issuance No. 03, series of 2021 or the 2021 Anti-Money Laundering / Counter-Terrorism Financing Guidelines for Designated Non-Financial Businesses and Professions provides that REDs and REBs must apply the following principles in their businesses: (a) conformity with high ethical standards and observance of good corporate governance; (b) know sufficiently their customers and clients; (c) adopt and effectively implement an appropriate Anti-Money Laundering and/or Countering the Financing of Terrorism risk management system; (d) comply fully with existing Anti-Money Laundering and Terrorist Financing laws and regulations; and (e) full cooperation with the AMLC.

The following are also required: (a) designation of Compliance Officer and/or Office; (b) implementation of a money laundering and terrorism financing prevention program; (c) establishment of an internal controls and internal audit program; (d) adoption of a policy on customer due diligence; (e) adoption of a monitoring and reporting system; (f) keeping of records of customers’ transactions and documents during customer due diligence for five years; (g) creation of a relevant employee training program on anti-money laundering and countering terrorist financing; (h) adoption of written procedures for cooperating and complying with investigations, assessments, directives and orders of the AMLC, appropriate government agencies and the courts; and (i) identification and assessment of money laundering/ terrorist financing risks that may arise in relation to the development of new products and business practices.

Philippine Competition Act

Republic Act No. 10667, or the Philippine Competition Act (“**PCA**”), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. Anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and
3. Merger or acquisitions which substantially prevent, restrict, or lessen competition in the relevant market or in the market for goods or services.

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission (“**PCC**”), the agency responsible for the implementation of the PCA, before consummating the transaction. For a share acquisition which results in the acquirer owning more than 35% of the voting shares in the target (or more than 50% if the acquirer already owns more than 35%), the thresholds, *until September 14, 2022*, are as follows:

- *Size of Party Threshold.* The aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines, of the ultimate parent entity (the “**UPE**”) of at least one of the acquiring or acquired entities, including that of all entities that the UPE controls, directly or indirectly, is at least ₱50.00 billion.
- *Size of Transaction Threshold.* The aggregate value of the assets in the Philippines that are owned by the target or by entities it controls is at least ₱50.00 billion, or the gross revenues from sales in, into, or from the Philippines of the target or by entities it controls is at least ₱50.00 billion.

For an asset acquisition, thresholds are as follows:

- With respect to a proposed merger or acquisition of assets inside the Philippines if either (a) the aggregate value of the assets in the Philippines being acquired in the proposed transactions exceeds ₱50.00 billion; or (b) the gross revenues generated in the Philippines by assets acquired exceed ₱50.00 billion;
- With respect to a proposed merger or acquisition of assets outside the Philippines if (a) the aggregate value of the assets in the Philippines of the acquiring entity exceeds ₱50.00 billion; and (b) the gross revenues generated in or into the Philippines by those assets acquired outside the Philippines exceed ₱50.00 billion;
- With respect to a proposed merger or acquisition of assets inside and outside the Philippines, if (a) the aggregate value of the assets in the Philippines of the acquiring entity exceeds ₱50.00 billion; and (b) the aggregate gross revenues generated in or into the Philippines by assets acquired in the Philippines and any assets acquired outside the Philippines collectively exceed ₱50.00 billion.

Two years after the effectivity of the Republic Act No. 11494 or the “Bayanihan to Recover as One Act” (“**Bayanihan 2**”), i.e., starting on September 15, 2022, the thresholds were supposed to revert back to ₱2.40 billion and ₱6.00 billion for Size of the Transaction and Size of Party, respectively. On September 13, 2022, the PCC issued Commission Resolution No. 18-2022, adjusting the thresholds for mandatory notification to ₱6.10 billion and ₱2.50 billion for Size of Party and Size of Transaction respectively, effective September 16, 2022. Hence, currently, mergers and acquisitions that exceed these thresholds,

including joint venture transactions, are required to notify the PCC within 30 days from signing of the definitive agreements relating to the merger or acquisition.

Mergers and acquisitions entered into during the effectivity of Bayanihan 2 may be reviewed by the PCC *motu proprio* after one year from the effectivity of the said law (*i.e.*, September 15, 2021). Thus, while the transaction may not be compulsorily notifiable during the two-year period from Bayanihan 2's effectivity, the transaction may nevertheless be reviewed by the PCC *motu proprio*, and if found to substantially prevent, restrict or lessen competition in the relevant market, the transaction will be (a) prohibited, and thus be required to be unwound (or possibly voided although void effect arguably applies only to a case where the compulsory notification review is not complied with), or (b) approved subject to certain remedies or commitments by the parties.

The PCC may conduct investigation of any merger that it has reasonable grounds to believe is likely to substantially prevent, restrict or lessen competition in the market. There may be reasonable grounds to believe that a merger is likely to or has substantially prevent, restrict or lessen competition in the market where there are preliminary indications that customers may be adversely affected, there are possibilities for foreclosure, a high degree of market concentration exists, either of the merger parties has high market shares, the merger takes place in a critical industry, among others.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "nonresident alien engaged in trade or business within the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "nonresident alien individual not engaged in trade or business within the Philippines." A "domestic corporation" is a corporation created or organized in the Philippines or under its laws. A "resident foreign corporation" is a foreign corporation or a non-domestic corporation engaged in trade or business within the Philippines; and a "nonresident foreign corporation" is a foreign corporation or non-domestic corporation not engaged in trade or business within the Philippines.

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Act**"), took into effect. The TRAIN Act amended provisions of the Tax Code including provisions on documentary stamp tax, capital gains tax, estate tax, and donor's tax.

On March 26, 2021, President Rodrigo Duterte signed into law Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (or the "**CREATE Act**"). The CREATE Act is the second package of the tax reform program of the Philippine government. The amendments under the CREATE Act include the reduction of the regular corporate income tax rate for both domestic and foreign corporations from 30% to 25%. For domestic corporations, the regular corporate income tax rate may be further reduced to 20% depending on the net taxable income and total assets of such domestic corporation. In addition to the reduction of the regular corporate income tax, the rate of the Minimum Corporate Income Tax ("**MCIT**") was lowered to 1%, effective July 1, 2020 to June 30, 2023.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and resident aliens from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 25% final withholding tax.

The foregoing rates imposed on non-resident aliens not engaged in trade or business in the Philippines and non-resident foreign corporations may be subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident income recipient. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% in cases where the interest arises in the Philippines in respect of a public issue of bonded indebtedness and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or perform in the Philippines professional services from a fixed base and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or fixed base.

Given the above, all Bondholders are required to provide the Issuer through the Paying Agent their valid Tax Identification Numbers issued by the BIR and/or otherwise comply with the requirements of the BIR to avail of preferential treaty rates, as may be applicable.

Tax-Exempt Status or Entitlement to Preferential Rate

The Philippine tax authorities have prescribed certain procedures for claiming tax treaty benefits for interest income of non-resident income earners. Under Revenue Memorandum Order No. 14-2021, withholding agents or income payors may withhold tax on interest income payable to the non-resident income earner at the regular rate or at the applicable preferential tax rate depending on the documents submitted to the withholding agent or income payor. As clarified under Revenue Memorandum Circular (“RMC”) No. 77-2021 and RMC No. 20-2022, this includes the submission by the non-resident income earner to the withholding agent of a copy of a BIR-issued Certificate of Entitlement to Treaty Benefit and authenticated or apostilled Tax Residency Certificates for the relevant periods and duly issued by the foreign tax authority in which the income earner is a resident. If without a previously issued BIR Certificate of Entitlement to Treaty Benefit, the non-resident income earner is required to submit a duly signed and executed BIR Form No. 0901-I (Tax Treaty Relief Application for Interest Income) together with authenticated or apostilled Tax Residency Certificates duly issued by the relevant foreign tax authority in favor of the non-resident income earner, updated for such relevant years as required under existing Philippine tax rules and regulations, and relevant provisions of the applicable tax treaty to the withholding agent prior to its payment of interest income. Failure to submit the aforementioned requirements would result in the application by the withholding agent of the regular tax rates under the Tax Code. Further thereto, and when treaty rates have been applied by the withholding agent, the non-resident income earner (either directly or through its duly authorized representatives) shall be required to file a request for confirmation on behalf of the withholding agent with the International Tax Affairs Division of the BIR on the propriety of the withholding tax rate used, together with all the documentary requirements under Revenue Memorandum Order No. 14-2021 and its allied issuances, and within the deadline set forth therein (or as may be provided in the relevant transaction documents), which in no case shall be later than the last day of the fourth month following the close of the taxable year when the income is paid. If the withholding agent applied the regular rates under the Tax Code, the non-resident income earner may file a tax treaty relief application with complete documentary requirements with the International Tax Affairs Division. The non-resident income earner may also file a claim for refund with the BIR within the two-year prescriptive period provided under Section 229 of the Tax Code. The claim for refund may be filed simultaneously with the tax treaty relief application.

For claims of tax exemption, BIR RMC No. 8-2014 mandates withholding agents to require from individuals and entities claiming tax exemption a copy of a valid, current, and subsisting tax exemption certificate or ruling before payment of the related income. The tax exemption certificate or ruling must explicitly recognize the tax exemption, as well as the corresponding exemption from withholding tax. Failure on the part of the taxpayer to present the said tax exemption certificate or ruling shall subject the taxpayer to the payment of the appropriate withholding taxes due on the transaction.

If the withholding agent withheld taxes, or withheld the regular rate of tax imposed on interest under the Tax Code, the concerned Bondholder may file a claim for refund from the Philippine taxing authorities on the basis of a tax exemption certificate or ruling, or a certificate confirming the non-resident income recipient's entitlement to treaty benefits.

Value-Added Tax (“VAT”)

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% VAT. The term “gross receipt” means gross selling price less acquisition cost of the Bonds sold.

“Dealer in securities” means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions, and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

- Maturity period is five years or less 5%
- Maturity period is more than five years 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

- Maturity period is five years or less 5%
- Maturity period is more than five years 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the original issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of ₱1.50 for each ₱200.00, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of bonds will, as a rule, form part of the gross

income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 0% to 35% for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines, 25% final withholding tax for non-resident alien not engaged in trade or business, 25% regular corporate income tax or 20% regular corporate income tax for domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100.00 million, or 1% MCIT (effective July 1, 2020 to June 30, 2023), as the case may be, for domestic and resident foreign corporations, and 25% final withholding tax for non-resident foreign corporations, as the case may be. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) shall not be subject to income tax.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of 6%. A Bondholder shall be subject to donor's tax at the rate of 6% based on the total gifts in excess of ₱250,000.00 exempt gift made during the calendar year, whether the donor is a stranger or not.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and donor's tax, in respect of the Bonds, shall not be collected (i) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (ii) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the securities are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the securities exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, a sale, exchange, or other transfer made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones.

However, if the transfer constitutes a renewal of the Bonds, documentary stamp tax is payable anew.

Taxation Outside the Philippines

The tax treatment of non-resident Bondholders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such Bondholder by reason of domicile or business activities and such Bondholder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident Bondholders under laws other than those of the Philippines.

PHILIPPINE FOREIGN EXCHANGE

Interest, redemption amounts, and any other payments that may be due on the Bonds will be paid in Philippine Pesos. Under current BSP regulations, an investment in listed Philippine securities (such as the Bonds) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such Bond is to be sourced from the Philippine banking system. The registration with the BSP is evidenced by a *Bangko Sentral Registration Document*.

The registration with the BSP of all foreign investments in the Bonds shall be the responsibility of the foreign investor. Prior to any investment in the Bonds, a prospective bondholder who is a non-resident should consult with an authorized agent bank with authority to operate a foreign currency deposit unit or a custodian bank on the process for registering his/her/its investment in the Bonds.

Bondholders will be required to nominate a Cash Settlement Account into which the amount of interest, redemption amounts and any other payments that may be due on the Bonds will be credited. In this regard, Section 3.1 of the BSP Manual of Regulations for Foreign Exchange Transactions as of July 2022 ("**FX Manual**") allows non-residents to open and maintain peso deposit accounts with authorized agent banks operating in the Philippines; however, funding of such accounts (whether the initial deposit or subsequent deposit, regardless of the amount) is restricted to certain sources and is subject to submission of the relevant documents prescribed in Appendix 1.1 of the FX Manual. The allowable sources are as follows: (a) peso proceeds from conversion of inward remittances of convertible foreign exchange (including peso proceeds from inward remittances of foreign exchange initially deposited to the Foreign Currency Deposit Unit (FCDU) account of the non-resident); (b) peso receipts of non-residents from, or peso sales proceeds of: (i) BSP-registered inward investments; and (ii) properties in the Philippines allowed to be owned by non-residents under existing laws; (c) onshore peso receipts of nonresidents from residents for (i) services rendered by non-residents to residents; and (ii) trade transactions; (d) peso receipts of expatriates working in the Philippines for less than one year representing salary/allowance/other benefits; (e) peso funds of: (i) foreign students enrolled for at least one school term in the Philippines; and (ii) non-resident Filipinos; (f) cash collateral used for investments under securities borrowing and lending or similar arrangements; (g) peso receipts of non-residents from residents for payment of private sector foreign loans/borrowings and other loan-/borrowing-related transactions that are duly approved by/ registered with/reported to the BSP (as applicable) under Section 24 of the FX Manual; (h) peso proceeds from the onshore sale by non-resident issuers of their equity and debt securities, under Section 34 of the FX Manual; and (i) peso funds returned to non-residents for excess pesos arising from unrealized investments under Section 38.4 of the FX Manual.

Should the non-resident decide to convert to foreign currency the funds in the peso deposit account, Section 3.2 of the FX Manual allows banks to sell foreign currency up to the amount equivalent to the balance of the peso deposit account of non-residents. For peso deposits funded by inward remittance of foreign currency as described in item (a) above, the funds must have been used onshore for investments that are registered with the BSP or registering banks, subject to the provisions of Part Three, Chapter II (Inward Investments) of the FX Manual, to allow conversion of such peso deposits to foreign currency. For peso deposits funded by items (b)(i), (e), and (g), the non-resident or its authorized representative buying the foreign exchange must present the *Bangko Sentral Registration Document* to the selling bank. Foreign exchange sold by the authorized agent banks is required to be remitted directly to the account of the non-resident intended beneficiary (whether onshore or offshore) on the date of the sale.

The foregoing is subject to the power of the BSP, through the Monetary Board, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

INDEPENDENT AUDITORS AND COUNSEL

Legal Matters

All legal issues relating to the issuance of the Bonds which are subject of the relevant offer shall be passed upon by the counsels appointed for such Offer who will be identified in the relevant Offer Supplement. Please see section “*Independent Auditors and Counsel*” in the relevant Offer Supplement.

Independent Auditors

Punongbayan & Araullo (“**P&A**”) Grant Thornton, the independent auditors, audited the financial statements of the Company as of and for the years ended December 31, 2021, 2020 and 2019, which are all included in the Prospectus. For the audit of CLI’s financial year ended as of December 31, 2021 financial statements, the external auditor, P&A, assigned a new engagement and signing partner in the person of Mailene Sigue-Bisnar (CPA Reg. No. 0090230; Partner- No. 90230-SEC, until December 31, 2025). For CLI’s financial years ended December 31, 2020 and 2019 financial statements, P&A’s engagement and signing partner was Christopher M. Ferarezza.

The following is the summary breakdown of the audit and non-audit fees paid to P&A for the fiscal years ended December 31, 2019, 2020 and 2021 (exclusive of the 12% VAT):

	2021	2020	2019
External Audit Fees per Engagement Letter			
Professional Fee	₱1,930,000	₱1,860,000	₱1,500,000
Out-of-pocket Expenses	231,600	223,200	180,000
Subtotal	2,161,600	2,083,200	1,680,000
Non-audit Fees			
Professional Fee - BIR 1709 Review/Training	69,000	7,000	-
Seminars and training	-	7,500	84,550
Subtotal	69,000	14,500	84,550
Total	2,230,600	2,097,700	1,764,550

Total fees paid to P&A for the fiscal year ended December 31, 2021, that include audit and non-audit fees was ₱2,230,600 before VAT. The increase in audit fees is basically due to the increase in the number of projects that were operational in 2021.

CLI’s Audit Committee also evaluates and determines the non-audit work, if any, of the external auditor. It approves all non-audit services conducted by the external auditor and disallows the same if it will conflict with its duties as an external auditor or will otherwise pose a threat to its independence.

For the fiscal year ended December 31, 2021, the CLI Audit Committee reviewed, evaluated, and pre-approved the non-audit services of the external auditor. The non-audit services conducted by P&A pertain to tax services, specifically on the review of CLI’s Information Return on Transactions with Related Party (BIR Form 1709). The scope of work involves the consultancy, review, and guidance on the preparation and filing of BIR Form 1709 to the BIR, as attachment to the FY2020 Annual Income Tax Return. The non-audit fees of the aforementioned tax services amounted to ₱69,000.00 (exclusive of the 12% VAT).

For the 2021-2022 term, CLI’s Audit Committee is composed of four qualified non-executive directors, three of whom, including the Chairperson, are independent directors. All the members of the Audit Committee have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing, and finance. Ma. Aurora D. Geotina-Garcia, the Chairperson of the CLI Audit Committee, is not the Chairman / Chairperson of the CLI Board or of any other committee.

P&A has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The named independent auditor has not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Company. CLI has no disagreements with P&A on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

FINANCIAL INFORMATION

The succeeding pages set forth the audited financial statements of CLI as of December 31, 2021, 2020 and 2019 and consolidated financial statements as at and for the three months ended March 31, 2022 and 2021.



We Build with You in Mind

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Cebu Landmasters, Inc. and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of **March 31, 2022 and December 31, 2021 and for the three months ended March 31, 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 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 to do so.

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has reviewed the financial statements of the Group in accordance with Philippine Standards on Review Engagements 2410, Review of Interim Financial Information Performed the Independent Auditor of the Entity, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such review.

JOSE R. SOBERANO III

Chairman of the Board and Chief Executive Officer
TIN# 108-729-320-000

BEAUREGARD GRANT L. CHENG

Chief Financial Officer
TIN# 205-557-510-000

Signed this 22nd day of July 2022.

SUBSCRIBED AND SWORN to before me this 22 JUL 2022 at Talisay City,
affiants exhibiting to me their respective Tax Identification Nos.

Doc. No. 304;
Page No. 64;
Book No. 11;
Series of 2022

ATTY. LARRINIL G. VELOSO
Notary Public
Talisay City and Naga City, Cebu
Commission No. 2017-05-EJ / December 31, 2022
Roll of Attorneys No. 58901
MCLE Compliance No. VI-0008292 / Roll No. 58901
PTR No. 921351; 01-26-2022; Cebu
ISP No. OR 187587; 1-17-2022; Cebu Province
Block 1, Lot 11, San Josemaria Village, Maghaway,
Talisay City, Cebu, Philippines 6045



We Build with You in Mind

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

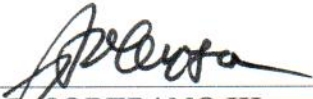
The management of **Cebu Landmasters, Inc. and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2021, 2020 and 2019**, in accordance with the prescribed financial 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 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 to do so.

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

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

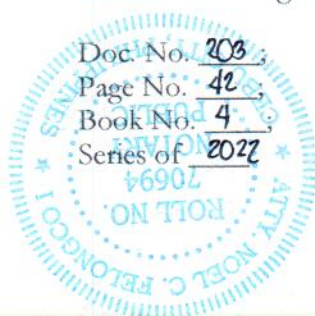
Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of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


JOSE R. SOBERANO III
Chairman of the Board and Chief Executive Officer
TIN# 108-729-320-000


BEAUREGARD GRANT L. CHENG
Chief Financial Officer
TIN# 205-557-510-000

Signed this _____ day of 29 MAR 2022

SUBSCRIBED AND SWORN to before me this 04 APR 2022 at Cebu City,
affiants exhibiting to me their respective Tax Identification Nos.




ATTY. NOEL C. FELONGCO I
Notary Public
Notarial Commission No. 100-18, Cebu City
Until December 31, 2021 (Extended until 30 June 2022
pursuant to B.M. 3795)
Roll of Attorneys No. 70694
MCLE Compliance No. VI-0029298, issued on 11-8-2019
PTR No. 895827; 12-10-21; Cebu
IBP No. AR 70694; 12-12-21; Cebu City
Unit 409, Keppel Center, Cebu Business Park,
Cardinal Rosales Ave., Cebu City

Report of Independent Auditors

Punongbayan & Araullo

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

T +63 2 8988 2288

The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)

10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

Opinion

We have audited the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (collectively referred to herein as the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

(a) Revenue Recognition for Real Estate Sales***Description of the Matter***

We considered the Group's recognition of revenue from real estate sales a key audit matter because of the significant volume of transactions and amount of revenue from real estate sales involved. In 2021, the Group's revenue from real estate sales amounted to P11.0 billion which accounts for 99% of the Group's total revenues. It uses the percentage of completion (POC) method, which is determined using the input method, i.e., based on efforts or inputs to the satisfaction of a performance obligation, to determine the appropriate amount of contract revenues to be recognized for the reporting period. Thus, the complexity of the application of the revenue recognition standard in real estate sales contracts; and the application of significant management judgments in determining when to recognize revenue, particularly on the assessment of the probability of collecting the contract price, and in estimating the stage of project completion were also taken into consideration. An error in the application of the requirements of said standard, and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

For this year's audit, we have also considered the implications of the COVID-19 pandemic as it affects a major factor in the Group's revenue recognition criteria which is the probability of collecting the contract price.

The Group's accounting policy on recognition of revenue from real estate sales, and basis of significant judgment and estimates are disclosed in Notes 2 and 3 to the consolidated financial statements, respectively. In addition, the details of contract revenues, specifically the disaggregation of revenues are disclosed in Notes 17 to the consolidated financial statements.

How the Matter was Addressed in the Audit

To address the risk of material misstatements in revenue recognition, we have performed tests of design and operating effectiveness of internal controls, including information technology (IT) general controls, over processes relating to generation of contract revenue, and revenue recognition and measurement. In addition, we reviewed sales agreements, on a sampling basis, and the relevant facts and circumstances about the real estate transactions to determine compliance with a set of criteria for revenue recognition. We have also tested the reasonableness of management's judgment in determining the probability of collection of the contract price which involves a historical analysis of customer payment pattern and behavior.

To ascertain the reasonableness of the measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include understanding of controls over recording of costs and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to determine if the completion based on costs is consistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of project engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

(b) Existence and Valuation of Real Estate Inventories

Description of the Matter

Real estate inventories amount to P18.7 billion, which accounts for 51% of total current assets and 28% of total assets of the Group, as at December 31, 2021. Because of the asset's material effect on the consolidated financial statements, we considered its valuation a key audit matter. Valuation of the Group's real estate inventories, particularly construction-in-progress, involves determination and estimation of significant unbilled materials and project contractors' services at the end of the reporting period. Management's failure to consider such unbilled materials and services, and an error in estimating the same, could have a material impact on the carrying value of real estate inventories as well as POC and cost of real estate sales.

The valuation of the real estate inventories is also hinged on their existence. Given that the Group's real estate projects are located in various locations, which posed a significant challenge in conducting the necessary audit procedures because of restrictions due to the COVID-19 pandemic, and the varying stages of completion of the projects, which require significant judgement and estimation, we have also considered the existence of real estate inventories as a key audit matter.

The Group's policy on accounting for real estate inventories is disclosed in Notes 2 and 3 to the consolidated financial statements and an analysis of the assets' components is presented in Note 7.

How the Matter was Addressed in the Audit

We have obtained an understanding, and performed tests of design and operating effectiveness of internal controls, including IT general controls, over processes relating to initiation and recording of purchases and allocation of cost to real estate inventories. We also performed ocular inspection of selected real estate projects on a date closest to the end of the reporting period to confirm their existence and examined documents, such as land titles, progress reports, contractors' accomplishment billings among others, to corroborate with other procedures as well as to ensure completeness of recorded costs. We tested the assumptions used by management in estimating the unbilled materials and services as well as the stage of completion of the projects which we used to further assess the reasonableness of the assets' valuation.

(c) Recognition of Right-of-Use Assets and Related Lease Liabilities*Description of the Matter*

As at December 31, 2021, the Group recognized a right-of-use assets and lease liabilities of P1.2 billion and P1.1 billion, respectively. This pertains to various lease contracts for periods ranging from three to 42 years covering land and office space which will be the site of real estate project of the Group. We considered the recognition of the right-of-use assets and lease liabilities for these leases as significant because of the amount involved, complexity of accounting for this type of lease and the significant judgements that go along with it, particularly in respect of the determination of the appropriate discount rate to be used because of the lease term.

The Group's accounting policy and judgment applied on accounting for leases are presented in Notes 2 and 3 to the consolidated financial statements, respectively, and the other related disclosures are presented in Note 12.

How the Matter was Addressed in the Audit

To address this matter, we evaluated the reasonableness and appropriateness of the inputs and assumptions used, especially the discount rate applied in determining the lease liability. We verified the accuracy of the data used by tracing them to the original contracts and checked the mathematical accuracy of the calculations done by management to determine the amounts to be recognized. We also assessed the completeness of disclosures within the consolidated financial statements in accordance with the applicable standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 29, 2022

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 1,095,821,916	P 797,184,790
Receivables - net	6	5,844,643,647	6,020,754,434
Contract assets - net	17	6,558,006,000	3,642,591,056
Real estate inventories	7	18,708,757,553	13,398,181,847
Deposits on land for future development	8	-	699,772,860
Due from related parties	25	57,434,271	21,950,504
Prepayments and other current assets	9	4,737,412,289	3,019,869,681
Total Current Assets		37,002,075,676	27,600,305,172
NON-CURRENT ASSETS			
Receivables - net	6	161,127,276	121,204,328
Contract assets - net	17	13,732,299,185	10,214,059,439
Investments in associates	10	135,064,930	129,852,662
Property and equipment - net	11	915,671,703	643,387,606
Right-of-use assets	12	1,152,854,127	950,904,449
Investment properties - net	13	13,240,123,662	10,093,743,062
Other non-current assets - net	14	312,888,874	337,044,725
Total Non-current Assets		29,650,029,757	22,490,196,271
TOTAL ASSETS		P 66,652,105,433	P 50,090,501,443
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	P 8,813,501,067	P 3,434,542,160
Trade and other payables	16	12,650,588,490	7,257,232,364
Contract liabilities	17	604,254,603	532,649,347
Customers' deposits	17	89,897,007	196,124,012
Lease liabilities	12	3,288,349	1,634,080
Income tax payable		2,177,192	31,196,933
Total Current Liabilities		22,163,706,708	11,453,378,896
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	23,208,218,323	20,359,441,551
Trade and other payables	16	169,777,112	226,434,433
Lease liabilities	12	1,122,841,952	833,099,895
Post-employment defined benefit obligation	23	4,753,329	621,184
Deferred tax liabilities - net	24	2,050,626,485	1,690,284,026
Total Non-current Liabilities		26,556,217,201	23,109,881,089
Total Liabilities		48,719,923,909	34,563,259,985
EQUITY			
Equity attributable to shareholders of Parent Company	26		
Capital stock		3,623,451,997	1,714,000,000
Additional paid-in capital		1,608,917,974	1,608,917,974
Treasury shares		(748,171,901)	(732,851,016)
Revaluation reserves - net		(13,477,472)	(12,883,375)
Retained earnings		6,369,153,605	6,054,418,178
		10,839,874,203	8,631,601,761
Non-controlling interest	26	7,092,307,321	6,895,639,697
Total Equity		17,932,181,524	15,527,241,458
TOTAL LIABILITIES AND EQUITY		P 66,652,105,433	P 50,090,501,443

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES	17			
Sale of real estates		P 10,996,247,695	P 8,146,432,329	P 8,390,526,495
Rental		74,272,000	55,237,972	63,159,194
Hotel operations		48,683,577	54,558,131	8,524,756
Management fees		42,967,412	42,591,886	36,837,490
		<u>11,162,170,684</u>	<u>8,298,820,318</u>	<u>8,499,047,935</u>
COST OF SALES AND SERVICES	18	(5,972,289,664)	(4,282,111,458)	(4,300,684,977)
GROSS PROFIT		5,189,881,020	4,016,708,860	4,198,362,958
OPERATING EXPENSES	19	(1,950,338,710)	(1,265,920,859)	(1,145,201,008)
OTHER OPERATING INCOME	20	<u>257,229,190</u>	<u>68,597,820</u>	<u>53,133,383</u>
OPERATING PROFIT		3,496,771,500	2,819,385,821	3,106,295,333
FINANCE COSTS	21	(264,069,008)	(65,805,262)	(44,926,212)
FINANCE INCOME	22	7,689,872	39,708,261	51,920,745
SHARE IN NET LOSS OF ASSOCIATES	10	(4,229,178)	(615,777)	(326,580)
REVERSAL OF IMPAIRMENT LOSSES (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	6	-	(252,478)	69,492,639
OTHER LOSSES	20	(132,572,525)	(839,657)	(962,201)
PROFIT BEFORE TAX		3,103,590,661	2,791,580,908	3,181,493,724
TAX EXPENSE	24	(432,719,044)	(715,853,587)	(743,556,215)
NET PROFIT		<u>P 2,670,871,617</u>	<u>P 2,075,727,321</u>	<u>P 2,437,937,509</u>
Net profit attributable to:				
Parent Company's shareholders		P 2,612,937,324	P 1,846,119,733	P 2,012,289,616
Non-controlling interests		<u>57,934,293</u>	<u>229,607,588</u>	<u>425,647,893</u>
		<u>P 2,670,871,617</u>	<u>P 2,075,727,321</u>	<u>P 2,437,937,509</u>
Earnings per Share:				
Basic and diluted	27	<u>P 1.04</u>	<u>P 1.15</u>	<u>P 1.21</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company								Non-controlling Interests (See Note 26)	Total
	Capital Stock (See Note 26)	Additional Paid-in Capital (See Note 26)	Treasury Stock (See Note 26)	Revaluation Reserves (See Note 26)	Retained Earnings (See Note 26)			Total		
					Appropriated	Unappropriated	Total			
Balance at January 1, 2021	<u>P 1,714,000,000</u>	<u>P 1,608,917,974</u>	<u>(P 732,851,016)</u>	<u>(P 12,883,375)</u>	<u>P 3,949,504,623</u>	<u>P 2,104,913,555</u>	<u>P 6,054,418,178</u>	<u>P 8,631,601,761</u>	<u>P 6,895,639,697</u>	<u>P 15,527,241,458</u>
Transactions with owners										
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	226,733,331	226,733,331
Cash dividends	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)	(88,000,000)	(476,749,900)
Stock dividends	1,909,451,997	-	-	-	-	(1,909,451,997)	(1,909,451,997)	-	-	-
Acquisition of treasury stock	-	-	(15,320,885)	-	-	-	-	(15,320,885)	-	(15,320,885)
	<u>1,909,451,997</u>	<u>-</u>	<u>(15,320,885)</u>	<u>-</u>	<u>-</u>	<u>(2,298,201,897)</u>	<u>(2,298,201,897)</u>	<u>(404,070,785)</u>	<u>138,733,331</u>	<u>(265,337,454)</u>
Reversal of appropriations during the year	-	-	-	-	(3,777,454,711)	3,777,454,711	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	2,612,937,324	2,612,937,324	2,612,937,324	57,934,293	2,670,871,617
Other comprehensive loss	-	-	-	(594,097)	-	-	-	(594,097)	-	(594,097)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(594,097)</u>	<u>-</u>	<u>2,612,937,324</u>	<u>2,612,937,324</u>	<u>2,612,343,227</u>	<u>57,934,293</u>	<u>2,670,277,520</u>
Balance at December 31, 2021	<u>P 3,623,451,997</u>	<u>P 1,608,917,974</u>	<u>(P 748,171,901)</u>	<u>(P 13,477,472)</u>	<u>P 172,049,912</u>	<u>P 6,197,103,693</u>	<u>P 6,369,153,605</u>	<u>P 10,839,874,203</u>	<u>P 7,092,307,321</u>	<u>P 17,932,181,524</u>
Balance at January 1, 2020	<u>P 1,714,000,000</u>	<u>P 1,608,917,974</u>	<u>(P 247,193,811)</u>	<u>(P 6,589,225)</u>	<u>P 3,050,000,000</u>	<u>P 1,573,093,445</u>	<u>P 4,623,093,445</u>	<u>P 7,692,228,383</u>	<u>P 6,056,029,905</u>	<u>P 13,748,258,288</u>
Transactions with owners										
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	647,502,204	647,502,204
Cash dividend	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)	(37,500,000)	(452,295,000)
Acquisition of treasury stock	-	-	(485,657,205)	-	-	-	-	(485,657,205)	-	(485,657,205)
	<u>-</u>	<u>-</u>	<u>(485,657,205)</u>	<u>-</u>	<u>-</u>	<u>(414,795,000)</u>	<u>(414,795,000)</u>	<u>(900,452,205)</u>	<u>610,002,204</u>	<u>(290,450,001)</u>
Appropriation of retained earnings										
Appropriations during the year	-	-	-	-	3,300,000,000	(3,300,000,000)	-	-	-	-
Reversal during the year	-	-	-	-	(2,400,495,377)	2,400,495,377	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>899,504,623</u>	<u>(899,504,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	1,846,119,733	1,846,119,733	1,846,119,733	229,607,588	2,075,727,321
Other comprehensive loss	-	-	-	(6,294,150)	-	-	-	(6,294,150)	-	(6,294,150)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,294,150)</u>	<u>-</u>	<u>1,846,119,733</u>	<u>1,846,119,733</u>	<u>1,839,825,583</u>	<u>229,607,588</u>	<u>2,069,433,171</u>
Balance at December 31, 2020	<u>P 1,714,000,000</u>	<u>P 1,608,917,974</u>	<u>(P 732,851,016)</u>	<u>(P 12,883,375)</u>	<u>P 3,949,504,623</u>	<u>P 2,104,913,555</u>	<u>P 6,054,418,178</u>	<u>P 8,631,601,761</u>	<u>P 6,895,639,697</u>	<u>P 15,527,241,458</u>
Balance at January 1, 2019	<u>P 1,714,000,000</u>	<u>P 1,608,917,974</u>	<u>(P 212,459,418)</u>	<u>(P 12,428,442)</u>	<u>p -</u>	<u>P 2,943,393,829</u>	<u>P 2,943,393,829</u>	<u>P 6,041,423,943</u>	<u>P 5,280,557,011</u>	<u>P 11,321,980,954</u>
Transactions with owners										
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	369,825,001	369,825,001
Cash dividend	-	-	-	-	-	(332,590,000)	(332,590,000)	(332,590,000)	(20,000,000)	(352,590,000)
Acquisition of treasury stock	-	-	(34,734,393)	-	-	-	-	(34,734,393)	-	(34,734,393)
	<u>-</u>	<u>-</u>	<u>(34,734,393)</u>	<u>-</u>	<u>-</u>	<u>(332,590,000)</u>	<u>(332,590,000)</u>	<u>(367,324,393)</u>	<u>349,825,001</u>	<u>(17,499,392)</u>
Appropriation of retained earnings during the year	-	-	-	-	3,050,000,000	(3,050,000,000)	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	2,012,289,616	2,012,289,616	2,012,289,616	425,647,893	2,437,937,509
Other comprehensive gain	-	-	-	5,839,217	-	-	-	5,839,217	-	5,839,217
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,839,217</u>	<u>-</u>	<u>2,012,289,616</u>	<u>2,012,289,616</u>	<u>2,018,128,833</u>	<u>425,647,893</u>	<u>2,443,776,726</u>
Balance at December 31, 2019	<u>P 1,714,000,000</u>	<u>P 1,608,917,974</u>	<u>(P 247,193,811)</u>	<u>(P 6,589,225)</u>	<u>P 3,050,000,000</u>	<u>P 1,573,093,445</u>	<u>P 4,623,093,445</u>	<u>P 7,692,228,383</u>	<u>P 6,056,029,905</u>	<u>P 13,748,258,288</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

		<u>2021</u>	<u>2020</u>	<u>2019</u>
NET PROFIT		P 2,670,871,617	P 2,075,727,321	P 2,437,937,509
OTHER COMPREHENSIVE INCOME (LOSS) - Net of Tax				
Item that will not be reclassified				
subsequently to profit or loss				
Gain (loss) on remeasurements of				
post-employment defined benefit plan	23	435,092	(8,991,642)	8,341,738
Tax income (expense)	24	(1,029,189)	2,697,492	(2,502,521)
		(594,097)	(6,294,150)	5,839,217
TOTAL COMPREHENSIVE INCOME		P 2,670,277,520	P 2,069,433,171	P 2,443,776,726
Total comprehensive income attributable to:				
Parent Company's shareholders		P 2,612,343,227	P 1,839,825,583	P 2,018,128,833
Non-controlling interests		57,934,293	229,607,588	425,647,893
		P 2,670,277,520	P 2,069,433,171	P 2,443,776,726

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 3,103,590,661	P 2,791,580,908	P 3,181,493,724
Adjustments for:				
Interest expense on interest-bearing loans	21	196,904,919	8,677,442	33,629,596
Depreciation and amortization	19	121,798,863	104,119,622	60,763,991
Interest expense on lease liabilities	12	67,139,552	57,127,820	10,847,248
Interest income on bank deposits	5	(6,528,935)	(8,701,101)	(24,599,602)
Share in net loss of associates	10	4,229,178	615,777	326,580
Loss on sale of property and equipment	20	16,577	-	-
Recognition (reversal) of impairment loss on financial assets	6	-	252,478	(69,492,639)
Operating profit before working capital changes		3,487,150,815	2,953,672,946	3,192,968,898
Decrease (increase) in receivables		136,187,839	(266,148,302)	(1,767,475,002)
Increase in contract assets		(6,433,654,690)	(4,964,140,467)	(3,450,384,035)
Increase in real estate inventories		(1,290,125,235)	(563,703,631)	(2,270,211,968)
Increase (decrease) in deposits on land for future development		(376,327,882)	(868,104,916)	(679,394,084)
Increase in prepayments and other current assets		(1,529,208,933)	(747,606,864)	(1,401,362,497)
Decrease (increase) in other non-current assets		50,242,017	(206,460,224)	(32,255,180)
Increase in trade and other payables		5,317,928,215	993,330,034	3,380,558,499
Increase (decrease) in contract liabilities		71,605,256	113,681,688	(38,959,953)
Increase (decrease) in customers' deposits		(106,227,005)	5,081,093	148,268,543
Increase (decrease) in post-employment defined benefit obligation		3,538,048	(2,446,874)	(3,549,540)
Cash used in operations		(668,891,555)	(3,552,845,517)	(2,921,796,319)
Cash paid for taxes		(252,045,906)	(151,023,857)	(146,210,751)
Net Cash Used in Operating Activities		(920,937,461)	(3,703,869,374)	(3,068,007,070)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of investment properties	13	(4,865,426,664)	(1,421,274,390)	(2,180,931,208)
Acquisitions of property and equipment	11	(299,836,002)	(235,693,169)	(80,638,923)
Advances to related parties	25	(35,500,674)	(12,003,087)	-
Investments in associates	10	(25,310,918)	(114,090,016)	(5,500,000)
Acquisitions of computer software	14	(10,242,943)	(8,960,023)	(33,955,601)
Interest received		6,528,935	8,701,101	24,599,602
Proceeds from sale of property and equipment	11	75,961	-	-
Collections of advances to related parties	25	16,907	-	11,206,772
Net Cash Used in Investing Activities		(5,229,695,398)	(1,783,319,584)	(2,265,219,358)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans	15	14,448,015,997	12,583,999,063	10,453,706,073
Repayments of interest-bearing loans	15	(6,288,347,939)	(5,672,248,772)	(4,265,207,842)
Interest paid on interest-bearing loans		(1,387,522,892)	(1,091,629,524)	(819,196,691)
Cash dividends paid	26	(476,749,900)	(452,295,000)	(352,590,000)
Additional investment from non-controlling shareholders	26	226,733,331	647,502,204	369,825,001
Interest paid on lease liabilities	12	(57,537,727)	(57,127,820)	(10,847,248)
Repayments of lease liabilities	12	-	(105,339,849)	(39,719,752)
Acquisition of treasury stock	26	(15,320,885)	(485,657,205)	(34,734,393)
Net Cash From Financing Activities		6,449,269,985	5,367,203,097	5,301,235,148
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		298,637,126	(119,985,861)	(31,991,280)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		797,184,790	917,170,651	949,161,931
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 1,095,821,916	P 797,184,790	P 917,170,651

Supplemental Information on Non-cash Activities is disclosed in Note 34.

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 General

Cebu Landmasters, Inc. (the Parent Company or CLI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 26, 2003. CLI is presently engaged in real estate-related activities which include real estate development, sales, leasing and property management. Its real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as office projects, retail spaces and hotels.

In 2016, A B Soberano Holdings Corp. (ABS), formerly A B Soberano International Corporation, one of CLI's stockholders, assumed control of CLI by acquiring additional 400,000,000 shares of CLI and became the parent company of CLI.

On January 6, 2017, the Board of Directors (BOD) approved CLI's application for the registration of 1,714,000,000 of its common shares with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The BOD's approval also covered the planned initial public offering (IPO) of 430,000,000 unissued common shares of CLI. CLI's shares were listed in the PSE on June 2, 2017 (see also Note 26).

ABS is a holding company, which is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests in the following subsidiaries and associates:

Entity	Note	Effective Percentage of Ownership	
		2021	2020
<i>Subsidiaries</i>			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	100%	100%
Cebu Landmasters Property Management, Inc. (CPM)	(b)	100%	100%
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	100%	100%
CLI-LITE Panglao Inc. (CLI-LITE)	(d)	88%	-
Ming-mori Development Corporation (MDC)	(e)	78%	20%
Sugbo Prime Estate, Inc. (SPE)	(f)	64%	-
BL CBP Ventures, Inc. (BL Ventures)	(g)	50%	50%
Yuson Excellence Soberano, Inc. (YES)	(h)	50%	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(i)	50%	50%

Forward

Entity	Note	Effective Percentage of Ownership	
		2021	2020
<i>Subsidiaries</i>			
YHEST Realty and Development Corporation (YHEST)	(j)	50%	50%
CCLI Premier Hotels, Inc. (CCLI)	(k)	50%	50%
Cebu Homegrown Developers, Inc. (CHDI)	(l)	50%	50%
YHES Premier Hotels Inc. (YHESPH)	(m)	50%	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(n)	50%	50%
GGTT Realty Corporation (GGTT)	(o)	50%	50%
Mivesa Garden Residences, Inc. (MGR)	(p)	45%	45%
El Camino Developers Cebu, Inc. (El Camino)	(q)	35%	35%
<i>Associates</i>			
ICOM Air Corporation (ICOM)	(r)	33%	33%
Magspeak Nature Park, Inc. (Magspeak)	(s)	25%	25%

CLI and its subsidiaries (collectively referred as “the Group”), and associates are all incorporated in the Philippines. The subsidiaries and associates, except CPM, CPH, CCLI and YHESPH, are in the same line of business with CLI. A brief description of these entities follows:

- (a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.
- (b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPH is located in Cebu City.
- (c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.
- (d) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (e) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.
- (f) SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.
- (g) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.

- (h) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.
- (i) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.
- (j) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.
- (k) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2021, CCLI has yet to start commercial operations.
- (l) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.
- (m) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. As at December 31, 2021, YHESPH has yet to start commercial operations.
- (n) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.
- (o) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.

On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for by the Group as an asset acquisition as discussed in Note 7. In the first quarter of 2021, GGTT has started commercial operations, hence, already considered as a subsidiary as at December 31, 2021.

- (p) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.
- (q) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.
- (r) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2021, ICOM has yet to start its commercial operations.

- (s) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2021 (including the comparative consolidated financial statements for the years ended December 31, 2021 and 2020, were authorized for issue by the BOD on March 29, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed by the Group are disclosed in detail in the succeeding pages. PFRS are adopted by the Financial Reporting Standards Council (FRSC) 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

In 2020, the Group has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*, MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*, MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*, and MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*, relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry.

In 2021, MC No. 2021-08, *Amendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 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 are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	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, on 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.	Until December 31, 2023
PIC Q&A No. 2018-12-D, <i>Concept of the significant financing component in the contract to sell</i>	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.	Until December 31, 2023

Relief	Description and Implication	Deferral period
and PIC Q&A No. 2020-04, <i>Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments</i>	In those circumstances, the contract contains a significant financing component. Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statement as there would have been a significant financing component when there is a difference between the 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 have a retrospective effect in retained earnings, real estate sales, and profit or loss in 2021 and prior years.	

(c) *Presentation of Consolidated Financial Statements*

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

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period.

(d) *Functional and Presentation Currency*

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2021 that are Relevant to the Group

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform Operation
PFRS 16 (Amendments)	:	Leases – Interest Rate Benchmark Reform Phase 2 and Leases – COVID-19- Related Rent Concessions beyond June 30, 2021

Discussed below are the relevant information about these pronouncements

- (i) The Group adopted for the first time the application of the amendments to PFRS 7 (Amendments), *Financial Instruments: Disclosures*, PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform*, and PFRS 16, *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no impact on the Group's consolidated financial statements as the Group do not have any financial instruments subject to LIBOR.
- (ii) The Group opted to early adopt the application of the amendments to PFRS 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*, which is effective from April 1, 2021. The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Group's consolidated financial statements as the Group did not receive any rent concession from its lessors in 2021.

(b) Effective Subsequent to 2021 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022).
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022).

- (iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022).
 - (iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:
 - PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*.
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*.
 - (v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023).
 - (vi) PAS 1 and PFRS Practice Statement 2 (Amendments), *Disclosure Initiative – Accounting Policies* (effective from January 1, 2023).
 - (vii) PAS 8 (Amendments), *Definition of Accounting Estimates* (effective from January 1, 2023).
 - (viii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely).
- (c) *PIC Q&As Relevant to the Real Estate Industry Applicable in 2021*

Discussed below are the PIC Q&As effective from January 1, 2021 that are applicable to the Group, including the descriptions of their impact to the Group's consolidated financial statements.

- (i) PIC Q&A No. 2018-12-E, *Treatment of uninstalled materials in the determination of POC* and PIC Q&A No. 2020-02, *Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation*

PIC Q&A No. 2018-12-E specifies, in recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed are to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials delivered on site that are not customized, such as steels and rebars, elevators and escalators, which are yet to be installed or attached to the main structure are excluded in the assessment of progress. Control over the uninstalled materials is not transferred to the customer upon delivery to the site but only when these are installed or when they are used in the construction. The application of the PIC Q&A had no significant impact to the Group's consolidated financial statements since the Group does not include uninstalled materials that are not customized in determining measure of progress for revenue recognition.

- (ii) PIC Q&A No. 2020-03, *Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the POC is Ahead of the Buyer's Payment*

This PIC Q&A concludes that the difference when the POC is ahead of the buyer's payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group intends to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as a contract asset, hence, the adoption did not have a significant impact on the 2021 consolidated financial statements.

- (iii) 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*

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 do 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. The adoption of this PIC Q&A will be consistent with PIC Q&A 2018-12-D.

- (iv) PIC Q&A No. 2020-05, *Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*

There are three acceptable approaches in accounting for sales cancellation and repossession of the property as follows:

- reposessed property is recognized at fair value less cost to repossess;
- reposessed property is recognized at fair value plus repossession cost;
- or,
- cancellation is accounted for as a modification of the contract.

The Group accounts for cancellation of sales contract as modification of contract, hence, the adoption of this PIC Q&A will not have significant impact in the consolidated financial statements of the Group.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries and associates and non-controlling interests as shown below.

(a) *Investments in Subsidiaries*

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(b) *Investments in Associates*

Associates are those entities over which the Parent Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the consolidated financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Parent Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the share in net loss of associates in the consolidated statement of profit or loss.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) *Transactions with Non-controlling Interests*

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss, or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition of interest in an entity which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. In order to meet the definition of a business, the acquired set of activities and assets must have inputs and substantive processes that can collectively significantly contribute to the creation of outputs. A business usually consists of the three elements as follows:

- (a) inputs, which is an economic resource that creates outputs or can contribute to the creation of outputs when processes are applied to it;
- (b) processes, which a system, standard, protocol, convention or rule that when applied to an input, creates outputs or can contribute to the creation of outputs; and,
- (c) outputs, which are the result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities.

Under the asset purchased accounting, the purchase costs are allocated to identifiable assets and liabilities based on relative fair values of individual items; goodwill or gain on bargain purchase is not recognized; and, transaction costs are capitalized.

2.5 *Financial Instruments*

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

(a) *Financial assets*

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) *Classification, Measurement and Reclassification of Financial Assets*

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the Group's financial assets are all categorized as financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Receivables (excluding Advances to officers and employees), Due from Related Parties and Other Non-current Assets in respect of the refundable deposits included therein.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance Income.

(ii) *Impairment of Financial Assets*

The Group assesses and recognizes an allowance for expected credit losses (ECL) on its financial assets measured at amortized cost. The measurement of the ECL involves consideration of broader range of information in assessing credit risk, including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the financial assets. ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Group assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In determining whether the financial asset is in default, which is aligned with the definition of credit-impaired, the Group considers both quantitative and qualitative criteria as further discussed in Note 30.2(b).

The amount of allowance for ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of any collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses impairment of receivables and contract assets on a collective basis based on shared credit risk characteristics of financial assets. The Group determines the ECL for receivables and contract assets by applying a method that evaluates the credit quality of a portfolio of receivables and contract assets and the cumulative loss rates by analyzing historical net charge-offs arising from cancellations and back-out sale for homogenous accounts that share the same origination period.

For other credit exposures such as due from related parties and refundable deposit, ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within the next 12-months (12-month ECL). When there has been a significant increase in credit risk on a financial asset 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 (lifetime ECL).

For deposits in cash and cash equivalents, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of Default* – it is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- *Loss Given Default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Group expects to receive. For receivables and contract assets, this include cash flows from resale of repossessed real estate properties, net of direct costs of obtaining and selling the properties such as commission, refurbishment, and refund payment under Republic Act (RA) 6552, *Realty Installment Buyer Protection Act* or *Maceda law*.
- *Exposure at Default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) *Financial liabilities*

Financial liabilities, which include interest-bearing loans and borrowings and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)], are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument.

Interest-bearing loans are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss, except for capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

All interest-related charges are recognized as expense in profit or loss under the caption Finance and Other Charges account in the consolidated statement of comprehensive income.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) *Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.6 Real Estate Inventories

Cost of real estate 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 are also capitalized by the Group (see Note 2.13). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Costs of real estate inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

Reposessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or Contract Asset to be derecognized and the cost of the reposessed property is recognized in the consolidated statement of comprehensive income.

2.7 Deposits on Land for Future Development

Deposits on land for future development pertain to advance cash payments made to sellers of properties purchased by the Group but title over the properties have not yet been transferred to the Group. Once sale is consummated, which is usually within 12 months from the date the deposit is made, such advance payments are applied to the full amount of the contract price and debited to either Real Estate Inventory or Investment Property account depending on the intended use of the property acquired. The Group present deposit on land for future development that are intended for real estate inventories under current assets while those that are intended for investment properties as non-current assets in the consolidated statement of financial position.

2.8 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period are classified as part of non-current assets.

2.9 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred. Cost also includes capitalized borrowing costs (see Note 2.13).

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

Buildings	20 years
Transportation equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	2-5 years

Leasehold improvements are amortized over the useful life of the improvements of 10 years or the lease term, whichever is shorter.

Construction-in-progress is not depreciated until the completion of the constructed asset.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

The residual values, estimated useful lives, and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.10 Investment Properties

Investment properties are completed and under construction or development properties that are held to earn rental income, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Cost of the asset includes cost of construction and capitalized borrowing costs (see Note 2.13).

Investment properties are carried at cost, net of accumulated depreciation, except for land which is not subjected to depreciation, and any impairment in value. Depreciation of investment properties that are subject to depreciation is computed using the straight-line method over the estimated useful lives of the assets of 20 to 50 years.

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.13) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 2.15).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal.

2.11 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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases 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 consolidated 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 consolidated 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.

2.12 Revenue and Expense Recognition

Revenue of the Group arises mainly from the sale of real estate units, lease of property, rendering of management services and hotel operations. However, lease of property is accounted for separately (see Note 2.14).

The Group follows the five-step process below to when it recognizes revenue.

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligations; and,
- (5) recognizing revenue when/as performance obligations are satisfied.

A contract with a customer is identified when the following five gating criteria are present:

- (i) the parties to the contract have approved the contract either in writing or in accordance with the customary business practices;
- (ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
- (iii) the payment terms for the goods or services to be transferred or performed can be identified;
- (iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,

- (v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- (iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(c)]:

- (a) *Sale of real estate units* – Revenue from the sale of real estate units are recognized as the control transfers at either over time for units sold under pre-completed contracts or at a point in time for ready for occupancy units, provided that the collectability of the contract price is reasonably assured. Invoicing for real estate sales are based on the agreed amortization schedule by the Group and the buyer.

When the price gating criteria of the revenue recognition has not been met, including assessment that collectability of the contract price is not yet assured, the consideration received from buyers are accounted as Customers' Deposits which is presented under current liabilities in the consolidated statement of financial position.

Subsequent cancellations of prior year sales are accounted for as contract modification on the year of cancellation. Cumulative revenues and costs recognized on cancelled contracts are deducted from the real estate sales and the related costs in the year in which such cancellations are made.

For tax reporting purposes, the taxable income for the year is based on the provisions of Section 49 of the National Internal Revenue Code (NIRC), as amended, which governs installment sales. Under the NIRC, revenue on sale and cost of real estate sold are recognized in full when the initial payments collected in the year of sale exceed 25% of the selling price; otherwise, revenue and cost of real estate sold are recognized based on the collections.

- (b) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities, which consume the benefit as the Group performs. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as part of contract receivables as only the passage of time is required before payment of these amounts will be due.
- (c) *Hotel operations* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

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 statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.5(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.

Incremental costs of obtaining a contract to sell real property to customers, such as broker's commissions, are recognized as part of Prepayments and Other Current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis, except capitalized borrowing costs (see Note 2.13).

2.13 Borrowing Costs

Borrowing costs are recognized in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.14 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

The Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.15).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.15 Impairment of Non-financial Assets

The Group's property and equipment, right-of-use assets, investment properties, investment in associates and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.16 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

The Group's defined benefit post-employment plan, which became effective on January 1, 2015, covers all regular full-time employees. The pension plan is noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the consolidated statement of profit or loss. Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment, if any.

(b) *Post-Employment Defined Contribution Plans*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity (i.e., Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) *Performance Bonus*

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.17 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity within the Group.

2.18 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

For purposes of reporting material related party transactions of publicly-listed companies to the SEC, transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with the related parties are considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, 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 to approve the material related party transactions 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 ten 10% of the Group's total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transactions that meets and exceeds the materiality threshold covering the same related party.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive committee, its chief operating decision maker. The executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's geographical location, which represent the main products and services provided by the Group.

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 post-employment benefit expenses in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

2.20 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital represents the proceeds in excess of the par value of shares issued less directly attributable costs in relation to the issuance of the shares.

Treasury shares represent the shares that are reacquired by the Parent Company at cost but are not cancelled shares.

Revaluation reserves comprise gains and losses arising from remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the consolidated statement of profit or loss, reduced by the amounts of dividends declared. Appropriated retained earnings are retained earnings that have been set aside by the Group for specific purpose and are not available for dividend declarations.

Non-controlling interest (NCI) represents equity in consolidated entities that are not attributable, directly or indirectly to the Parent Company. This increases by equity investments from non-controlling shareholders, share in profit or loss and share in each component of other comprehensive income in the consolidated entities. This decreases by dividends declared to non-controlling shareholders.

The Group adjusts the carrying amount of NCI to reflect the changes in their relative interests in the consolidated entities when the proportion of the equity held by NCI changes. The Group directly recognize in equity any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received, and attribute it to the shareholders of the Parent Company.

2.21 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Parent Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

2.22 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determined that its performance obligation is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(c) *Determination of Collection Threshold for Revenue Recognition*

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Group determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price. Management is confident that when the collections received from the buyers exceed a certain threshold, it would be unlikely for the buyer to default and therefore, cancel the contract. Accordingly, as discussed in Note 2.12 under identification of contract, the Group will not recognize the whole contract and no revenue will be recognized when the collection threshold is not yet reached.

(d) *Assessment Involving Right of Return*

The Group's real estate sales under pre-completed contracts has variable consideration, which is the right of return when a buyer defaulted the equity payments. Moreover, RA No. 6552, *Realty Installment Buyer Act* or, which is popularly known in the Philippines as the Maceda Law, provides a statutory obligation to the Group to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installment payments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) *Determination of ECL on Receivables and Contract Assets*

The Group uses the cumulative loss rate approach to calculate ECL for receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Group has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations.

On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Group's trade and other receivables and contract assets are disclosed in Note 30.2.

(f) *Distinction Between Investment Properties and Owner-managed Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the operations.

(g) *Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor*

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Currently, its leases are all operating leases.

(h) *Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of land and office space, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(i) *Accounting for Equity Ownership Interest in Subsidiaries and Associates*

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Group evaluates whether control or significant influence exists. Control is present when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policy decisions.

The Parent Company was able to demonstrate control over the operations of CBLRV (since 2020), CHDI and YHESPH (since 2019), YHEST and CCLI (since 2018), MGR and YHES (since 2017), and BL Ventures, El Camino and YES (since 2016), from the time of their incorporation, as indicated in Note 1.2. It had been able to demonstrate control over the operations of the foregoing investees despite having 50% or less equity ownership interest in them by virtue of a formal agreement with the respective other shareholders of the investees and the Parent Company's actual role in the investees' operations. Accordingly, the said entities are accounted for as subsidiaries.

(j) *Distinguishing Between Business Combination and Asset Acquisition*

The Parent Company determines whether an acquisition of an entity constitutes a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a business taking into consideration the substance of the transaction. The Group evaluates whether an acquired entity is capable of being conducted and managed as a business by assessing the integrated set of activities and assets based on at least two essential elements – inputs and processes applied to those inputs, which together are or will be used to create outputs. Otherwise, the transaction is accounted for as an asset acquisition. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transaction.

Management assessed that the acquisition of the outstanding shares of GGTT in 2020, as discussed in Note 1.2, does not qualify as business acquisition under PFRS 3, but is rather an acquisition of assets.

(k) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Revenue Recognition for Performance Obligations Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgement in the estimation of the contractual cash flows due from counterparties that the Group would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 30.2(b).

(d) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The future realization of the carrying amounts of real estate inventory as presented in Note 7, is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's real estate inventories within the next financial reporting period.

Considering the Group's pricing policy, the net realizable values of real estate inventories for sale are determined to be higher than their related costs.

(e) *Estimation of Useful Lives of Property and Equipment, Investment Properties and Right-of-use Assets*

The Group estimates the useful lives of property and equipment, investment properties and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, right-of use assets and investment properties are analyzed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2021 and 2020, there is no change in estimated useful lives of these assets during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned.

(f) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.16).

Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management assessed that no impairment loss is required to be provided on its significant non-financial assets, particularly property and equipment, right-of-use assets and investment properties, as at December 31, 2021, 2020 and 2019.

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(b) *Fair Value Measurement for Investment Properties*

Investment properties are measured using the cost model. The fair value of investment property held for capital appreciation and to earn rental income disclosed in the consolidated financial statements is determined by the Group based on the appraisal reports of a professional and independent appraiser. The fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets being disclosed.

The fair value the Group's investment properties as at December 31, 2021 and 2020 is disclosed in Notes 13 and 31.3.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

Segment accounting policies are the same as the policies described in Note 2.19. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

The following tables present revenue and profit information regarding industry segments for the years ended December 31, 2021, 2020 and 2019 and certain assets and liabilities information regarding segments as at December 31, 2021 and 2020:

	2021				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 10,996,247,695	P 74,271,999	P 42,967,413	P 48,683,577	P 11,162,170,684
Intersegment sales	(83,694,730)	2,607,317	112,754,994	-	31,667,581
Total revenues	10,912,552,965	76,879,316	155,722,407	48,683,577	11,193,838,265
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	5,834,729,247	63,259	18,740,197	20,693,997	5,874,226,700
Operating expenses excluding depreciation and amortization	1,926,845,038	7,813,579	3,253,570	48,400,793	1,986,312,980
Depreciation and amortization	79,388,040	42,410,823	-	-	121,798,863
Total costs and expenses	7,840,962,325	50,287,661	21,993,767	69,094,790	7,982,338,543
FINANCE COST (INCOME)					
Interest expense on:					
Loans	206,602,933	1,576,018	656,253	-	208,835,204
Lease liabilities	67,139,552	-	-	-	67,139,552
Interest income on banks	(5,992,874)	(49,612)	(20,658)	(155,633)	(6,218,777)
Total finance cost (income)	267,749,611	1,526,406	635,595	(155,633)	269,755,979
SEGMENT PROFIT (LOSS) BEFORE TAX					
	<u>P 2,803,841,029</u>	<u>P 25,065,249</u>	<u>P 133,093,045</u>	<u>(P 20,255,580)</u>	<u>P 2,941,743,743</u>
ASSETS AND LIABILITIES					
Segment assets	P 59,241,930,021	P 13,257,992,141	P 47,761,136	P 668,752,885	P 73,216,436,183
Segment liabilities	47,210,106,719	36,400,266	8,264,159	476,195,105	47,730,966,249
	2020				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 8,146,432,329	P 55,237,972	P 42,591,886	P 54,558,131	P 8,298,820,318
Intersegment sales	32,386,714	6,290,421	51,071,575	-	89,748,710
Total revenues	8,178,819,043	61,528,393	93,663,461	54,558,131	8,388,569,028
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	4,208,259,774	-	14,537,862	19,620,573	4,242,418,209
Operating expenses excluding depreciation and amortization	1,213,385,183	6,692,007	2,381,485	43,355,942	1,265,814,617
Depreciation and amortization	64,330,744	39,693,249	95,630	-	104,119,623
Reversal of impairment losses	-	-	252,478	-	252,478
Total costs and expenses	5,485,975,701	46,385,256	17,267,455	62,976,515	5,612,604,927
FINANCE COST (INCOME)					
Interest expense on:					
Loans	8,677,442	-	-	-	8,677,442
Lease liabilities	-	8,505,235	-	48,622,585	57,127,820
Amortization of day one loss - net (	30,761,435)	-	-	-	(30,761,435)
Interest income on banks	(8,701,101)	-	-	-	(8,701,101)
Total finance cost (income)	(30,785,094)	8,505,235	-	48,622,585	26,342,726
SEGMENT PROFIT (LOSS) BEFORE TAX					
	<u>P 2,723,628,436</u>	<u>P 6,637,902</u>	<u>P 76,396,006</u>	<u>(P 57,040,969)</u>	<u>P 2,749,621,375</u>

	2020				
	Real Estate	Rental	Management Services	Hotel Operations	Total
ASSETS AND LIABILITIES					
Segment assets	P 40,383,454,972	P10,109,861,036	P 26,525,944	P 397,946,646	P 50,917,788,598
Segment liabilities	33,012,060,943	29,854,341	5,536,745	186,205,150	33,233,657,179
	2019				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 8,390,526,495	P 63,159,194	P 36,837,490	P 8,524,756	P 8,499,047,935
Intersegment sales	<u>67,244,500</u>	<u>-</u>	<u>40,954,771</u>	<u>-</u>	<u>108,199,271</u>
Total revenues	<u>8,457,770,995</u>	<u>63,159,194</u>	<u>77,792,261</u>	<u>8,524,756</u>	<u>8,607,247,206</u>
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	4,296,571,881	179,375	11,031,084	5,404,138	4,313,186,478
Operating expenses excluding depreciation and amortization	1,162,600,452	1,177,450	244,578	48,926	1,164,071,406
Depreciation and amortization	41,224,152	19,475,668	64,171	-	60,763,991
Reversal of impairment losses	(<u>69,462,639</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>69,462,639</u>)
Total costs and expenses	<u>5,430,933,846</u>	<u>20,832,493</u>	<u>11,339,833</u>	<u>5,453,064</u>	<u>5,468,559,236</u>
FINANCE COST (INCOME)					
Interest expense on:					
Loans	33,629,596	-	-	-	33,629,596
Lease liabilities	-	10,847,248	-	-	10,847,248
Post-employment defined benefit obligation	449,368	-	-	-	449,368
Amortization of day one loss on non-current contract receivables – net	(26,971,237)	-	-	-	(26,971,237)
Interest income on banks	(<u>24,599,602</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>24,599,602</u>)
Total finance cost (income)	(<u>17,491,875</u>)	<u>10,847,248</u>	<u>-</u>	<u>-</u>	(<u>6,644,627</u>)
SEGMENT PROFIT BEFORE TAX	<u>P 3,044,329,024</u>	<u>P 31,479,453</u>	<u>P 66,452,428</u>	<u>P 3,071,692</u>	<u>P 3,145,332,597</u>

The real estate segment is further analyzed based on their geographical location as shown in Note 17.1. Both rental and management services segments are located in Cebu City.

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

4.5 Reconciliation

Following is a reconciliation of the Group's segment information to the key financial information presented in its financial statements.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues			
Total segment revenues	P 11,193,838,265	P 8,388,569,028	P 8,607,247,206
Elimination of intersegment revenues	(<u>31,667,581</u>)	(<u>89,748,710</u>)	(<u>108,199,271</u>)
Revenues as reported in profit or loss	<u>P 11,162,170,684</u>	<u>P 8,298,820,318</u>	<u>P 8,499,047,935</u>
Profit or loss			
Segment profit before tax	P 2,941,743,743	P 2,749,621,375	P 3,145,332,597
Elimination of intersegment accounts	41,419,431	(25,428,578)	(16,033,381)
Other operating income	257,229,190	68,597,820	53,133,383
Share in net loss in associates	(4,229,178)	(615,777)	(326,580)
Other losses - net	(<u>132,572,525</u>)	(<u>593,932</u>)	(<u>612,295</u>)
Profit before tax as reported in profit or loss	<u>P 3,103,590,661</u>	<u>P 2,791,580,908</u>	<u>P 3,181,493,724</u>
Assets			
Segment assets and total assets reported in statements of financial position	P73,216,436,183	P 50,917,788,598	
Elimination of intercompany accounts	(<u>6,564,330,750</u>)	(<u>827,287,155</u>)	
Total assets as reported in statements of financial position	<u>P66,652,105,433</u>	<u>P 50,090,501,443</u>	
Liabilities			
Segment liabilities	P47,730,966,249	P 33,233,657,179	
Deferred tax liabilities	2,063,035,449	1,707,563,195	
Elimination of intercompany accounts	(<u>1,074,077,789</u>)	(<u>377,960,389</u>)	
Total liabilities as reported in statements of financial position	<u>P48,719,923,909</u>	<u>P 34,563,259,985</u>	

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

	<u>2021</u>	<u>2020</u>
Cash on hand	P 4,544,386	P 3,929,500
Cash in banks	769,344,992	751,514,323
Short-term placements	<u>321,932,538</u>	<u>41,740,967</u>
	<u>P 1,095,821,916</u>	<u>P 797,184,790</u>

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 10 to 90 days and earn effective interest of 0.75% per annum in 2021, and ranging from 1.19% to 2.20% and 1.74% to 6.00% per annum in 2020 and 2019, respectively.

Interest income earned from cash and cash equivalents amounted to P6,528,935, P8,701,101 and P24,599,602 in 2021, 2020 and 2019, respectively, and are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 22).

6. RECEIVABLES

This account includes the following:

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Contract receivables:			
Third parties		P5,360,189,498	P 5,550,553,929
Related parties	25.3, 25.2	137,597,839	257,432,271
Retention receivable		81,429,356	57,707,728
Rent receivable		61,234,152	66,636,064
Management fee receivable		50,087,038	27,506,262
Receivables from hotel operations		21,414,128	3,296,708
Advances to officers and employees		1,443,532	16,558,780
Other receivables		292,976,075	162,867,714
		6,006,371,618	6,142,559,457
Allowance for impairment	30.2(c)	(600,695)	(600,695)
		<u>P6,005,770,923</u>	<u>P 6,141,958,762</u>

Receivables are presented in the consolidated statements of financial position as follows.

	<u>2021</u>	<u>2020</u>
Current	P5,844,643,647	P6,020,754,434
Non-current	<u>161,127,276</u>	<u>121,204,328</u>
	<u>P6,005,770,923</u>	<u>P 6,141,958,762</u>

Buyers of real estate properties are given two to four years to complete the equity amortization which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement by the buyer's chosen financing institution of the buyer's account within 12 months. Title to real estate properties are transferred to the buyers once full payment has been made. Hence, contract receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P1,300,077 and P2,461,014 as at December 31, 2021 and 2020, respectively. Amortization of day one gain of noninterest-bearing contract receivables, net of day one loss, amounted to P1,160,937, P30,761,435 and P26,971,237 in 2021, 2020 and 2019, respectively, and presented as part of Finance Income in the consolidated statements of profit or loss (see Note 22).

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group.

Advances to officers and employees are composed of advances intended for the Group's operations and are subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. A reconciliation of the allowance for impairment at the beginning and end of 2021 and 2020 is shown below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 600,695	P 348,217
Impairment losses	<u>-</u>	<u>252,478</u>
Balance at end of year	<u>P 600,695</u>	<u>P 600,695</u>

7. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Subdivision units		P 509,213,661	P 419,174,144
Condominium units		<u>481,000,844</u>	<u>696,385,131</u>
		<u>990,214,505</u>	<u>1,115,559,275</u>
Construction-in-progress (CIP):			
Land development costs	10(b)	11,358,311,375	4,549,275,173
Condominium building costs		3,092,544,557	2,391,243,922
Housing costs		<u>1,202,816,678</u>	<u>1,096,020,640</u>
		<u>15,653,672,610</u>	<u>8,036,539,735</u>
Raw land inventory	8	<u>2,064,870,438</u>	<u>4,246,082,837</u>
		<u>P 18,708,757,553</u>	<u>P13,398,181,847</u>

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 18.

Land development costs pertain to the cost of land acquisition, and site development costs of horizontal projects and other future site projects of the Group.

Condominium building costs consist of the cost of land and the cost to construct the units of the vertical projects of the Group.

Housing costs pertain to the cost of house construction for the horizontal projects of the Group.

Raw land inventory consists of parcels of land owned by the Group in various locations. These are expected to be developed into saleable condominium or subdivision units. In 2021 and 2020, the Group reclassified deposits on land for future development amounting to P1,076,100,742 and P1,457,731,053, respectively, to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated during the reporting period (see Note 8).

On July 16, 2020, CLI entered into a subscription contract with GGTT, whereby CLI agreed to subscribe to 500,000 shares of GGTT after SEC's approval of GGTT's application for increase in authorized capital stock, for a subscription price of P177,730,000 or P355.46 per share. Prior to and at the time of subscription of CLI, substantially all of the fair value of the gross assets of GGTT is concentrated in a single identifiable asset, which is a parcel of land. After its subscription to the shares of GGTT, CLI now holds 50% ownership interest in GGTT. However, in accordance with the Group's policy [see Notes 2.4 and 3.1(j)], the transaction is accounted for by the Group as an asset acquisition since the transaction does not constitute an acquisition of a business (see also Note 1.2). As such the total purchase price at acquisition date amounting to P177,730,000 was allocated to the land and is included as part of raw land inventory as at December 31, 2020.

Borrowing costs that are capitalized as part of real estate inventory amounted to P1,104,112,548 and P898,039,007 2021 and 2020, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). Capitalization rate used for specific borrowings ranges from 4.25% to 7.25% and 4.00% to 6.25% for the years ended December 31, 2021 and 2020, respectively.

In 2021 and 2020, the Group reclassified investment properties totaling P1,840,846,826 and P997,649,685, respectively, to real estate inventories (see Note 13).

As at December 31, 2021 and 2020, real estate inventories totaling to P9,388,860,245 and P6,313,953,917, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

8. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Currently, this account includes only advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects (see Note 2.7). A reconciliation of the deposits on land for future development is presented below.

	Notes	<u>2021</u>	<u>2020</u>
Balance at beginning of year		P 699,772,860	P 1,289,398,997
Additions		376,327,882	868,104,916
Transferred to raw land inventory	7	(1,076,100,742)	(1,457,731,053)
Balance at end of year		<u>P -</u>	<u>P 699,772,860</u>

The deposits on land for future development is presented as current assets in the consolidated statements of financial position.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	<u>2021</u>	<u>2020</u>
Advances to subcontractors	P1,845,467,300	P 1,087,635,323
Input VAT and deferred input VAT	1,174,824,254	684,996,056
Prepaid commissions	1,038,929,121	862,373,242
Advances to suppliers	302,615,456	288,283,971
Short-term investments	149,901,854	-
Prepaid expenses	41,371,168	64,561,537
Others	<u>184,303,136</u>	<u>32,019,552</u>
	<u>P4,737,412,289</u>	<u>P 3,019,869,681</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of subdivision and condominium units for sale. These are applied against the progress billings of subcontractors.

In 2021, 2020 and 2019, the Group expensed prepaid commissions of P725,648,666, P429,725,150, and P301,751,479, respectively, based on the POC of its related real estate project and is presented as Commissions under Operating Expenses in the consolidated statements of profit or loss (see Note 19).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Group's compliance with the regulatory requirements for issuance of license to sell, and are restricted for use in the Group's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 1.20% to 1.90% per annum.

Prepaid expenses include advance payment for insurance and rent.

10. INVESTMENTS IN ASSOCIATES

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2021 and 2020 is shown below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 129,852,662	P 16,378,423
Additional investments	25,310,918	114,090,016
Reclassification	(15,869,472)	-
Share in net loss during the year	(4,229,178)	(615,777)
Balance at end of year	<u>P 135,064,930</u>	<u>P 129,852,662</u>

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2021 is shown below.

	<u>Magspeak</u>	<u>MDC</u>	<u>ICOM</u>	<u>Total</u>
Cost				
Balance at beginning of year	P 18,235,096	P 21,600,000	P 96,490,016	P 136,325,112
Additional investments	7,500,000	-	17,810,918	25,310,918
Reclassification	<u>-</u>	<u>(21,600,000)</u>	<u>-</u>	<u>(21,600,000)</u>
Balance at end of year	<u>25,735,096</u>	<u>-</u>	<u>114,300,934</u>	<u>140,036,030</u>
Accumulated equity in net losses				
Balance at beginning of year	(849,697)	(5,541,682)	(81,071)	(6,472,450)
Equity in net loss during the year	(637,753)	(188,846)	(3,402,579)	(4,229,178)
Reclassification	<u>-</u>	<u>5,730,528</u>	<u>-</u>	<u>5,730,528</u>
Balance at end of year	<u>(1,487,450)</u>	<u>-</u>	<u>(3,483,650)</u>	<u>(4,971,100)</u>
Net carrying amount	<u>P 24,247,646</u>	<u>P -</u>	<u>P 110,817,284</u>	<u>P 135,064,930</u>

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2020 is shown below.

	<u>Magspeak</u>	<u>MDC</u>	<u>ICOM</u>	<u>Total</u>
Cost				
Balance at beginning of year	P 10,635,096	P 11,600,000	P -	P 22,235,096
Additional investments	<u>7,600,000</u>	<u>10,000,000</u>	<u>96,490,016</u>	<u>114,090,016</u>
Balance at end of year	<u>18,235,096</u>	<u>21,600,000</u>	<u>96,490,016</u>	<u>136,325,112</u>
Accumulated equity in net losses				
Balance at beginning of year	(542,354)	(5,314,319)	-	(5,856,673)
Equity in net loss during the year	<u>(307,343)</u>	<u>(227,363)</u>	<u>(81,071)</u>	<u>(615,777)</u>
Balance at end of year	<u>(849,697)</u>	<u>(5,541,682)</u>	<u>(81,071)</u>	<u>(6,472,450)</u>
Net carrying amount	<u>P 17,385,399</u>	<u>P 16,058,318</u>	<u>P 96,408,945</u>	<u>P 129,852,662</u>

(a) *Magspeak*

Significant information on Magspeak's financial position as at December 31, 2021 and 2020, and financial performance for the years ended December 31, 2021, 2020 and 2019 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P 30,659,907	P 33,657,703
Non-current assets	<u>56,329,911</u>	<u>16,828,516</u>
Total assets	<u>P 86,989,818</u>	<u>P 50,486,219</u>
Current liabilities	P 11,125,780	P 7,696,167
Non-current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>P 11,125,780</u>	<u>P 7,696,167</u>

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues	<u>P -</u>	<u>P -</u>	<u>P -</u>
Net loss	(P 2,551,014)	(P 1,233,204)	(P 240,780)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(P 2,551,014)</u>	<u>(P 1,233,204)</u>	<u>(P 240,780)</u>

The Parent Company's share in the net assets of Magspeak as of December 31, 2021 and 2020 which agrees with the carrying amount of the investment in Magspeak is shown below.

	<u>2021</u>	<u>2020</u>
Net assets of Magspeak	P 75,864,038	P 43,258,879
Proportion of equity interest by the Parent Company	<u>25%</u>	<u>25%</u>
Parent Company's share in the net assets of Magspeak	18,966,010	10,814,720
Other stockholders unpaid subscription	<u>5,281,636</u>	<u>6,570,679</u>
Carrying amount of investment	<u>P 24,247,646</u>	<u>P 17,385,399</u>

(b) *MDC*

On June 22, 2021, CLI assumed control of the MDC by acquiring additional 6,379,980 common shares of MDC from nine other stockholders. CLI became the Company's parent company with a 77.69% ownership interest of the MDC's outstanding shares, an increase from its previously held 20% ownership interest. Such acquisition was considered as a business combination achieved in stages, otherwise known as step-up acquisition (see Note 1.2).

Upon acquisition, CLI remeasured its investment in an associate to its acquisition-date fair value and recognized a Gain on remeasurement of investments in associates presented under Other Operating Income in the 2021 statement of profit or loss (see Note 20.1), computed as follows.

Acquisition-date fair value of previously held interest	P 48,307,983
Acquisition-date carrying value of investment in associate	(<u>15,869,472</u>)
Gain on remeasurement	<u>P 32,438,511</u>

The fair values of the identifiable assets acquired and liabilities assumed from the increased acquisition in MDC as at the date of acquisition and the total consideration used are presented below.

Consideration made:	
Consideration transferred on additional acquisition	P 159,499,500
Acquisition-date fair value of previously held interest	48,307,983
Amount of non-controlling interest	<u>59,692,017</u>
	<u>267,499,500</u>
Fair value of net assets acquired:	
Cash	P 18,088,271
Real estate inventory	245,551,610
Other current assets	5,775,694
Trade and other payables	(1,880,803)
Due to a related party	(<u>35,272</u>)
	<u>267,499,500</u>
Goodwill	<u>P -</u>

Non-controlling interest was computed using the proportionate share in the recognized amounts of the acquiree's identifiable net assets. There were no trade and other receivables acquired and no contingent consideration arising from the foregoing transaction. The acquisition-related costs for this transaction were also immaterial. Moreover, the acquisition did not result to any goodwill or any gain on bargain purchase.

The total revenues and net losses of MDC included in the 2021 consolidated statement of comprehensive income since acquisition date are nil and P2,330,126, respectively. Had the acquisition occurred at the beginning of the year, the total revenues and net losses of MDC to be included in the 2021 consolidated statement of comprehensive income are nil and P4,329,135, respectively.

Significant information on MDC's financial position as at December 31, 2020 and financial performance for the years ended December 31, 2020 and 2019 are as follows:

Current assets	P 65,955,938
Non-current assets	<u>-</u>
Total assets	<u>P 65,955,938</u>
Current liabilities	P 1,664,545
Non-current liabilities	<u>-</u>
Total liabilities	<u>P 1,664,545</u>

	<u>2020</u>	<u>2019</u>
Total revenues	<u>P -</u>	<u>P -</u>
Net loss	(P 1,137,438)	(P 240,780)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(P 1,137,438)</u>	<u>(P 240,780)</u>

The Parent Company's share in the net assets of MDC as of December 31, 2020 which agrees with the carrying amount of the investment in MDC is shown below.

	<u>2020</u>
Net assets of MDC	P 64,291,393
Proportion of equity interest by the Parent Company	<u>20%</u>
Parent Company's share in the net assets of MDC	12,858,278
Other stockholders unpaid subscription	<u>3,200,040</u>
Carrying amount of investment	<u>P 16,058,318</u>

(c) *ICOM AIR*

Significant information on ICOM's financial position and financial performance as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P 33,287,705	P 10,814,980
Non-current assets	<u>306,275,863</u>	<u>282,680,639</u>
Total assets	<u>P 339,563,568</u>	<u>P 293,495,619</u>
Current liabilities	P 7,214,820	P 28,292,126
Non-current liabilities	<u>39,943,000</u>	<u>-</u>
Total liabilities	<u>P 47,157,820</u>	<u>P 28,292,126</u>
Revenues	<u>P 8,312,631</u>	<u>P -</u>
Net loss	(P 10,310,845)	(P 243,207)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(P 10,310,845)</u>	<u>(P 243,207)</u>

The Parent Company's share in the net assets of ICOM as of December 31, 2021 and 2020 which agrees with the carrying amount of the investment in ICOM is shown in the next page.

	<u>2021</u>	<u>2020</u>
Net assets of ICOM	P 292,405,748	P 265,203,493
Proportion of equity interest by the Parent Company	<u>33%</u>	<u>33%</u>
Parent Company's share in the net assets of ICOM	97,468,583	88,401,164
Other stockholders unpaid subscription	<u>13,348,701</u>	<u>8,007,781</u>
Carrying amount of investment	<u>P 110,817,284</u>	<u>P 96,408,945</u>

Shares in net losses of associates totaling P4,229,178, P615,777 and P326,580 were recognized in 2021, 2020 and 2019, respectively, in the consolidated statements of profit or loss.

There were no dividends received from the Group's associates in 2021, 2020 and 2019.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2021 and 2020 are shown below.

	<u>Land</u>	<u>Building</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and Fixture</u>	<u>Leasehold Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2021								
Cost	P 140,896,820	P 313,420,883	P 91,775,926	P 59,603,223	P 36,731,888	P 12,514,727	P 471,807,019	P 1,126,750,486
Accumulated depreciation and amortization	-	(102,246,056)	(40,841,416)	(39,453,413)	(23,778,921)	(4,758,977)	-	(211,078,783)
Net carrying amount	<u>P 140,896,820</u>	<u>P 211,174,827</u>	<u>P 50,934,510</u>	<u>P 20,149,810</u>	<u>P 12,952,967</u>	<u>P 7,755,750</u>	<u>P 471,807,019</u>	<u>P 915,671,703</u>
December 31, 2020								
Cost	P 140,896,820	P 255,033,535	P 70,755,434	P 46,189,920	P 28,848,061	P 4,585,537	P 269,748,169	P 816,057,476
Accumulated depreciation and amortization	-	(84,445,236)	(31,271,468)	(33,586,991)	(19,911,373)	(3,454,802)	-	(172,669,870)
Net carrying amount	<u>P 140,896,820</u>	<u>P 170,588,299</u>	<u>P 39,483,966</u>	<u>P 12,602,929</u>	<u>P 8,936,688</u>	<u>P 1,130,735</u>	<u>P 269,748,169</u>	<u>P 643,387,606</u>
January 1, 2020								
Cost	P 139,198,121	P 147,503,733	P 52,750,891	P 50,638,536	P 21,833,195	P 2,355,282	P 16,673,810	P 430,953,568
Accumulated depreciation and amortization	-	(46,341,468)	(17,125,820)	(26,982,786)	(12,790,293)	(1,992,481)	-	(105,232,848)
Net carrying amount	<u>P 139,198,121</u>	<u>P 101,162,265</u>	<u>P 35,625,071</u>	<u>P 23,655,750</u>	<u>P 9,042,902</u>	<u>P 362,801</u>	<u>P 16,673,810</u>	<u>P 325,720,720</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2021 and 2020 is shown below.

	<u>Land</u>	<u>Building</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and Fixture</u>	<u>Leasehold Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 140,896,820	P 170,588,299	P 39,483,966	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606
Additions	-	11,827,275	21,178,971	13,413,303	8,401,409	7,929,190	237,085,854	299,836,002
Disposals	-	-	(23,178)	-	(69,360)	-	-	(92,538)
Reclassification	-	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization for the year	-	(14,244,790)	(9,613,285)	(5,866,422)	(4,315,770)	(1,304,175)	-	(35,344,442)
Balance at December 31, 2021 net of accumulated depreciation and amortization	<u>P 140,896,820</u>	<u>P 211,174,827</u>	<u>P 50,934,510</u>	<u>P 20,149,810</u>	<u>P 12,952,967</u>	<u>P 7,755,750</u>	<u>P 471,807,019</u>	<u>P 915,671,703</u>
			Office	Transportation	Furniture	Leasehold	Construction	

	Land	Building	Equipment	Equipment	and Fixture	Improvements	in Progress	Total
Balance at January 1, 2020 net of accumulated depreciation and amortization	P 139,794,060	P 83,076,321	P 38,833,292	P 11,220,784	P 10,019,737	P 97,701	P 72,079,085	P 355,120,980
Additions	-	19,542,518	8,286,592	5,177,704	2,762,373	2,254,898	197,669,084	235,693,169
Reclassification	1,102,760	85,001,437	-	-	-	-	-	86,104,197
Depreciation and amortization for the year	-	(17,031,977)	(7,635,918)	(3,795,559)	(3,845,422)	(1,221,864)	-	(33,530,740)
Balance at December 31, 2020 net of accumulated depreciation and amortization	<u>P 140,896,820</u>	<u>P 170,588,299</u>	<u>P 39,483,966</u>	<u>P 12,602,929</u>	<u>P 8,936,688</u>	<u>P 1,130,735</u>	<u>P 269,748,169</u>	<u>P 643,387,606</u>
Balance at January 1, 2019 net of accumulated depreciation and amortization	P 139,198,121	P 101,162,265	P 35,625,071	P 23,655,750	P 9,042,902	P 362,801	P 16,673,810	P 325,720,720
Additions	595,939	2,985,847	9,964,093	7,152,251	4,535,518	-	55,405,275	80,638,923
Reclassification	-	-	(246,142)	(16,778,571)	(144,982)	(24,643)	-	(17,194,338)
Depreciation and amortization for the year	-	(21,071,791)	(6,509,730)	(2,808,646)	(3,413,701)	(240,457)	-	(34,044,325)
Balance at December 31, 2019 net of accumulated depreciation and amortization	<u>P 139,794,060</u>	<u>P 83,076,321</u>	<u>P 38,833,292</u>	<u>P 11,220,784</u>	<u>P 10,019,737</u>	<u>P 97,701</u>	<u>P 72,079,085</u>	<u>P 355,120,980</u>

Depreciation and amortization expense on property and equipment is presented as part of Operating Expenses (see Note 19).

In 2021 and 2020, the Group reclassified certain retail building previously presented as Investment Properties with an aggregate amount of P7,977,039 and P86,104,197, respectively, to property and equipment (see Note 13) because CLI used these units as one of its offices.

Certain office equipment and furniture and fixtures of the Parent Company with an aggregate carrying amount of P92,538 were sold in 2021 for a total of P75,961. The Parent Company recognized a net loss on disposal amounting to P16,577 (see Note 20.2).

Certain land, building, office equipment, furniture and fixtures and construction in progress with an aggregate carrying amount of P620,695,904 and P64,404,721 as at December 31, 2021 and 2020, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

As at December 31, 2021 and 2020, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to P96,606,491 and P80,220,251, respectively.

12. LEASES

In 2021 and 2020, the Group entered into lease contracts, as lessee, for leases of land and an office space. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the consolidated statements of financial position as Right-of-use Assets and the corresponding obligation, as Lease Liabilities. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term.

Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2021 and 2020 consolidated statement of financial position.

	Number of right of-use assets leased	Lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination options
Land	5	5 to 41 years	-	-	-
Office space	2	2 to 4 years	1	-	1

12.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at December 31, 2021 and 2020 and the movements during the year are shown below.

	<u>Land</u>	<u>Office Space</u>	<u>Total</u>
<u>December 31, 2021</u>			
Cost			
Balance at beginning of year	P 971,236,695	P 8,556,881	P 979,793,576
Additions	282,694,092	7,321,040	290,015,132
Amendment of lease contract	(44,048,105)	-	(44,048,105)
Balance at end of year	<u>1,209,882,682</u>	<u>15,877,921</u>	<u>1,225,760,603</u>
Accumulated amortization			
Balance at beginning of year	26,308,480	2,580,647	28,889,127
Amortization	<u>41,526,169</u>	<u>2,491,180</u>	<u>44,017,349</u>
Balance at end of year	<u>67,834,649</u>	<u>5,071,827</u>	<u>72,906,476</u>
Carrying amount at December 31, 2021	<u>P 1,142,048,033</u>	<u>P 10,806,094</u>	<u>P 1,152,854,127</u>
<u>December 31, 2020</u>			
Cost			
Balance at beginning of year	P 171,439,329	P 8,556,881	P 179,996,210
Additions	818,482,704	-	818,482,704
Amendment of lease contract	(18,685,338)	-	(18,685,338)
Balance at end of year	<u>971,236,695</u>	<u>8,556,881</u>	<u>979,793,576</u>
Accumulated amortization			
Balance at beginning of year	4,285,983	950,764	5,236,747
Amortization	<u>22,022,497</u>	<u>1,629,883</u>	<u>23,652,380</u>
Balance at end of year	<u>26,308,480</u>	<u>2,580,647</u>	<u>28,889,127</u>
Carrying amount at December 31, 2020	<u>P 944,928,215</u>	<u>P 5,976,234</u>	<u>P 950,904,449</u>

The additional right-of-use assets in 2021 pertain to a 25-year lease contract for a piece of land intended for the development of a new real estate project (dormitory with retail and warehouse spaces) and a five-year lease contract for an office space. The additions in 2020 pertain to a lease contract for a period of 43 years covering a piece of land which will be the site of another real estate project (leasing and hotel operations) of the Group.

12.2 Lease Liabilities

Lease liabilities presented in the consolidated statements of financial position as follows:

	<u>2021</u>	<u>2020</u>
Current	P 3,288,349	P 1,634,080
Non-current	<u>1,122,841,952</u>	<u>833,099,895</u>
	<u>P 1,126,130,301</u>	<u>P 834,733,975</u>

The Group is fully liable for the rentals on the remaining term of the lease of office space, including any interest, penalties, utility charges and damages for termination prior to expiration of the contract. The contracts of lease on land does not provide for any future lease termination and extension options.

The Group paid advance rentals of P100,944,000 in 2020, at the start of the lease of land which will be applied to the first two to five years of the lease term. This amount was deducted from the lease liabilities as at December 31, 2020.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities are as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
December 31, 2021							
Lease payments	P 34,721,673	P 53,119,361	P 55,214,074	P 55,104,221	P 67,203,542	P 3,543,106,066	P 3,808,468,937
Finance charges	(31,433,324)	(118,086,952)	(82,618,076)	(80,440,172)	(82,009,070)	(2,287,751,042)	(2,682,338,636)
Net present values	<u>P 3,288,349</u>	<u>(P 64,967,591)</u>	<u>(P 27,404,002)</u>	<u>(P 25,335,951)</u>	<u>(P 14,805,528)</u>	<u>P 1,255,355,024</u>	<u>P 1,126,130,301</u>
December 31, 2020							
Lease payments	P 38,469,635	P 20,241,703	P 37,437,295	P 37,880,948	P 37,189,895	P 3,178,713,559	P 3,349,933,035
Finance charges	(36,835,555)	(81,689,153)	(62,378,791)	(64,316,641)	(66,399,267)	(2,203,579,653)	(2,515,199,060)
Net present values	<u>P 1,634,080</u>	<u>(P 61,447,450)</u>	<u>(P 24,941,496)</u>	<u>(P 26,435,693)</u>	<u>(P 29,209,372)</u>	<u>P 975,133,906</u>	<u>P 834,733,975</u>

12.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets has an aggregate amount of P23,699,072, P18,441,626 and P33,941,185 in 2021, 2020 and 2019, respectively, and is presented as Rent under Operating Expenses in the consolidated statements of profit or loss (see Note 19).

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P57,537,727, P162,467,669 and P50,576,000 in 2021, 2020 and 2019, respectively, including the interest expense in relation to the lease liabilities amounting to P67,139,552, P57,127,820 and P10,847,248, respectively, for the same periods ended. This is presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statement of profit or loss (see Note 21).

13. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for development of properties, condominium units and retail building for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2021 and 2020 are shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2021						
Costs	P 776,845,974	P 828,036,331	P 33,036,981	P 5,449,949,151	P 6,306,290,741	P 13,394,159,178
Accumulated depreciation	(49,310,883)	(97,154,410)	(7,570,223)	-	-	(154,035,516)
Carrying amount	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>
December 31, 2020						
Costs	P 595,061,927	P 551,960,802	P 31,371,804	P 5,742,622,708	P 3,287,906,544	P 10,208,923,785
Accumulated depreciation	(33,635,295)	(75,583,112)	(5,962,316)	-	-	(115,180,723)
Carrying amount	<u>P 561,426,632</u>	<u>P 476,377,690</u>	<u>P 25,409,488</u>	<u>P 5,742,622,708</u>	<u>P 3,287,906,544</u>	<u>P 10,093,743,062</u>
January 1, 2020						
Costs	P 100,228,005	P 285,413,555	P 31,371,804	P 5,742,274,541	P 2,821,044,269	P 8,980,332,174
Accumulated depreciation	(15,112,259)	(55,981,489)	(4,393,726)	-	-	(75,487,474)
Carrying amount	<u>P 85,115,746</u>	<u>P 229,432,066</u>	<u>P 26,978,078</u>	<u>P 5,742,274,541</u>	<u>P 2,821,044,269</u>	<u>P 8,904,844,700</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of year 2021 and 2020 is shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2021 net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P 10,093,743,062
Additions	696,786	-	-	740,506,424	4,296,412,078	5,037,615,288
Reclassifications	184,643,291	276,075,529	1,665,177	(1,033,179,981)	(1,278,027,881)	(1,848,823,865)
Depreciation during the year	(19,231,618)	(21,571,298)	(1,607,907)	-	-	(42,410,823)
Balance at December 31, 2021 net of accumulated depreciation	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>
Balance at January 1, 2020 net of accumulated depreciation	P 85,115,746	P 229,432,066	P 26,978,078	P 5,742,274,541	P 2,821,044,269	P 8,904,844,700
Additions	-	-	-	348,167	2,311,995,526	2,312,343,693
Reclassifications	494,833,922	266,547,247	-	-	(1,845,133,252)	(1,083,752,083)
Depreciation during the year	(18,523,036)	(19,601,623)	(1,568,590)	-	-	(39,693,249)
Balance at December 31, 2020 net of accumulated depreciation	<u>P 561,426,632</u>	<u>P 476,377,690</u>	<u>P 25,409,488</u>	<u>P 5,742,622,708</u>	<u>P 3,287,906,544</u>	<u>P 10,093,743,062</u>
Balance at January 1, 2019 net of accumulated depreciation	P 33,752,146	P 243,702,744	P 28,546,668	P 4,576,694,945	P 816,408,411	P 5,699,104,914
Additions	55,000,000	-	-	20,821,063	2,456,595,714	2,532,416,777
Reclassifications	-	-	-	1,144,758,533	(451,959,856)	692,798,677
Depreciation during the year	(3,636,400)	(14,270,678)	(1,568,590)	-	-	(19,475,668)
Balance at December 31, 2019 net of accumulated depreciation	<u>P 85,115,746</u>	<u>P 229,432,066</u>	<u>P 26,978,078</u>	<u>P 5,742,274,541</u>	<u>P 2,821,044,269</u>	<u>P 8,904,844,700</u>

In 2021, the Group reclassified certain investment properties with aggregate carrying amounts of P1,840,846,826 and P7,977,039 to real estate inventories and property and equipment, respectively. Similarly in 2020, the Group reclassified investment properties totaling P997,649,685 and P86,104,197 to real estate inventories and property and equipment, respectively (see Notes 7 and 11). These reclassifications were made as a result of the change in the use of the properties from being held for lease to being held for sale and for use in the operations.

Borrowing costs that are capitalized as part of investment property amounted to P172,188,624 and P224,350,878 in 2021 and 2020, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). Capitalization rate used for specific borrowings ranges from 4.25% to 7.25% and 4.00% to 6.25% for the years ended December 31, 2021 and 2020, respectively.

Income and expenses from investment properties for the years ended December 31, 2021, 2020 and 2019 are presented below.

	Notes	2021	2020	2019
Rental income:	17.1			
Retail building		P 68,244,532	P 52,925,898	P 32,594,457
Condominium units		3,882,427	1,837,157	29,929,142
Parking units		728,102	474,917	635,595
Others		<u>1,416,939</u>	<u>-</u>	<u>-</u>
		<u>P 74,272,000</u>	<u>P 55,237,972</u>	<u>P 63,159,194</u>
Expenses:				
Depreciation	18	P 42,410,823	P 39,693,249	P 19,475,668
Repairs and maintenance	19	2,041,149	509,627	330,829
Others	18	<u>63,259</u>	<u>-</u>	<u>179,375</u>
		<u>P 44,515,231</u>	<u>P 40,202,876</u>	<u>P 19,985,872</u>

The depreciation and other expenses are included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2021, 2020 and 2019 (see Note 18).

Investment properties have a total fair value of P16,210,917,528 and P11,943,650,421 as at December 31, 2021 and 2020, respectively, based on the appraisal done by an independent expert [see Note 31.3(c)]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Group's investment properties as at December 31, 2021 and 2020 [see also Note 3.2(f)].

Investment properties with a total carrying amount of P6,782,367,866 and P1,798,577,632 as at December 31, 2021 and 2020, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

14. OTHER NON-CURRENT ASSETS

This account includes the following:

	2021	2020
Advances to subcontractors	P 165,368,935	P 209,505,401
Refundable deposits	94,473,055	78,003,269
Computer software – net of accumulated amortization of P23,143,372 and P14,59,826, respectively	37,129,364	35,869,967
Investment in equity securities	9,375,002	5,468,752
Deferred input VAT	4,624,926	5,549,979
Others	<u>1,917,592</u>	<u>2,647,357</u>
	<u>P 312,888,874</u>	<u>P 337,044,725</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments, which are expected to be realized at the termination of the contract, to lessors and various payees. These are measured at amortized cost.

The total additions to computer software amounted to P10,242,943, P8,960,023 and P33,955,601 in 2021, 2020 and 2019, respectively. The amortization expense on the computer software amounted to P8,988,002, P7,243,253 and P2,007,251 in 2021, 2020 and 2019, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 19).

15. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the consolidated statements of financial position as follows:

	Note	<u>2021</u>	<u>2020</u>
Current:			
Bank loans	15.1	P 5,268,262,872	P 1,416,685,017
Corporate notes	15.2	<u>3,545,238,195</u>	<u>2,017,857,143</u>
		<u>8,813,501,067</u>	<u>3,434,542,160</u>
Non-current:			
Bank loans	15.1	10,913,679,792	7,533,149,676
Corporate notes	15.2	<u>12,294,538,531</u>	<u>12,826,291,875</u>
		<u>23,208,218,323</u>	<u>20,359,441,551</u>
		<u>P32,021,719,390</u>	<u>P23,793,983,711</u>

15.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 8,949,834,693	P 9,923,711,949
Proceeds and drawdowns – net	11,475,252,839	4,692,123,374
Repayments	(4,270,490,796)	(5,672,248,772)
Amortization of debt issue costs	<u>27,345,928</u>	<u>6,248,142</u>
Balance at end of year	<u>P 16,181,942,664</u>	<u>P 8,949,834,693</u>

The unamortized debt issue cost as at December 31, 2021 and 2020 amounts to P64,046,933 and P22,600,198, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2021 and 2020 is shown below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 22,600,198	P 22,038,714
Debt issue costs from new loans	68,792,663	6,809,626
Amortization of debt issue cost	(27,345,928)	(6,248,142)
Balance at end of the year	<u>P 64,046,933</u>	<u>P 22,600,198</u>

The loans bear interest rates per annum ranging from 1.71% to 6.25% in 2021, 1.84% to 7.13% in 2020 and 3.71% to 7.75% in 2019. Certain loans are collateralized by the specific projects and developments and certain property and equipment for which the loans were obtained. The cost of such projects aggregating to P16,791,924,015 and P8,176,936,270 as at December 31, 2021 and 2020, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 7, 11 and 13).

In 2021, the Group availed of new bank loans amounting to P11,475,252,839, net of debt issuance cost, which bear interest ranging from 3.88% to 6.25% and have maturity dates ranging from 2022 to 2034. Loans obtained in 2020 from various commercial banks amounting to P4,692,123,374, net of debt issuance cost, which bear interest ranging from 4.00% to 6.25% and have maturity dates ranging from 2021 to 2027.

The total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P612,575,458, P475,802,271 and P469,894,618 in 2021, 2020 and 2019, respectively, and of which P414,515,526, P473,363,035 and P436,265,022, respectively, were capitalized as part of construction costs (see Notes 7 and 13). Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 4.25% to 7.25% and 4.00% to 6.25% for the years ended December 31, 2021 and 2020, respectively.

15.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) and short-dated note (SDN) amounting to P13,000,000,000 and P2,000,000,000, respectively.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 14,844,149,018	P 6,923,044,628
Proceeds and drawdowns – net	2,972,763,158	7,891,875,689
Repayments	(2,017,857,143)	-
Amortization of debt issue cost	<u>40,721,693</u>	<u>29,228,701</u>
Balance at end of the year	<u>P 15,839,776,726</u>	<u>P14,844,149,018</u>

The NFA is composed of the following tranches:

<u>NFA</u>	<u>Date Executed</u>	<u>Tranche</u>	<u>Tenor</u>	<u>Principal Amount</u>
LTCN	03/05/2020	Series D	Five years	P 1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	1,000,000,000
	07/20/2018	Series A	Seven years	2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	<u>1,500,000,000</u>
				<u>P 13,000,000,000</u>
SDN	04/30/2021	SDN 2	18 months from drawdown date	P 3,000,000,000
	10/25/2019	SDN 1	18 months from drawdown date	<u>2,000,000,000</u>
				<u>P 5,000,000,000</u>

The Parent Company made the following drawdowns from the NFA.

<u>Year</u>	<u>Tranche</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
2021	SDN 2	3.88%	November 2022	<u>P 3,000,000,000</u>
2020	Series D	3.46%	September 2025	P 1,300,000,000
	Series E	4.00% - 4.66%	April 2027	5,700,000,000
	Series F	4.23% - 5.23%	March 2030	<u>1,000,000,000</u>
				<u>P 8,000,000,000</u>
2019	Series A	7.25%	January 2026	P 2,000,000,000
	SDN 1	4.75%	April 2021	<u>2,000,000,000</u>
				<u>P 4,000,000,000</u>
2018	Series A	7.25%	December 2025	P 500,000,000
	Series B	6.63%	August – September 2028	1,000,000,000
	Series C	6.75%	October – December 2028	<u>1,500,000,000</u>
				<u>P 3,000,000,000</u>

In 2021 and 2020, the Parent Company recognized debt issuance costs for new NFA amounting to P27,236,842 and P108,124,311, respectively, which has a carrying amount of P183,087,824 and P185,079,683 as at December 31, 2021 and 2020, respectively, in relation to the drawdowns from the NFA. The debt issuance cost amortization in 2021 and 2020 amounted to P40,721,693 and P29,228,701, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA, including amortization of debt issuance cost, amounted to P861,785,646, P655,265,056 and P366,280,108 in 2021, 2020 and 2019, respectively, of which P861,785,646, P649,026,850 and P366,280,108 was capitalized as part of real estate inventories and investment properties in 2021, 2020 and 2019, respectively (see Notes 7 and 13).

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2021 and 2020, the Parent Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the consolidated statements of profit or loss, amounted to P196,904,919, P8,677,442 and P33,629,596 in 2021, 2020 and 2019, respectively (see Note 21). The accrued interest on these loans amounts to P140,706,007 and P125,799,424 as at December 31, 2021 and 2020, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	Note	2021	2020
Current:			
Unbilled construction costs		P 6,086,771,507	P 3,444,486,727
Trade payables		3,699,864,798	1,717,167,163
Sales commissions payable		1,529,749,549	1,251,685,699
Retention payable		698,516,297	320,853,275
Accrued expenses	15	179,239,081	153,204,848
Output VAT		96,352,902	99,119,283
Government-related obligations		98,835,287	28,764,646
Advances from NCI for future stock subscription in subsidiaries		11,641,010	-
Other payables		249,618,060	241,950,723
		<u>12,650,588,490</u>	<u>7,257,232,364</u>
Non-current:			
Retention payable		150,281,975	209,603,913
Advance rental		16,353,673	14,493,616
Other payables		3,141,464	2,336,904
		<u>169,777,112</u>	<u>226,434,433</u>
		<u>P 12,820,365,602</u>	<u>P 7,483,666,797</u>

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the consolidated statements of financial position.

Accrued expenses pertain to accruals for interest, contracted services, security services, professional fees and other recurring accruals in the Group's operations.

Current portion of the other payables are mostly construction bonds from various subcontractors.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

17.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time. Presented below are revenues from its major product lines and geographical areas for the years ended December 31, 2021, 2020 and 2019.

	2021				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 5,968,595,568	P 2,519,430,086	P 2,313,454,074	P -	P10,801,479,728
At a point in time	<u>117,211,523</u>	<u>32,795,711</u>	<u>29,159,733</u>	<u>15,601,000</u>	<u>194,767,967</u>
	6,085,807,091	2,552,225,797	2,342,613,807	15,601,000	10,996,247,695
<i>Lease of properties</i>					
Over time	74,272,000	-	-	-	74,272,000
<i>Hotel operations</i>					
Over time	48,683,577	-	-	-	48,683,577
<i>Render of management services</i>					
Over time	<u>35,645,074</u>	<u>-</u>	<u>7,322,338</u>	<u>-</u>	<u>42,967,412</u>
	<u>P 6,244,407,742</u>	<u>P 2,552,225,797</u>	<u>P 2,349,936,145</u>	<u>P 15,601,000</u>	<u>P11,162,170,684</u>
	2020				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 3,930,384,286	P 1,910,041,689	P 1,781,112,311	P -	P 7,621,538,286
At a point in time	<u>387,048,809</u>	<u>-</u>	<u>99,985,234</u>	<u>37,860,000</u>	<u>524,894,043</u>
	4,317,433,095	1,910,041,689	1,881,097,545	37,860,000	8,146,432,329
<i>Lease of properties</i>					
Over time	55,237,972	-	-	-	55,237,972
<i>Hotel operations</i>					
Over time	54,558,131	-	-	-	54,558,131
<i>Render of management services</i>					
Over time	<u>29,162,597</u>	<u>-</u>	<u>6,709,289</u>	<u>6,720,000</u>	<u>42,591,886</u>
	<u>P 4,456,391,795</u>	<u>P 1,910,041,689</u>	<u>P 1,887,806,834</u>	<u>P 44,580,000</u>	<u>P 8,298,820,318</u>
	2019				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 3,275,592,365	P 1,682,132,713	P 1,659,000,384	P -	P 6,616,725,462
At a point in time	<u>1,523,021,590</u>	<u>-</u>	<u>228,159,443</u>	<u>22,620,000</u>	<u>1,773,801,033</u>
	4,798,613,955	1,682,132,713	1,887,159,827	22,620,000	8,390,526,495
<i>Lease of properties</i>					
Over time	63,159,194	-	-	-	63,159,194
<i>Hotel operations</i>					
Over time	8,524,756	-	-	-	8,524,756
<i>Render of management services</i>					
Over time	<u>34,635,393</u>	<u>-</u>	<u>2,202,097</u>	<u>-</u>	<u>36,837,490</u>
	<u>P 4,904,933,298</u>	<u>P 1,682,132,713</u>	<u>P 1,889,361,924</u>	<u>P 22,620,000</u>	<u>P 8,499,047,935</u>

17.2 Contract Balance

The breakdown of contract balances is as follows:

	<u>2021</u>	<u>2020</u>
Contract assets – net	P 20,290,305,185	P13,856,650,495
Contract liabilities	(604,254,603)	(532,649,347)
Contract assets – net	<u>P 19,686,050,582</u>	<u>P 13,324,001,148</u>

A reconciliation of the opening and closing balance of Contract Assets is shown below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 13,856,650,495	P 8,892,510,028
Performance of property development	9,166,391,835	7,311,316,565
Transfers to contract receivables	(1,278,408,752)	(2,104,784,396)
Collections	(1,454,328,393)	(242,391,702)
Balance at end of year	<u>P 20,290,305,185</u>	<u>P13,856,650,495</u>

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. Its classification and presentation in the statement of financial position is based on the Group's estimate of project completion, hence, any change in estimated completion period affects transfers to contracts receivables. The Group's contract assets as at December 31, 2021 and 2020 are presented in the consolidated statements of the financial position as follows:

	<u>2021</u>	<u>2020</u>
Current	P 6,558,006,000	P 3,642,591,056
Non-current	<u>13,732,299,185</u>	<u>10,214,059,439</u>
	<u>P 20,290,305,185</u>	<u>P13,856,650,495</u>

A reconciliation of the opening and closing balance of Contract Liabilities is shown in below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 532,649,347	P 418,967,659
Revenue recognized that was included in contract liability at the beginning of year	(139,028,103)	(218,652,268)
Increase due to cash received excluding amount recognized as revenue during the year	<u>210,633,359</u>	<u>332,333,956</u>
Balance at end of year	<u>P 604,254,603</u>	<u>P 532,649,347</u>

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted for and presented as Customers' Deposits in the consolidated statements of financial position. The balance of Customers' Deposits amounts to P89,897,007 and P196,124,012 as at December 31, 2021 and 2020, respectively.

Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

17.3 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2021 and 2020 is P10,784,939,911 and P9,987,105,852, respectively. As of December 31, 2021 and 2020, the Group expects to recognize revenue from unsatisfied contracts as follows:

	<u>2021</u>	<u>2020</u>
Within a year	P 5,826,525,578	P 3,342,692,006
More than one year to three years	<u>4,958,414,333</u>	<u>6,644,413,846</u>
	<u>P 10,784,939,911</u>	<u>P 9,987,105,852</u>

18. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below (see Note 19).

	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cost of real estate sales:				
Contracted services	19	P4,846,649,738	P3,463,826,643	P3,428,692,309
Land	19	623,070,696	201,523,220	661,053,922
Borrowing costs	19	307,427,540	394,329,036	135,900,814
Other costs		<u>113,233,414</u>	<u>148,580,875</u>	<u>38,947,667</u>
		<u>5,890,381,388</u>	<u>4,208,259,774</u>	<u>4,264,594,712</u>
Cost of rental services:				
Depreciation		42,410,823	39,693,249	19,475,668
Others		<u>63,259</u>	<u>-</u>	<u>179,375</u>
	13	<u>42,474,082</u>	<u>39,693,249</u>	<u>19,655,043</u>
Cost of management services:				
Salaries and wages		18,716,268	14,537,862	11,005,552
Materials and supplies		<u>23,929</u>	<u>-</u>	<u>25,532</u>
		<u>18,740,197</u>	<u>14,537,862</u>	<u>11,031,084</u>
Cost of hotel operations:				
Salaries and wages		9,147,270	5,971,450	3,302,116
Materials and supplies		5,944,099	6,030,712	1,094,126
Utilities		2,366,117	2,535,861	354,126
Advertising and promotion		572,891	2,532,464	389,946
Others		<u>2,663,620</u>	<u>2,550,086</u>	<u>263,824</u>
		<u>20,693,997</u>	<u>19,620,573</u>	<u>5,404,138</u>
		<u>P 5,972,289,664</u>	<u>P 4,282,111,458</u>	<u>P 4,300,684,977</u>

19. OPERATING EXPENSES BY NATURE

Details of operating expenses by nature are shown below.

	<u>Notes</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contracted services	18	P4,846,649,738	P 3,463,826,643	P 3,428,692,309
Commissions	9	725,648,666	429,725,150	301,751,479
Land	18	623,070,696	201,523,220	661,053,922
Salaries and employee benefits	23.1	450,644,706	367,286,580	310,036,149
Taxes and licenses		352,965,277	166,834,481	142,468,633
Borrowing costs	7, 18, 15	307,427,540	394,329,036	135,900,814
Depreciation and amortization	11, 12, 13, 14	121,798,863	104,119,622	60,763,991
Donations		110,667,997	15,427,666	2,611,027
Professional and legal fees		55,365,530	115,756,965	37,301,481
Advertising		43,175,289	44,096,688	66,026,270
Utilities		37,931,503	34,342,361	20,107,148
Rent	12.3, 28.2	23,699,072	18,441,626	33,941,185
Representation and entertainment		20,694,266	17,119,169	11,703,055
Hotel operations		20,693,997	31,545,278	5,404,138
Repairs and maintenance		19,427,792	20,918,624	75,141,734
Security services		19,179,307	14,995,988	14,783,785
Insurance		18,401,367	12,209,359	9,198,360
Subscription and membership dues		15,313,005	8,845,166	12,868,161
Transportation and travel		13,040,272	20,397,177	26,073,764
Supplies		12,178,787	16,205,708	10,106,696
Communications		10,374,788	8,931,604	5,574,538
Trainings and seminars		880,012	453,611	1,405,783
Others		73,399,904	40,700,595	72,971,563
		<u>P7,922,628,374</u>	<u>P 5,548,032,317</u>	<u>P 5,445,885,985</u>

The expenses are classified in the consolidated statements of profit or loss as follows:

	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cost of sales and services	18	P5,972,289,664	P 4,282,111,458	P 4,300,684,977
Operating expenses		<u>1,950,338,710</u>	<u>1,265,920,859</u>	<u>1,145,201,008</u>
		<u>P7,922,628,374</u>	<u>P 5,548,032,317</u>	<u>P 5,445,885,985</u>

20. OTHER OPERATING INCOME AND OTHER LOSSES

20.1 Other Operating Income

This account is composed of the following:

	Note	2021	2020	2019
Administrative charges	P	67,786,770	P 21,381,617	P 7,655,208
Reversal of payables		61,973,774	6,486,587	7,475,576
Move-in fee income		41,299,914	-	-
Gain on remeasurement of investment in associates	10(b)	32,438,511	-	-
Water service fee		11,150,077	9,019,740	4,519,195
Documentation fee		11,045,486	7,591,518	3,718,750
Utilities charged to tenants		6,660,345	3,647,996	4,654,457
Scrap sales		3,837,069	-	-
Late payment penalties charged to customers		2,612,361	5,718,465	4,804,671
Sponsorships		2,125,098	-	-
Foreign exchange gains		2,108,206	2,484,376	1,023,843
Concession income		1,733,355	1,803,088	-
Referral incentive		609,488	75,728	34,644
Reservation fees foregone		43,750	8,460,301	182,922
Refund from lot acquisitions		-	-	17,135,227
Others		11,804,986	1,928,404	1,928,890
		<u>P 257,229,190</u>	<u>P 68,597,820</u>	<u>P 53,133,383</u>

Refund from lot acquisitions pertain to the refund from seller of property for overpayments made.

Reversal of payables pertains to outstanding payables related to cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay. This also includes income from the write-off of long- outstanding unidentified deposits.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

20.2 Other Losses

This account is composed of the following:

	2021	2020	2019
Losses due to typhoon	P 129,839,360	P -	P -
Foreign exchange losses	2,716,588	839,657	962,201
Loss on sale of assets - net	16,577	-	-
	<u>P 132,572,525</u>	<u>P 839,657</u>	<u>P 962,201</u>

Losses due to typhoon pertain to the damages of CLI and certain subsidiaries sustained from a typhoon Odette which affected its projects and properties in Cebu (see Note 35.2).

21. FINANCE COSTS

This is composed of the following:

	Notes	2021	2020	2019
Interest expense on:				
Loans	15.1, 15.2	P 196,904,919	P 8,677,442	P 33,629,596
Lease liabilities	12.4	67,139,552	57,127,820	10,847,248
Post-employment defined benefit obligation	23.2	<u>24,537</u>	<u>-</u>	<u>449,368</u>
		<u>P 264,069,008</u>	<u>P 65,805,262</u>	<u>P 44,926,212</u>

Interest expense on loans is the portion not capitalized as part of real estate inventory (see Notes 7 and 15).

22. FINANCE INCOME

This is composed of the following:

	Notes	2021	2020	2019
Interest income on banks	5	P 6,528,935	P 8,701,101	P 24,599,602
Amortization of day one loss on non-current contract receivables - net	6	1,160,937	30,761,435	26,971,237
Others	23.2	<u>-</u>	<u>245,725</u>	<u>349,906</u>
		<u>P 7,689,872</u>	<u>P 39,708,261</u>	<u>P 51,920,745</u>

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2021	2020	2019
Short-term employee benefits		P 446,017,809	P 369,487,729	P 303,543,435
Post-employment defined benefit expense (income)	23.2	<u>4,626,897</u>	<u>(2,446,874)</u>	<u>6,492,082</u>
	19	<u>P 450,644,706</u>	<u>P 367,040,855</u>	<u>P 310,035,517</u>

23.2 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank manages the fund in coordination with the Group's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2021 and 2020.

The amounts of post-employment defined benefit obligation recognized in the consolidated statements of financial position are determined as follows:

	<u>2021</u>	<u>2020</u>
Present value of the obligation	P 40,124,208	P 35,484,952
Fair value of plan assets	(35,370,879)	(34,863,768)
	<u>P 4,753,329</u>	<u>P 621,184</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 35,484,952	P 30,455,692
Current service cost	4,602,360	4,478,160
Interest cost	1,401,656	1,565,423
Past service cost	-	(6,679,309)
Benefits paid	(59,660)	(2,285,872)
Remeasurements – actuarial losses (gains) arising from:		
Changes in financial assumptions	2,431,649	2,395,087
Experience adjustments	(1,316,633)	44,456,648
Changes in demographic assumptions	(2,420,116)	(38,900,877)
Balance at end of year	<u>P 40,124,208</u>	<u>P 35,484,952</u>

The movements in the fair value of plan assets are presented below.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 34,863,768	P 36,379,276
Contributions to the plan		-
Interest income	1,377,119	1,811,148
Benefits paid	-	(2,285,872)
Return on plan assets (excluding amounts included in net interest)	(870,008)	(1,040,784)
Balance at end of year	<u>P 35,370,879</u>	<u>P 34,863,768</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	P 56,593	P 32,505
Receivables	449,210	1,355,672
Unitized investment funds	27,967,755	27,521,395
Government debt securities	<u>6,897,321</u>	<u>5,954,196</u>
	<u>P 35,370,879</u>	<u>P 34,863,768</u>

The fair values of the above unitized investment funds are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized losses of P870,008 and P1,040,784 in 2021 and 2020, respectively, and income of P48,008 in 2019.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Recognized in profit or loss</i>			
Current service cost - net	P 4,602,360	(P 2,201,149)	P 6,492,714
Net interest expense (income) on defined benefit obligation	<u>24,537</u>	<u>(245,725)</u>	<u>449,368</u>
	<u>P 4,626,897</u>	<u>(P 2,446,874)</u>	<u>P 6,942,082</u>
<i>Recognized in other comprehensive income</i>			
Actuarial losses (gains) arising from changes in:			
Experience adjustments	(P 1,316,633)	P 44,456,648	(P 26,927,039)
Financial assumptions	2,431,649	2,395,087	16,523,250
Demographic assumptions	(2,420,116)	(38,900,877)	2,110,059
Loss (return) on plan assets (excluding amounts included in net interest expense)	<u>870,008</u>	<u>1,040,784</u>	<u>(48,008)</u>
	<u>(P 435,092)</u>	<u>P 8,991,642</u>	<u>(P 8,341,738)</u>

The net interest expense (income) is included in Finance Costs (Income) in profit or loss (see Notes 21 and 22).

Amounts recognized in other comprehensive income (loss) were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Discount rates	5.08%	3.95%	5.14%
Salary increase rates	7.00%	7.00%	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 26 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are as follows.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	<u>Impact on Post-employment Defined Benefit Obligation</u>		
	<u>Changes in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<u>December 31, 2021</u>			
Discount rate	+/-1.0%	(P 1,758,332)	P 2,051,714
Salary increase rate	+/-1.0%	2,114,346	(1,744,371)
<u>December 31, 2020</u>			
Discount rate	+/-1.0%	(P 1,279,317)	P 1,482,791
Salary increase rate	+/-1.0%	1,422,980	(1,256,261)

In addition, assuming there are no attrition rates, the increase in post-employment defined benefit obligation would be P84,572,943 and P85,790,062 for the years ended December 31, 2021 and 2020, respectively.

The foregoing sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-Liability Matching Strategies*

To efficiently manage the retirement plan, the Group, through its Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the post-employment obligations.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

The Group does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	<u>2021</u>	<u>2020</u>
Within one year	P 23,208,680	P 20,796,005
More than one year to five years	12,449,260	3,731,788
More than five years to ten years	<u>9,975,732</u>	<u>5,403,336</u>
	<u>P 45,633,672</u>	<u>P 29,931,129</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 4.8 years.

24. CURRENT AND DEFERRED TAXES

On March 26, 2021, RA 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 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,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company and the subsidiaries, was lower by P11,812,475 than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P280,801,696 and such was recognized in the 2021 profit or loss and in other comprehensive income.

The Group was registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Group enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Group has 18 and 17 registered projects with BOI as of December 31, 2021 and 2020, respectively.

The components of tax expense relating to profit or loss and other comprehensive loss (income) are as shown in the succeeding page.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
Regular corporate income tax at 30%	P 81,211,577	P 147,796,447	P 153,290,028
Minimum corporate income tax at 2%	-	874,408	-
Adjustment in 2020 income taxes due to change in income tax rates	(11,812,475)	-	-
Final income tax	<u>1,212,829</u>	<u>1,785,428</u>	<u>4,918,642</u>
	<u>70,611,931</u>	<u>150,456,283</u>	<u>158,208,670</u>
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	643,829,225	565,397,304	585,347,545
Effect of the change in income tax rate	(281,722,112)	-	-
	<u>362,107,113</u>	<u>565,397,304</u>	<u>585,347,545</u>
	<u>P 432,719,044</u>	<u>P 715,853,587</u>	<u>P 743,556,215</u>
<i>Reported in other comprehensive income:</i>			
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	P 108,773	(P 2,697,492)	P 2,502,521
Effect of the change in income tax rate	<u>920,416</u>	<u>-</u>	<u>-</u>
	<u>P 1,029,189</u>	<u>(P 2,697,492)</u>	<u>P 2,502,521</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of profit or loss is presented below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax on pretax profit at 30%	P 775,897,665	P 837,474,272	P 954,448,117
Adjustments for income subject to lower tax rate	(318,128)	(823,490)	1,215,137
Effect of the change in income tax rate	(293,534,597)	-	-
Tax effects of:			
Tax-exempt real estate sales	(60,528,608)	(127,041,518)	(833,957,698)
Non-deductible expenses	8,500,064	4,867,412	620,344,359
Changes in unrecognized deferred tax assets	<u>2,702,648</u>	<u>1,376,911</u>	<u>1,506,300</u>
Tax expense	<u>P 432,719,044</u>	<u>P 715,853,587</u>	<u>P 743,556,215</u>

The net deferred tax liabilities relate to the following as of December 31:

	<u>2021</u>	<u>2020</u>
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	P 2,153,017,177	P 1,818,028,603
Rental income	5,819,005	3,329,479
Post-employment defined benefit asset	(849,057)	212,884
Allowance for impairment	-	30,610
Others	<u>107,066</u>	<u>385,320</u>
	<u>2,158,094,191</u>	<u>1,821,986,896</u>
Deferred tax assets:		
Sales commissions	(70,783,803)	(117,331,396)
Net lease liabilities	(21,120,420)	(10,102,687)
Net operating loss carry-over (NOLCO)	(14,392,568)	(1,333,186)
Unamortized past service cost	(2,046,702)	(2,935,601)
Post-employment defined benefit obligation	<u>875,787</u>	<u>-</u>
	<u>(107,467,706)</u>	<u>(131,702,870)</u>
	<u>P 2,050,626,485</u>	<u>P 1,690,284,026</u>

The components of deferred tax expense (income) are as follows:

	<u>Consolidated Statements of Profit or Loss</u>			<u>Consolidated Statements of Comprehensive Income</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Deferred tax liabilities:						
Difference between tax reporting base and financial reporting base used in sales recognition	P 335,614,825	P 658,068,216	P 565,160,568	P -	P -	P -
Rental income	2,489,526	265,887	156,696	-	-	-
Post-employment defined benefit asset	(1,061,941)	(1,564,191)	1,777,075	-	-	-
Allowance for impairment	(30,610)	30,610	13,694,142	-	-	-
Others	(278,254)	385,320	-	-	-	-
Deferred tax assets:						
Sales commissions	46,547,593	(78,877,057)	(2,481,910)	-	-	-
Net lease liabilities	(11,017,733)	(8,642,694)	(1,459,993)	-	-	-
Unamortized past service cost	888,899	(2,935,601)	-	-	-	-
NOLCO	(10,891,790)	(1,333,186)	9,213,180	-	-	-
Post-employment defined benefit obligation	<u>(153,402)</u>	<u>-</u>	<u>(712,213)</u>	<u>1,029,189</u>	<u>(2,697,492)</u>	<u>2,502,521</u>
Deferred tax expense (income)	<u>P 362,107,113</u>	<u>P 565,397,304</u>	<u>P 585,347,545</u>	<u>P 1,029,189</u>	<u>(P 2,697,492)</u>	<u>P 2,502,521</u>

NOLCO can be claimed as deduction from future taxable income within three and five years from the year the taxable loss was incurred. In accordance with RA 11494 Bayanihan to Recover as One Act 2, NOLCO incurred in 2021 and 2020 by certain subsidiaries can be claimed as deduction from the gross income until 2026 and 2025, respectively. Details of the Group's NOLCO are shown below.

<u>Inception Year</u>	<u>Amount</u>	<u>Utilized</u>	<u>Expired</u>	<u>Balance</u>	<u>Expiry Year</u>
2021	P 22,918,739	P -	P -	P 22,918,739	2026
2020	22,918,739	-	-	22,918,739	2025
2019	<u>52,655,489</u>	<u>-</u>	<u>-</u>	<u>52,655,489</u>	2022
	<u>P 165,593,941</u>	<u>P 14,927,620</u>	<u>P 3,780,948</u>	<u>P 146,885,373</u>	

The Group has deferred tax assets related to NOLCO of P36,909,098 and P42,732,426 as at December 31, 2021 and 2020, respectively, which were not recognized because the subsidiaries to which such are attributable may not be able to generate enough taxable profit yet within the validity period of NOLCO for the assets to be recovered. As at December 31, 2021, only the Parent Company, CPM, ASF, CPH, BL Ventures, YES, MGRI, YHES, El Camino and GGT are subject to MCIT which is computed at the applicable rate (1% and 2% in 2021 and 2020, respectively) of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. Other components of the Group are not yet subject to MCIT as those have not operated beyond four taxable years. The Group reported MCIT amounting to P12,237,602 in 2021. A subsidiary reported MCIT in 2020 amounting to P874,409. No MCIT was reported in 2019 as the RCIT was higher than MCIT.

The Group opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction. Furthermore, it opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2021, 2020 and 2019.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, shareholders, the Group's key management personnel, its retirement fund and others as described in Note 2.19. A summary of the Group's transactions and outstanding balances with related parties is presented below.

	Notes	Amount of Transaction			Outstanding Balance	
		2021	2020	2019	2021	2020
Ultimate Parent Company						
Real estate sales	25.2	P 96,272,362	P 41,538,000	P 24,410,000	P 80,411,781	P 214,172,636
Entities under Common Ownership						
Net advances (collections)	25.1	35,500,674	11,953,583	(11,206,772)	57,401,674	21,901,000
Associates						
Net advances (collections)	25.1	(16,907)	49,504	-	32,597	49,504
Key Management Personnel						
Real estate sales	25.3	52,101,000	39,075,750	-	57,186,058	43,259,635
Compensation	25.4	151,457,205	94,966,157	87,656,262	-	-

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at December 31, 2021 and 2020. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions follows.

25.1 Advances to Related Parties

The Group grants cash advances to shareholders, entities under common ownership and associates. An analysis of such advances in 2021 and 2020 is presented below.

	Entities Under Common Ownership	Associates	Total
Balance at January 1, 2021	P 21,901,000	P 49,504	P 21,950,504
Additional advances	35,500,674	-	35,500,674
Collections	<u>-</u>	<u>(16,907)</u>	<u>(16,907)</u>
Balance at December 31, 2021	<u>P 57,401,674</u>	<u>P 32,597</u>	<u>P 57,434,271</u>
Balance at January 1, 2020	P 9,947,417	P -	P 9,947,417
Additional advances	<u>11,953,583</u>	<u>49,504</u>	<u>12,003,087</u>
Balance at December 31, 2020	<u>P 21,901,000</u>	<u>P 49,504</u>	<u>P 21,950,504</u>

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Due from related parties in the consolidated statements of financial position.

25.2 Real Estate Sales to Ultimate Parent Company

In 2021, 2020 and 2019, CLI sold condominium units to ABS totaling P96,272,362 P41,538,000 and P24,410,000, respectively. The outstanding balance related to these transactions amounted to P80,411,781 and P214,172,636 as at December 31, 2021 and 2020, respectively, and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Real Estate Sales to Key Management Personnel

In 2021, 2020 and 2019, CLI sold condominium units totaling P52,101,000, P39,075,750, and nil, respectively, to key management personnel. The outstanding balance related to these transactions amounts to P57,186,058 and P43,259,635 as at December 31, 2021 and 2020, respectively. These are presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

25.4 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2021, 2020 and 2019 is shown below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Short-term benefits	P 121,082,068	P 90,246,704	P 83,006,173
Post-employment benefits	<u>1,668,284</u>	<u>4,719,453</u>	<u>4,650,089</u>
	<u>P 122,750,352</u>	<u>P 94,966,157</u>	<u>P 87,656,262</u>

25.5 Retirement Fund

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2021 and 2020 consists of the contributions to the plan and interest earned (see Note 23.2). The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

26. EQUITY

26.1 Capital Stock

Details of the Parent Company's authorized capital stock as of December 31, 2021 and 2020 are as follows:

	Shares		Amount	
	2021	2020	2021	2020
Preferred shares – P0.10 par value Authorized	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>P 100,000,000</u>	<u>P 100,000,000</u>
Common shares – P1.00 par value Authorized	<u>10,000,000,000</u>	<u>2,400,000,000</u>	<u>P10,000,000,000</u>	<u>P 2,400,000,000</u>
Issued:				
Balance at beginning of year	1,714,000,000	1,714,000,000	P 1,714,000,000	P 1,714,000,000
Stock dividends	<u>1,909,451,997</u>	<u>-</u>	<u>1,909,451,997</u>	<u>-</u>
Balance at end of year	<u>3,623,451,997</u>	<u>1,714,000,000</u>	<u>P 3,623,451,997</u>	<u>P 1,714,000,000</u>
Treasury shares:				
Balance at beginning of year	(159,000,400)	(54,820,000)	(732,851,016)	(247,193,811)
Acquisitions during the year	<u>(2,599,600)</u>	<u>(104,180,400)</u>	<u>(15,320,885)</u>	<u>(485,657,205)</u>
Balance at end of year	<u>(161,600,000)</u>	<u>(159,000,400)</u>	<u>(748,171,901)</u>	<u>(732,851,016)</u>
Issued and outstanding	<u>3,461,851,997</u>	<u>1,554,999,600</u>	<u>P 2,875,280,096</u>	<u>P 981,148,984</u>

As disclosed in Note 1.1, the Parent Company had a successful IPO of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000 on June 2, 2017. Accordingly, the Parent Company recognized additional paid-in capital of P1,608,917,974 in the consolidated statements of financial position after deducting the related share issuance costs of P111,082,026.

On November 24, 2020, the Parent Company's BOD approved the proposed increase in its authorized common stock from P2,400,000,000, divided into 2,400,000,000 common shares with a par value of P1.00 per share to P10,000,000,000, divided into 10,000,000,000 common shares with a par value of P1.00 per share. Relative to the increase in authorized common stock, on the same date, the Parent Company's BOD approved to declare stock dividends, subject to the approval of the stockholders, of at least 1,900,000,000 or such number of common shares as sufficient to pay the required subscription to the increase in the authorized common stock and as necessary to avoid fractional shares, to be issued to stockholders of record as of the record date fixed and approved by the SEC, and to be paid on such payment date as shall be fixed by the BOD after the determination of the record date. The increase in the authorized common stock and declaration of stock dividends were approved by the Parent Company's stockholders on February 26, 2021 (see Note 29.1).

On May 21, 2021, the SEC approved the Parent Company's application for the increase of authorized capital stock and declaration of stock dividends, and subsequently approved by the PSE on July 6, 2021.

On July 14, 2021, the Parent Company distributed stock dividends of 1,909,451,997 common shares with a par value of P1.00 or P1,909,451,997 (see Note 26.4). As at December 31, 2021 and 2020, common shares issued is 3,623,451,997 which amounts to P3,623,451,997, and 1,714,000,000 which amounts to P1,714,000,000, respectively. There is no issued preferred stock as at December 31, 2021 and 2020.

The share price of the Parent Company's common stock closed at P3.00 and P5.05 per share on December 31, 2021 and December 29, 2020, respectively, the last trading day in the PSE for 2021 and 2020.

The Group has no other listed securities as at December 31, 2021 and 2020.

26.2 Treasury Shares

An analysis of treasury shares as of December 31, 2021 and 2020, respectively is shown below.

	Shares		Amount	
	2021	2020	2021	2020
Balance at beginning of year	159,000,400	54,820,000	P 732,851,016	P 247,193,811
Reacquired during the year	2,599,600	104,180,400	15,320,885	485,657,205
Balance at end of year	161,600,000	159,000,400	P 748,171,901	P 732,851,016

On February 27, 2018, the BOD of the Parent Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 27, 2020, the BOD of the Parent Company approved an additional P500,000,000 stock buy-back program for its valuation plans over the next two years.

On October 6, 2021, the BOD of the Parent Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Parent Company at a discounted price. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees.

In relation to this program, the Parent Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,808 and P485,657,205, respectively, and presented them as Treasury Stock in the consolidated statement of financial position. As at December 31, 2021 and 2020, total reacquired shares totals 161,600,000 and 159,000,400, respectively, which amounts to P748,171,901 and P732,851,016, respectively.

The common stock of the Parent Company that is held under nominee accounts totaled 1,310,696,135 shares and 680,864,750 shares as of December 31, 2021 and 2020, respectively. This represents 36% and 41% of the Parent Company's outstanding shares as of December 31, 2021 and 2020, respectively.

26.3 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the consolidated statement of changes in equity at their aggregate amount under the Revaluation Reserves account are shown below.

	Notes	2021	2020	2019
Balance at beginning of year		(P 12,883,375)	(P 6,589,225)	(P 12,428,442)
Other comprehensive income:				
Gain (loss) on remeasurement of post-employment defined benefit obligation	23.2	455,092	(8,991,642)	8,341,738
Tax income	24	(1,029,189)	2,697,492	(2,502,521)
		(594,097)	(6,294,150)	5,839,217
Balance at end of period		(P 13,477,472)	(P 12,883,375)	(P 6,589,225)

26.4 Retained Earnings

(a) Cash Dividends

On February 26, 2019, the Parent Company's BOD declared cash dividend of P0.20 per share or a total amount of P352,590,000 to stockholders on record as of March 26, 2019 and was paid on April 24, 2019.

On February 19, 2020, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P452,295,000 to stockholders on record as of April 3, 2020 and was paid on April 30, 2020.

On March 15, 2021, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P476,749,900 to stockholders on record as of April 16, 2021 and was paid on May 10, 2021.

(b) Appropriations

The movements of the appropriated retained earnings in 2021 are shown below.

Purpose	January 1, 2021	Reversals	December 31, 2021
Funding of CLI's projects:			
Mivela Garden Residences	P 500,000,000	(P 500,000,000)	P -
Casa Mira Towers Mandaue	500,000,000	(412,200,367)	87,799,633
Casa Mira and Velmiro Homes Davao	400,000,000	(377,653,988)	22,346,012
Cebu Business Park Office/Hotel Tower	364,269,107	(331,506,259)	32,762,848
Abaca Resort Mactan	148,209,601	(148,209,601)	-
Mactan Lowaii Project	72,216,550	(43,075,131)	29,141,419
Velmiro Heights Teakwood	64,809,365	(64,809,365)	-
	<u>2,049,504,623</u>	<u>(1,877,454,711)</u>	<u>172,049,912</u>
Distribution of stock dividends	<u>1,900,000,000</u>	<u>(1,900,000,000)</u>	<u>-</u>
Balance at end of year	<u>P 3,949,504,623</u>	<u>(P 3,777,454,711)</u>	<u>P 172,049,912</u>

The movements of the appropriated retained earnings in 2020 are shown below.

<u>Purpose</u>	<u>January 1, 2020</u>	<u>Reversals</u>	<u>Additions</u>	<u>December 31, 2020</u>
Funding of CLI's Projects				
Mivela Garden Residences	P 400,000,000	(P 400,000,000)	P 500,000,000	P 500,000,000
Casa Mira Towers Mandaue	300,000,000	(300,000,000)	500,000,000	500,000,000
Casa Mira and Velmiro				
Homes Davao	500,000,000	(500,000,000)	400,000,000	400,000,000
Cebu Business Park Office/ Hotel Tower	600,000,000	(235,730,893)	-	364,269,107
Abaca Resort Mactan	400,000,000	(251,790,399)	-	148,209,601
Mactan Lowaii Project	600,000,000	(527,783,450)	-	72,216,550
Velmiro Heights Teakwood	<u>250,000,000</u>	<u>(185,190,635)</u>	<u>-</u>	<u>64,809,365</u>
	<u>3,050,000,000</u>	<u>(2,400,495,377)</u>	<u>1,400,000,000</u>	<u>2,049,504,623</u>
Declaration of stock dividends	<u>-</u>	<u>-</u>	<u>1,900,000,000</u>	<u>1,900,000,000</u>
Balance at end of year	<u>P3,050,000,000</u>	<u>P2,400,495,377</u>	<u>P3,300,000,000</u>	<u>P3,949,504,623</u>

In 2021 and 2020, the Parent Company released the appropriated retained earnings in 2020 and 2019 for funding of certain projects amounting to P1,877,454,711 and P2,400,495,377, respectively, to unrestricted retained earnings after partial fulfillment of its intended purpose. Moreover, appropriated retained earnings of P1,900,000,000 was released to unappropriated retained earnings after the distribution of stock dividends by the Parent Company on July 14, 2021.

On November 24, 2020, the BOD approved the appropriation of P3,300,000,000 retained earnings for various projects. Details of the appropriation are as follows:

- P1,900,000,000 is intended for the Parent Company's proposed increase in authorized common stock and of which portion will be issued through stock dividend (see Note 26.1).
- P1,400,000,000 for the capital expenditures, financing costs, and other related development costs of certain projects that the Parent Company expects to incur in 2021 with details below:
 - i. P400,000,000 for the on-going development of the Casa Mira and Velmiro Homes Davao projects. Project developments commenced in December 2019 and are expected to be completed by fourth quarter of 2023.
 - ii. P500,000,000 for the on-going development of Mivela Garden Residences. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.
 - iii. P500,000,000 for the on-going development of Casa Mira Towers Mandaue. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

On October 24, 2019, the Board of Directors approved the appropriation of P3,050,000,000 from the Parent Company's retained earnings for purposes of funding certain projects. The appropriated amount is specifically intended and allocated for the capital expenditures, financing costs, and other related development costs that the Parent Company expects to incur in the next five years for those certain projects. Details of the appropriation are as follows:

- P400,000,000 for the on-going development of Mivela Garden Residences, a modern garden residential community and condominium project located in Banilad, Cebu City. Project development commenced in September 2019 and is expected to be completed by second quarter of 2023.
- P600,000,000 for the development of Cebu Business Park Office / Hotel Tower, an office and hotel building located at the Cebu Business Park, Cebu City. Project development commenced in November 2019 and is expected to be completed by first quarter of 2024.
- P500,000,000 for the on-going development of the Casa Mira and Velmiro Homes projects, which are subdivision projects (house and lots) located in Magtuod, Davao City. Project developments commenced in December 2019 and are expected to be completed by first quarter of 2023.
- P400,000,000 for the redevelopment of the Abaca Resort Mactan, a resort in Punta Engaño, Mactan Island, Cebu. Redevelopment commenced in November 2019 and is expected to be completed by second quarter of 2024.
- P600,000,000 for the redevelopment of the Mactan Lowaii Project, a resort in Mactan Island, Cebu. Development was commenced on November 2019 and is expected to be completed by second quarter of 2023.
- P300,000,000 for the on-going development of Casa Mira Mandaue, a condominium project with four towers located in Alang-alang, Mandaue City. Project development was commenced on September 2019 and is expected to be completed by second quarter of 2023.
- P250,000,000 for the on-going development of the Velmiro Heights Taekwoord, a subdivision project located in Cagayan de Oro. Project development commenced in December 2019 and is expected to be completed by fourth quarter of 2022.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

26.5 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at December 31, 2021, 2020 and 2019 are as follows.

Subsidiaries	NCI Ownership %			NCI Equity in Subsidiaries		
	2021	2020	2019	2021	2020	2019
YHEST	50%	50%	50%	P 3,706,027,295	P 3,715,725,255	P 3,719,661,270
El Camino	65%	65%	65%	1,113,400,062	1,060,345,832	773,607,627
CHDI	50%	50%	50%	672,519,752	654,584,882	226,673,963
YHES	50%	50%	50%	605,533,074	540,728,657	471,210,883
YES	50%	50%	50%	243,297,814	294,725,960	318,011,562
MGR	55%	55%	55%	172,090,942	279,378,963	310,217,791
BL Ventures	50%	50%	50%	128,164,739	145,666,074	150,788,415
CLI-LITE	12%	-	-	124,729,968	-	-
CBLRV	50%	50%	50%	98,733,293	99,432,604	-
CCLI	50%	50%	50%	96,831,317	105,051,470	85,858,394
GGTT	50%	-	-	90,043,506	-	-
SPE	36%	-	-	(18,518,426)	-	-
MDC	22%	-	-	59,453,985	-	-
				<u>P 7,092,307,321</u>	<u>P 6,895,639,697</u>	<u>P 6,056,029,905</u>

The analysis of the movement of NCI as at December 31, 2021, 2020 and 2019 are as follows.

	2021	2020	2019
Balance at beginning of year	P 6,895,639,697	P 6,056,029,905	P 5,280,557,011
New and additional investments	226,733,331	647,502,204	369,825,001
Dividends	(88,000,000)	(37,500,000)	(20,000,000)
Share in net profit during the year	<u>57,934,293</u>	<u>229,607,588</u>	<u>425,647,893</u>
Balance at end of year	<u>P 7,092,307,321</u>	<u>P 6,895,639,697</u>	<u>P 6,056,029,905</u>

As at December 31, 2021, CLI's acquisition of GGTT was accounted for as an acquisition of a business as it already commenced commercial operations in 2021 (see Note 1). Thus, the pre-existing contribution of GGTT's non-controlling stockholders amounting to P50,000,000 was accounted as an additional investment during the year. In addition, non-controlling shareholders of CLI-LITE contributed cash totalling P252,725,000 as paid-in capital upon its incorporation in July 2021.

In 2021, MGR declared total cash dividends of P160,000,000 of which P88,000,000 is payable to non-controlling shareholders.

In 2020, CBLRV was incorporated with paid-in capital from non-controlling stockholders amounting to P100,002,200. Other significant activities of the Group's NCI in 2020 are as follows:

- CHDI's non-controlling shareholders contributed cash of P430,000,000 as paid-in capital.
- CCLI's deposits for future share subscription from non-controlling shareholders amounting to P20,000,001 was transferred to capital stock after compliance of SEC requirements of the reclassification.
- El Camino's non-controlling shareholders contributed cash amounting to P97,500,002 as additional capital; and,
- YES declared a cash dividend of P20,000,000 in September 2020 and of which P10,000,000 was paid to non-controlling shareholders.

Significant information on the financial position and financial performance of YHEST as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P2,215,752,383	P 986,071,764
Non-current assets	<u>3,751,960,049</u>	<u>4,563,949,145</u>
Total assets	<u>P5,967,712,432</u>	<u>P5,550,020,909</u>
Current liabilities	P 98,663,124	P 49,580,036
Non-current liabilities	(<u>6,395,339</u>)	<u>-</u>
Total liabilities	<u>P 92,267,785</u>	<u>P 49,580,036</u>
Revenues	<u>P -</u>	<u>P -</u>
Net loss	(P 19,396,226)	(P 7,872,029)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(P 19,396,226)</u>	<u>(P 7,872,029)</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	(P 9,698,113)	(P 3,936,014)
Non-controlling interests	(<u>9,698,113</u>)	(<u>3,936,014</u>)
Net loss	<u>(P 19,396,226)</u>	<u>(P 7,872,028)</u>

Significant information on the financial position and financial performance of El Camino as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P3,768,937,784	P 4,390,330,221
Non-current Assets	<u>2,305,807,154</u>	<u>816,631,511</u>
Total assets	<u>P6,074,744,938</u>	<u>P5,206,961,732</u>
Current liabilities	P 1,948,151,718	P 1,050,759,365
Non-current liabilities	<u>2,413,130,052</u>	<u>2,524,361,091</u>
Total liabilities	<u>P4,361,281,770</u>	<u>P3,575,120,456</u>
Revenues	<u>P 726,343,098</u>	<u>P1,012,563,946</u>
Net profit	P 81,621,893	P 291,135,695
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>P 81,621,893</u>	<u>P 291,135,695</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	P 28,567,663	P 101,897,493
Non-controlling interests	<u>53,054,230</u>	<u>189,238,202</u>
Net profit	<u>P 81,621,893</u>	<u>P 291,135,695</u>

Significant information on the financial position and financial performance of CHDI as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P3,161,482,353	P1,350,240,310
Non-current Assets	<u>18,913,837</u>	<u>5,598,604</u>
Total assets	<u>P3,180,396,190</u>	<u>P1,355,838,914</u>
Current liabilities	P 1,657,531,211	P 46,669,156
Non-current liabilities	<u>177,825,482</u>	<u>-</u>
Total liabilities	<u>P1,835,356,693</u>	<u>P 46,669,156</u>
Revenues	<u>P 176,756,441</u>	<u>P -</u>
Net profit (loss)	P 35,869,739	(P 4,178,162)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>P 35,869,739</u>	<u>(P 4,178,162)</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	P 17,934,870	(P 2,089,081)
Non-controlling interests	<u>17,934,869</u>	<u>(2,089,081)</u>
Net profit (loss)	<u>P 35,869,739</u>	<u>(P 4,178,162)</u>

Significant information on the financial position and financial performance of YHES as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P1,951,443,450	P1,224,207,804
Non-current Assets	<u>752,918,167</u>	<u>877,546,920</u>
Total assets	<u>P2,704,361,617</u>	<u>P2,101,754,724</u>
Current liabilities	P 953,031,316	P 821,564,723
Non-current liabilities	<u>540,071,622</u>	<u>198,595,785</u>
Total liabilities	<u>P1,493,102,938</u>	<u>P1,020,160,508</u>

	<u>2021</u>	<u>2020</u>
Revenues	<u>P 342,152,332</u>	<u>P 401,985,057</u>
Net profit	<u>P 129,664,463</u>	<u>P 139,172,448</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>P 129,664,463</u>	<u>P 139,172,448</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	<u>P 64,832,232</u>	<u>P 69,586,224</u>
Non-controlling interests	<u>64,832,231</u>	<u>69,586,224</u>
Net profit	<u>P 129,664,463</u>	<u>P 139,172,448</u>

Significant information on the financial position and financial performance of YES as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	<u>P 1,467,120,104</u>	<u>P 1,568,598,367</u>
Non-current Assets	<u>111,356,246</u>	<u>100,824,806</u>
Total assets	<u>P 1,578,476,350</u>	<u>P 1,669,423,173</u>
Current liabilities	<u>P 932,716,673</u>	<u>P 466,338,638</u>
Non-current liabilities	<u>159,164,043</u>	<u>613,632,609</u>
Total liabilities	<u>P 1,091,880,716</u>	<u>P 1,079,971,247</u>
Revenues	<u>P 27,963,542</u>	<u>P 178,773,834</u>
Net loss	<u>(P 102,856,292)</u>	<u>(P 26,651,393)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(P 102,856,292)</u>	<u>(P 26,651,393)</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	<u>(P 51,428,146)</u>	<u>(P 13,325,697)</u>
Non-controlling interests	<u>(51,428,146)</u>	<u>(13,325,696)</u>
Net loss	<u>(P 102,856,292)</u>	<u>(P 26,651,393)</u>

Significant information on the financial position and financial performance of MGR as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P 637,568,406	P 1,124,238,632
Non-current Assets	<u>679,432</u>	<u>-</u>
Total assets	<u>P 638,247,838</u>	<u>P 1,124,238,632</u>
Current liabilities	P 241,397,387	P 302,802,916
Non-current liabilities	<u>80,582,830</u>	<u>310,098,965</u>
Total liabilities	<u>P 321,980,217</u>	<u>P 612,901,881</u>
Revenues - net	(P 12,991,772)	<u>P 35,413,304</u>
Net loss	(P 35,069,128)	(P 6,070,595)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(P 35,069,128)</u>	<u>(P 6,070,595)</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	(P 15,781,108)	(P 2,731,768)
Non-controlling interests	<u>(19,288,020)</u>	<u>(3,338,827)</u>
Net loss	<u>(P 35,069,128)</u>	<u>(P 6,070,595)</u>

Significant information on the financial position and financial performance of BL Ventures as at and for the year ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P 484,676,774	P 754,032,940
Non-current Assets	<u>729,302,544</u>	<u>717,205,879</u>
Total assets	<u>P 1,213,979,318</u>	<u>P 1,471,238,819</u>
Current liabilities	P 243,537,654	P 255,951,972
Non-current liabilities	<u>714,138,930</u>	<u>923,981,441</u>
Total liabilities	<u>P 957,676,584</u>	<u>P 1,179,933,413</u>
Revenues	<u>P 39,771,377</u>	<u>P 31,118,154</u>
Net loss	(P 35,002,671)	(P 10,244,682)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(P 35,002,671)</u>	<u>(P 10,244,682)</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	(P 17,501,335)	(P 5,122,341)
Non-controlling interests	(17,501,336)	(5,122,341)
Net loss	(P 35,002,671)	(P 10,244,682)

Significant information on the financial position and financial performance of CLI-LITE as at and for the year ended December 31, 2021 are as follows:

Current assets	P 346,359,819
Non-current Assets	<u>740,506,424</u>
Total assets	<u>P1,086,866,243</u>
Current liabilities	P 102,872,211
Non-current liabilities	<u>372,278,788</u>
Total liabilities	<u>P 475,150,999</u>
Revenues	<u>P -</u>
Net loss	(P 13,060,257)
Other comprehensive income	<u>-</u>
Total comprehensive loss	(P 13,060,257)

The profit or loss is allocated between the Parent Company and NCI as follows.

Parent Company's shareholders	(P 11,427,725)
Non-controlling interests	(1,632,532)
Net loss	(P 13,060,257)

Significant information on the financial position and financial performance of CBLRV as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P 427,299,380	P 413,572,897
Non-current Assets	<u>20,000</u>	<u>491,339</u>
Total assets	<u>P 427,319,380</u>	<u>P 414,064,236</u>
Current liabilities	P 31,870,806	P 214,800,417
Non-current liabilities	<u>197,986,389</u>	<u>403,011</u>
Total liabilities	<u>P 229,857,195</u>	<u>P 215,203,428</u>
Revenues	<u>P -</u>	<u>P -</u>
Net loss	(P 1,398,623)	(P 1,139,192)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	(P 1,398,623)	(P 1,139,192)

The profit or loss is allocated between the Parent Company and NCI as follows.

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	(P 699,311)	(P 569,596)
Non-controlling interests	(699,312)	(569,596)
Net loss	(P 1,398,623)	(P 1,139,192)

Significant information on the financial position and financial performance of CCLI as at and for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current assets	P 114,426,923	P 67,407,471
Non-current Assets	<u>498,786,042</u>	<u>294,957,552</u>
Total assets	<u>P 613,212,965</u>	<u>P 362,365,023</u>
Current liabilities	P 67,696,785	P 26,262,082
Non-current liabilities	<u>351,853,544</u>	<u>126,000,000</u>
Total liabilities	<u>P 419,550,329</u>	<u>P 152,262,082</u>
Revenues	<u>P -</u>	<u>P -</u>
Net loss	(P 16,440,305)	(P 1,613,850)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	(P 16,440,305)	(P 1,613,850)

The profit or loss is allocated between the Parent Company and NCI as follows:

	<u>2021</u>	<u>2020</u>
Parent Company's shareholders	(P 8,220,152)	(P 806,925)
Non-controlling interests	(8,220,153)	(806,925)
Net loss	(P 16,440,305)	(P 1,613,850)

Significant information on the financial position and financial performance of GGT as at and for the year ended December 31, 2021 are as follows:

Current assets	P 512,554,913
Non-current Assets	<u>249,193,934</u>
Total assets	<u>P 761,748,847</u>
Current liabilities	P 426,715,192
Non-current liabilities	<u>28,119,854</u>
Total liabilities	<u>P 454,835,046</u>
Revenues	<u>P 221,930,052</u>
Net loss	P 80,087,011
Other comprehensive income	<u>-</u>
Total comprehensive income	<u>P 80,087,011</u>

The profit or loss is allocated between the Parent Company and NCI as follows:

Parent Company's shareholders	P 40,043,506
Non-controlling interests	<u>40,043,505</u>
Net profit	<u>P 80,087,011</u>

Significant information on the financial position and financial performance of SPE as at and for the year ended December 31, 2021 are as follows:

Current assets	P 33,255,756
Non-current Assets	<u>280,859,912</u>
Total assets	<u>P 314,115,668</u>
Current liabilities	P 57,146,330
Non-current liabilities	<u>274,962,623</u>
Total liabilities	<u>P 332,108,953</u>
Revenues	<u>P -</u>
Net loss	(P 24,179,468)
Other comprehensive income	<u>-</u>
Total comprehensive loss	<u>(P 24,179,468)</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

Parent Company's shareholders	(P 15,474,860)
Non-controlling interests	<u>(8,704,608)</u>
Net loss	<u>(P 24,179,468)</u>

Significant information on the financial position and financial performance of MDC as at and for the year ended December 31, 2021 are as follows:

Current assets	P 78,233,892
Non-current Assets	<u>-</u>
Total assets	<u>P 78,233,892</u>
Current liabilities	P 2,215,857
Non-current liabilities	<u>-</u>
Total liabilities	<u>P 2,215,857</u>
Revenues	<u>P -</u>
Net loss	(P 3,274,357)
Other comprehensive income	<u>-</u>
Total comprehensive loss	<u>(P 3,274,357)</u>

The profit or loss is allocated between the Parent Company and NCI as follows.

Parent Company's shareholders	(P 2,543,848)
Non-controlling interests	(<u>730,509</u>)
Net loss	(<u><u>P 3,274,357</u></u>)

27. EARNINGS PER SHARE

EPS is computed as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income available to common stockholders	P 2,612,937,324	P 1,846,119,733	P 2,012,289,616
Divided by weighted average number of outstanding common stock	<u>2,507,833,165</u>	<u>1,605,279,067</u>	<u>1,662,917,500</u>
Basic and diluted EPS	<u>P 1.04</u>	<u>P 1.15</u>	<u>P 1.21</u>

There were no instruments that could potentially dilute basic earnings per share for years ended December 31, 2021, 2020 and 2019; hence, basic EPS is the same as diluted EPS.

28. COMMITMENTS AND CONTINGENCIES

28.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering certain condominium and parking units and retail building space (see Note 13). To manage its risks over these operating leases, the Group retains its legal title over the underlying assets and requires its lessee to pay security deposits at the start of the lease, which are forfeited in case a lessee pre-terminates without prior notice or before the expiry of the lease term without cause. The leases have terms ranging from one to five years, with renewal options, and include annual escalation from 5.00% to 10.00%. The future minimum lease receivables under these agreements are presented below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Within one year	P 59,212,971	P 53,712,626	P 59,467,774
After one year but not more than five years	149,311,191	71,468,344	91,924,899
More than five years	<u>105,840,163</u>	<u>118,400,559</u>	<u>132,301,010</u>
	<u>P 314,364,325</u>	<u>P 243,581,529</u>	<u>P 283,693,683</u>

Rental income amounted to P74,272,000, P55,237,972 and P63,159,194 in 2021, 2020 and 2019, respectively (see Note 13). None of the rental income in 2021, 2020 and 2019 are relating to variable lease payments.

28.2 Operating Lease Commitments – Group as Lessee

The Group entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases amounted to P23,699,072, P18,441,626 and P33,941,185 in 2021, 2020 and 2019, respectively, and is shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Notes 19).

As at December 31, 2021 and 2020, the expected future rentals is expected to be more or less the same with the annual rent expense recognized because of the terms of the leases, which are less than 12 months.

28.3 Completion of Sold Units

The Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Group recognized a contract liability, which amounts to P604,254,603 and P532,649,347 as at December 31, 2021 and 2020, respectively, when it collects more than it is entitled to based on the stage of completion of the project development (see Note 17.2).

28.4 Purchase of Land

As at December 31, 2020, the Group had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land for about P122,412,000. There were no such commitments as at December 31, 2021.

28.5 Capital Commitments for Construction Cost

As at December 31, 2021 and 2020, the Group has capital commitments of about P8,346,359,878 and P7,492,397,005, respectively, for the construction of real estate inventories, property and equipment and investment properties.

28.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As at December 31, 2021 and 2020, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

29. EVENTS AFTER THE REPORTING PERIOD

On March 15, 2022, the BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P543,517,800 to stockholders on record as of April 22, 2022. Such dividends will be paid on May 17, 2022.

30. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 31. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

It does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described as follows.

30.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from its operating, investing, and financing activities.

It has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

30.2 Credit Risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Group maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Group transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) Maximum exposure to credit risk

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets), as summarized below.

	Notes	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	5	P 1,095,821,916	P 797,184,790
Receivables*	6	6,004,327,391	6,125,399,982
Contract assets	17.2	20,290,305,185	13,856,650,495
Due from related parties	25.1	57,434,271	21,950,504
Short-term investments	9	149,901,854	-
Refundable deposits	14	94,473,055	78,003,269
		<u>P27,692,263,672</u>	<u>P 20,879,189,040</u>

* Receivables - net excludes advances to officers and employees.

The estimated fair value of collateral and other security enhancements held against contract receivables and contract assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
<u>2021</u>			
Contract receivables	P 3,698,337,693	P 7,853,276,713	P -
Contract assets	<u>16,256,159,124</u>	<u>35,539,865,028</u>	<u>-</u>
	<u>P 19,954,496,817</u>	<u>P 43,393,141,741</u>	<u>P -</u>
<u>2020</u>			
Contract receivables	P 5,807,986,200	P 10,147,922,434	P -
Contract assets	<u>13,856,650,495</u>	<u>26,384,721,070</u>	<u>-</u>
	<u>P 19,664,636,695</u>	<u>P 36,532,643,504</u>	<u>P -</u>

(b) *Credit risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

An analysis of concentration of credit risk by location of the Group's receivables and contract assets, net of allowance for impairment, is shown below.

	<u>2021</u>	<u>2020</u>
Cebu	P 9,989,965,155	P 11,173,348,620
Visayas	5,642,592,784	3,851,443,187
Mindanao	4,321,914,120	4,782,102,029
Luzon	<u>166,366</u>	<u>645,199</u>
	<u>P 19,954,638,425</u>	<u>P 19,807,539,035</u>

(c) *Credit quality*

The Group classifies cash in banks as high grade as these are deposited with reputable banks.

Other receivables and refundable deposits are considered to be unrated and are neither past due nor impaired. For trade receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Group.

		2021					
		Neither past due not impaired		Unrated	Past due but not impaired	Individually impaired	Total
		High grade	Standard grade				
Cash	P	1,095,821,916	P -	P -	P -	P -	P 1,095,821,916
Receivables							
Contract		-	3,706,239,761	-	1,790,946,881	-	5,497,186,642
Others		-	-	506,540,055	-	600,694	507,140,749
Contract assets		-	20,290,305,185	-	-	-	20,290,305,185
Due from related parties		-	-	57,434,271	-	-	57,434,271
Short-term investments		149,901,854	-	-	-	-	149,901,854
Refundable deposits		-	-	94,473,055	-	-	94,473,055
		P 1,245,723,770	P23,996,544,946	P 658,447,381	P 1,790,946,881	P 600,694	P27,692,263,672
2020							
		Neither past due not impaired		Unrated	Past due but not impaired	Individually impaired	Total
		High grade	Standard grade				
Cash	P	797,184,790	P -	P -	P -	P -	P 797,184,790
Receivables							
Contract		-	5,807,986,200	-	-	-	5,807,986,200
Others		-	-	316,813,088	-	600,694	317,413,782
Contract assets		-	13,856,650,495	-	-	-	13,856,650,495
Due from related parties		-	-	21,950,504	-	-	21,950,504
Refundable deposits		-	-	78,003,269	-	-	78,003,269
		P 797,184,790	P19,664,636,695	P 416,766,861	P -	P 600,694	P20,879,189,040

30.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. It maintains cash to meet its liquidity. Excess cash are invested in short-term placements.

As at December 31, 2021 and 2020, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	More than 5 Years
December 31, 2021				
Interest-bearing loans and borrowings	P 4,372,926,971	P 4,391,719,080	P 14,001,035,043	P 9,462,451,360
Trade and other payables ²	<u>5,352,277,771</u>	<u>5,886,663,859</u>	<u>1,106,244,334</u>	<u>238,639,111</u>
	P 9,725,204,742	P10,278,382,939	P 15,107,279,377	P 9,701,090,471
December 31, 2020				
Interest-bearing loans and borrowings	P 3,248,858,810	P 1,225,240,146	P 14,589,097,481	P 9,754,201,145
Trade and other payables ²	<u>4,269,010,584</u>	<u>2,177,862,221</u>	<u>894,416,447</u>	<u>-</u>
	P 7,517,869,394	P 3,403,102,367	P 15,483,513,928	P 9,754,201,145

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

31. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

31.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

Notes	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
at amortized cost:				
Cash and cash equivalents	5	P 1,095,821,916	P 1,095,821,916	P 797,184,790
Receivables - net ¹	6	6,004,327,391	6,004,327,391	6,125,399,982
Due from related parties	25.1	57,434,271	57,434,271	21,950,504
Short-term investments	9	149,901,854	149,901,854	-
Refundable deposits	14	94,473,055	94,473,055	78,003,269
		<u>P 7,401,958,487</u>	<u>P 7,401,958,487</u>	<u>P 7,022,538,545</u>
Financial Liabilities				
at amortized cost:				
Interest-bearing loans and borrowings	15	P 32,021,719,390	P 32,021,719,390	P 23,793,983,711
Trade and other payables ²	16	12,608,823,740	12,608,823,740	7,341,289,252
		<u>P 44,630,543,130</u>	<u>P 44,630,543,130</u>	<u>P 31,135,272,963</u>

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

See Note 2.5 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 30.

31.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statements of financial position	Financial liabilities set off	Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position	Cash collateral received	Net amount
December 31, 2021						
Cash and cash equivalents	<u>P 1,095,821,916</u>	<u>P -</u>	<u>P 1,095,821,916</u>	<u>P 1,091,277,530</u>	<u>P -</u>	<u>P 4,544,386</u>
December 31, 2020						
Cash and cash equivalents	<u>P 797,184,790</u>	<u>P -</u>	<u>P 797,184,790</u>	<u>P 793,255,290</u>	<u>P -</u>	<u>P 3,929,500</u>

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statements of financial position	Financial assets set off	Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position	Financial instruments	Cash collateral received	Net amount
December 31, 2021							
Interest-bearing loans and borrowings	<u>P 32,021,719,390</u>	<u>P -</u>	<u>P 32,021,719,390</u>	<u>P 1,241,179,383</u>	<u>P -</u>	<u>P -</u>	<u>P 30,780,540,007</u>
December 31, 2020							
Interest-bearing loans and borrowings	<u>P 23,793,983,711</u>	<u>P -</u>	<u>P 23,793,983,711</u>	<u>P 793,255,290</u>	<u>P -</u>	<u>P -</u>	<u>P 23,000,728,421</u>

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., banks) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

31.3 Fair Value Measurements and Disclosures

(a) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- (a)* Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b)* Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c)* Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value in the 2021 and 2020 consolidated statements of financial position, but for which fair value is disclosed (see Note 31.1).

		2021			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	P	1,095,821,916	P -	P -	P 1,095,821,916
Receivables – net ¹		-	-	6,004,327,391	6,004,327,391
Due from related parties		-	-	57,434,271	57,434,271
Short-term investments		149,901,854	-	-	149,901,854
Refundable deposits		-	-	94,473,055	94,473,055
		P 1,245,723,770	P -	P 6,156,234,717	P 7,401,958,487
Financial liabilities					
Interest-bearing loans and borrowings	P	-	P -	P 32,021,719,390	P 32,021,719,390
Trade and other payables ²		-	-	12,608,823,740	12,608,823,740
		P -	P -	P 44,630,543,130	P 44,630,543,130

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

		2020			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	P	797,184,790	P -	P -	P 797,184,790
Receivables – net ¹		-	-	6,125,399,982	6,125,399,982
Due from related parties		-	-	21,950,504	21,950,504
Refundable deposits		-	-	78,003,269	78,003,269
		P 797,184,790	P -	P 6,225,353,755	P 7,022,538,545
Financial liabilities					
Interest-bearing loans and borrowings	P	-	P -	P 23,757,633,171	P 23,757,633,171
Trade and other payables ²		-	-	7,341,289,252	7,341,289,252
		P -	P -	P 31,098,922,423	P 31,098,922,423

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans and borrowings, because of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Group has no non-financial assets measured at fair value as at December 31, 2021 and 2020. However, the fair values of its investment properties are required to be disclosed, as shown in Note 13.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2021 and 2020.

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Investment property	P -	P -	P16,210,917,528	P16,210,917,528
December 31, 2020				
Investment property	P -	P -	P11,943,650,421	P11,943,650,421

In 2021 and 2020, the fair value of the Group's Investment Properties is determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(d) *Fair Value Measurement for Land, Condominium Units and Retail Buildings*

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(e) *Fair Value Measurement for Improvements under Retail Buildings*

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2021 and 2020.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2021</u>	<u>2020</u>
Total liabilities	P48,719,923,909	P 34,563,259,985
Total equity	<u>17,932,181,524</u>	<u>15,527,241,458</u>
Debt-to-equity ratio	<u>2.72:1.00</u>	<u>2.23:1.00</u>

The Group's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis. The Parent Company is required to maintain certain financial ratios in relation with its borrowings (see Note 15.2). The Group has complied with its covenant obligations for both years ended December 31, 2021 and 2020.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

33. 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.

	<u>Bank Loans</u> <u>(see Note 15)</u>	<u>Lease</u> <u>Liabilities</u> <u>(see Note 12)</u>	<u>Total</u>
Balance as of January 1, 2021	P 23,793,983,711	P 834,733,975	P24,628,717,686
Cash flows from financing activities			
Additional borrowings	14,448,015,997	-	14,448,015,997
Repayment of borrowings	(6,288,347,939)	-	(6,288,347,939)
Non-cash financing activities			
Additional lease liabilities	-	295,655,973	295,655,973
Amendment of lease contract	-	(4,259,647)	(4,259,647)
Amortization of debt issue cost	<u>68,067,621</u>	<u>-</u>	<u>68,067,621</u>
Balance at December 31, 2021	<u>P 32,021,719,390</u>	<u>P 1,126,130,301</u>	<u>P33,147,849,691</u>

	Bank Loans (see Note 15)	Lease Liabilities (see Note 12)	Total
Balance as of January 1, 2020	P 16,846,756,577	P 140,276,458	16,987,033,035
Cash flows from financing activities			
Additional borrowings	12,583,999,063	-	12,583,999,063
Repayment of borrowings	(5,672,248,772)	(105,339,849)	(5,777,588,621)
Non-cash financing activities			
Additional lease liabilities	-	818,482,704	818,482,704
Amendment of lease contract	-	(18,685,338)	(18,685,338)
Amortization of debt issue cost	<u>35,476,843</u>	<u>-</u>	<u>35,476,843</u>
Balance at December 31, 2020	<u>P 23,793,983,711</u>	<u>P 834,733,975</u>	<u>P24,628,717,686</u>
Balance as of January 1, 2019	P 10,641,280,311	P -	10,641,280,311
Cash flows from financing activities			
Additional borrowings	10,453,706,073	-	10,453,706,073
Repayment of borrowings	(4,265,207,842)	(39,719,752)	(4,304,927,594)
Non-cash financing activities			
Additional lease liabilities	-	179,996,210	179,996,210
Amortization of debt issue cost	<u>16,978,035</u>	<u>-</u>	<u>16,978,035</u>
Balance at December 31, 2019	<u>P 16,846,756,577</u>	<u>P 140,276,458</u>	<u>P16,987,033,035</u>

34. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

Discussed below are the supplemental information on non-cash investing and financing activities relative to the consolidated statements of cash flows of the Group.

- (a) The Group recognized Right-of-Use assets and Lease Liabilities amounting to P290,015,132 and P818,482,704 in 2021 and 2020, respectively (see Notes 12 and 33).
- (b) In 2021 and 2020, Deposits for Land for Future Development of P1,076,100,742 and P1,457,731,053, respectively, were reclassified to Real Estate Inventories (see Notes 7 and 8).
- (c) In 2021 and 2020, borrowing costs that were capitalized as part of Real Estate Inventories and Investment Properties totaling P1,276,301,172 and P1,122,389,885, respectively (see Notes 7, 13 and 15).
- (d) In 2021 and 2020, the Group recognized unpaid construction costs of P779.3 million and P666.7 million, respectively, in Investment Properties (see Note 13).
- (e) In 2021, the group reclassified assets from Investment Properties totaling P1,840,846,826 and P7,977,039 to Real Estate Inventories and Property Equipment, respectively. In 2020, the Group reclassified assets from Investment Properties totaling P997,649,685 and P86,104,197 to Real Estate Inventories and Property and Equipment, respectively (see Notes 7, 11 and 13).

35. OTHER MATTERS

35.1 Continuing Impact of COVID-19 Pandemic

The country, including Visayas and Mindanao, has gradually opened its economy over the last quarter of 2020 as the daily COVID-19 positivity rate declines. The Group's operations continue to navigate and weather the pandemic's effects. The Group has made significant progress during the first nine months of 2021 which includes:

- Increased construction activity from 70% during the height of the mandated lockdowns to 97% across VisMin sites;
- Launched seven projects worth P11.6 billion, including high and mid-market projects as the economic recovery continues to take place;
- Continued to offer promotions on stretched equity installments to further support the robust sales performance;
- Granted payment deferrals and grace period to buyers on their equity installments upon request;
- Incurred extra costs to promote health and safety protocols for both customers and employees to lessen the spread of the virus, provided cash assistance to Group employees and third-party contractors workers, and supported frontliners and local government units through donations;
- Rolled-out Vaccination Programs to all employees across Visayas and Mindanao in partnership with AC Health and Velez Medical with a full vaccination target before the end of 2021; and,
- Return of office-work arrangement by providing employees with an exclusive transportation service to reduce public exposure and transmission. For employees with special circumstances, offered flexible schedules and work-from-home arrangements.

Furthermore, the Group continues to strengthen its digitalization and growth efforts across the organization. It launched a number of digital channels, including the following:

- Buy-A-Home microsite to provide sales partners quick access to new project inventories and promotions;
- Masters Portal application for homeowners to track their payment status, get construction updates and promotions;
- Online turn-over experience;
- CLIO, CLI's 24/7 Facebook chatbot to respond to general inquiries;
- CLI 360 Virtual Tours on selected projects to check progress;
- CLI Homefest, a virtual exhibition of CLI's projects; and,
- Virtual project launches and topping off

Solid catalysts in Visayas and Mindanao support the Group's growth and expansion plans. The regions are well positioned for a V-shape recovery, with a Gross Regional Domestic Product reduction of only 4.95% compared to the 9.45% reduction for the rest of the country. This is further supported by advantages of a low-interest rate environment, tax measures that favor middle and low-income house buyers, and the passage of the CREATE Act.

The Group has strong foundations in place to adapt to the new normal from strategy to execution. It has demonstrated execution competence during the pandemic through its robust sales and positive operating results. Management anticipates that the Group can continue its growth trajectory which was halted in 2020.

35.2 Impact of Typhoon “Odette” on the Group’s Business

On December 14, 2021, severe tropical storm “Rai” entered the Philippine Area of Responsibility (PAR) and was named “Odette”. On December 15, 2021, Odette intensified into a typhoon as it moved westward over the Philippine Sea east of Mindanao. On December 16, 2021, Odette rapidly intensified and heavily affected the areas of Surigao del Norte, Caraga region, Southern Leyte, Bohol, Cebu, Negros Oriental, Siquijor, the southern and central portions of Negros Oriental and Guimaras. Odette left the PAR on December 18, 2021.

As a result of this, the Group sustained damages in its projects and properties in Cebu. CLI, El Camino, MGR and BL Ventures reported calamity damages, net of estimated insurance claims, amounting to P89,558,963, P28,628,963, P6,980,141 and P4,671,293, respectively, for a total loss of P129,839,360 in the consolidated statement of profit or loss in 2021 (see Note 20.2). No other subsidiaries in the Group reported calamity damages from the typhoon. Magspeak, an associate, reported a calamity loss of P1,993,750 in its statement of profit or loss.

Pursuant to the Bureau of Internal Revenue (BIR) Revenue Memorandum Order No. 031-09, in relation to Section 34 (D)(1)(b) of the National Internal Revenue Code, as amended, CLI, El Camino, MGR, BL Ventures and Magspeak filed notarized declarations of casualty losses on February 23, 2022 to BIR, prior to the deadline on February 29, 2022 as extended under BIR Revenue Regulations No. 1-2022.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo

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**The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)**

10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (the Group) for the year ended December 31, 2021, on which we have rendered our report dated March 29, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 29, 2022

Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
List of Supplementary Information
December 31, 2021

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CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Schedule A - Financial Assets
December 31, 2021

<i>Type of securities</i>	<i>Amount Shown in the Statement of Financial Position</i>	<i>Income Received and Accrued</i>
<u>Financial Assets at Amortized Cost</u>		
Cash and Cash Equivalents		
Cash in banks	P 769,344,992	P 2,625,116
Short-term placements	321,932,538	6,075,985
Cash on hand	<u>4,544,386</u>	<u>-</u>
	<u>1,095,821,916</u>	<u>8,701,101</u>
Receivables		
Contract receivables	5,497,787,337	-
Rent receivable	61,234,152	-
Retention receivable	81,429,356	-
Management fee receivables	50,087,038	-
Other receivables	<u>313,789,508</u>	<u>-</u>
	<u>6,004,327,391</u>	<u>-</u>
Due from Related Parties	<u>57,434,271</u>	<u>-</u>
Short-term investments	<u>149,901,854</u>	<u>-</u>
Other Non-Current Assets		
Refundable deposits	<u>94,473,055</u>	<u>-</u>
Total	<u>P 7,401,958,487</u>	<u>P 8,701,101</u>

Cebu Landmasters, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2021

Name and designation of debtor	Balance at beginning of period	Additions	Reclassification	Deductions		Ending Balance		Balance at end of period
				Amounts collected	Amounts Written off	Current*	Not-current**	
Entities Under Common Ownership:								
Condominium Corporation								
Park Centrale Condo Corporation	P 5,000	(P 98,926)	P -	P -	P -	(P 93,926)	P -	(P 93,926)
Baseline Residences Condo Corporation	2,751,098	645,955	-	(72,773)	-	3,324,280	-	3,324,280
Mirvesa Garden Residences Condo Corporation	1,149,426	-	-	(518,782)	-	630,644	-	630,644
Midori Residences Condo Corporation	21,689	45,233	-	(23,543)	-	43,378	-	43,378
Asia Premier Condo Corporation	(213,371)	-	-	(194,839)	-	(408,211)	-	(408,211)
Casa Mira Towers Labangon	6,207,219	2,780,460	-	-	-	8,987,679	-	8,987,679
Base Line Center Condo Corporation	6,673,994	6,282,795	-	-	-	12,956,789	-	12,956,789
Mesaverte Residences Condominium Corporation	1,355,151	1,355,151	-	-	-	2,710,302	-	2,710,302
	17,950,206	11,010,667	-	(809,938)	-	28,150,935	-	28,150,935
Homeowners' Associations								
Midori Plains	361,292	-	-	-	-	361,292	-	361,292
San Josemaria Villages	105,912	1,762	-	-	-	107,674	-	107,674
Velmoro Heights	800,717	-	-	(57,330)	-	743,387	-	743,387
Casa Mira Linao	1,545,268	592,861	-	-	-	2,138,129	-	2,138,129
	2,813,189	594,623	-	(57,330)	-	3,350,482	-	3,350,482
Others								
Cebu Lanmasters Foundation, Inc.	22,948	-	-	-	-	22,948	-	22,948
Regalos de Cebu	1,114,657	3,021,518	-	(1,906,861)	-	2,229,314	-	2,229,314
	1,137,605	3,021,518	-	(1,906,861)	-	2,252,262	-	2,252,262
	21,901,000	14,626,808	-	(2,774,129)	-	33,753,679	-	33,753,679
Associates:								
Ming-mori Development Corporation	49,504	245,504	-	(196,000)	-	99,008	-	99,008
Ultimate Parent Company								
	214,172,636	55,251,798	-	-	-	269,424,434	-	269,424,434
Key Management Personnel								
	43,259,635	39,075,750	-	(2,996,795)	-	79,338,590	-	79,338,590
	P 279,382,775	P 109,199,860	p -	(P 5,966,924)	p -	P 382,615,712	p -	P 382,615,712

*Due within one year
**Due beyond one year

Cebu Landmasters, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2021

Name and Designation of debtor	Balance at beginning of period	Additions	Reclassification	Deductions		Current*	Non-current**	Balance at end of period
				Amounts collected	Amounts written off			
CLJ Premier Hotels Int'l. Inc.	P 1,610,883	P 15,806,420	P -	P -	P -	P 17,417,303	P -	P 17,417,303
Cebu Landmasters Property Management, Inc.	2,060,710	11,366,513	-	(6,018,626)	-	7,408,596	-	7,408,596
A.S. Fortuna Property Ventures, Inc.	-	-	(59,610,753)	-	(59,610,753)	-	-	(59,610,753)
BL CBP Ventures, Inc.	174,600	10,644,131	-	(8,654,605)	-	2,164,126	-	2,164,126
Yuson Excellence Soberano, Inc.	73,567	48,292,946	-	(2,825,071)	-	45,541,442	-	45,541,442
CCJ Premier Hotels Int'l. Inc.	6,227,795	12,608	-	-	-	6,240,403	-	6,240,403
Mvresa Garden Residences, Inc.	1,230,635	9,984,594	-	(5,812,094)	-	5,403,136	-	5,403,136
El Camino Developers Cebu, Inc.	4,476,285	-	(803,149)	(8,675,903)	-	(5,002,768)	-	(5,002,768)
Yuson Huang Excellence Soberano, Inc.	80,077	5,892,625	-	(4,116,057)	-	1,856,645	-	1,856,645
YHEST Realty and Development Corporation	37,785	172,037	-	-	-	209,822	-	209,822
Cebu BL-Ramos Ventures, Inc.	-	209,857,639	-	-	-	209,857,639	-	209,857,639
GGTT Realty Corporation	-	223,286	-	-	-	223,286	-	223,286
Cebu Homegrown Developers, Inc.	-	-	(3)	-	-	(3)	-	(3)
	P 15,972,337	P 312,252,797	(P 60,413,906)	(P 36,102,356)	P -	P 231,708,872	P -	P 231,708,872

*Due within one year

**Due beyond one year

Cebu Landmasters, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2021

<i>Title of issue and type of obligation</i>	<i>Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position</i>		<i>Amount shown under caption "Long-Term Debt" in related Statement of Financial Position</i>		<i>Interest Rate</i>	<i>No. of Periodic Installments</i>	<i>Maturity Date</i>
<i>Promissory notes</i>							
Bank of the Philippine Islands	P	593,009,670	P	3,215,021,654	4.0000% to 7.1250%	Various	01/20/21 to 09/24/28
Land Bank of the Philippines		225,727,433		1,687,028,009	4.0310% to 5.2500%	Various	05/30/28 to 08/30/29
BDO, Unibank		76,933,015		829,901,483	1.8400% to 6.000%	Various	07/25/27
Bank of Commerce		100,000,000	-		4.750%	Various	01/20/21
Development Bank of the Philippines	-			374,996,428	4.2010% to 5.0000%	Various	09/30/26 to 05/30/34
China Banking Corporation		174,189,899		267,737,374	5.2500% to 6.2500%	Various	03/08/23 to 06/26/23
Rizal Commercial Banking Corporation	-			436,123,058	4.8000% to 5.5500%	Various	06/28/26 to 12/23/30
Philippine National Bank		246,825,000		722,341,671	4.0000% to 6.5000%	Various	12/06/21 to 07/12/24
		<u>1,416,685,017</u>		<u>7,533,149,676</u>			
<i>Corporate notes</i>							
BDO Unibank Inc.	-			990,072,253	7.25%	17	12/20/25
Bank of the Philippine Islands	-			1,681,813,017	3.5370% to 7.2500%	17	12/20/25
China Banking Corporation	-			3,950,626,226	3.4610% to 7.2500%	13 to 29	09/04/25 to 10/20/28
Development Bank of the Philippines	-			1,974,560,914	3.5370% to 4.6553%	17	04/28/27
Land Bank of the Philippines		17,857,143		1,958,791,935	4.2323% to 6.6300%	29	08/02/28 to 03/10/30
Rizal Commercial Banking Corporation	-			1,974,175,349	3.5370% to 4.6553%	13-17	09/04/25 to 04/28/27
Social Security System	-			296,252,181	3.461%	12	09/04/25
ALFM		<u>2,000,000,000</u>		-	4.75%	1	04/30/21
		<u>2,017,857,143</u>		<u>12,826,291,875</u>			
	P	3,434,542,160	P	20,359,441,551			

Cebu Landmasters, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties
December 31, 2021

<i>Name of related party</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>

NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2021

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount guaranteed and outstanding</i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee</i>

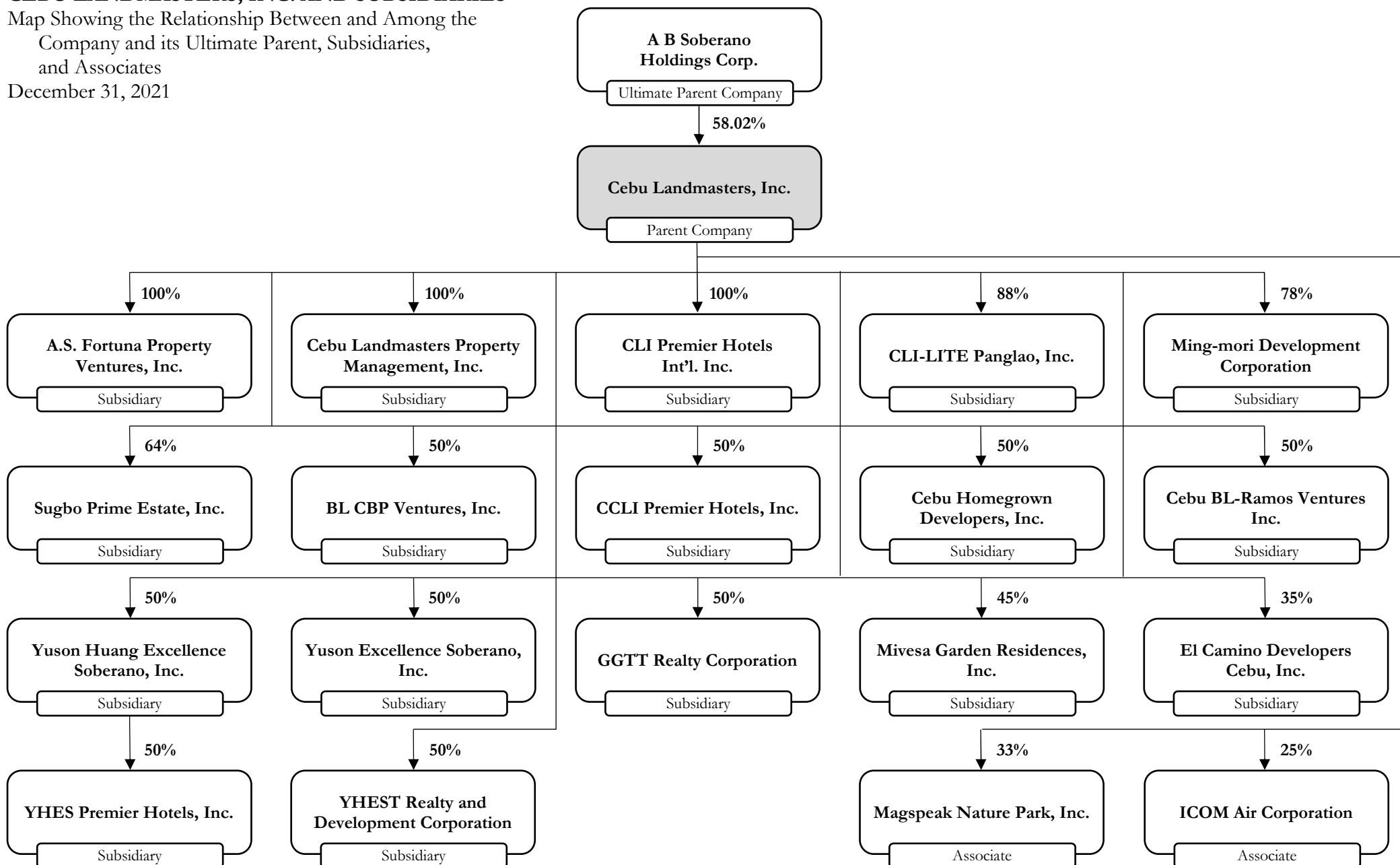
NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2021

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related Statement of Financial Position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value						
Authorized	2,400,000,000					
Issued and outstanding		1,554,999,600	159,000,400	994,395,197	21,750,003	538,854,400
Preferred Shares - P0.10 par value						
Authorized	1,000,000,000	-	-	-	-	-
Issued and outstanding						

CEBU LANDMASTERS, INC. AND SUBSIDIARIES

Map Showing the Relationship Between and Among the Company and its Ultimate Parent, Subsidiaries, and Associates
December 31, 2021



CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City
Reconciliation of Retained Earnings Available for Dividend Declaration
as of December 31, 2021
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year	P	2,197,217,445	
Prior Year's Outstanding Reconciling Items, net of tax			
Share in profit of subsidiaries and associates	(	761,728,959)	
Treasury stock, at cost	(	<u>732,851,016)</u>	
Unappropriated Retained Earnings Available for			
Dividend declaration at beginning of Year, as Adjusted			702,637,470
Net Profit Realized during the Year	P	2,604,289,260	
Share in profit of subsidiaries and associates	(	<u>25,077,962)</u>	2,579,211,298
Other Transactions During the Year			
Release of appropriated retained earnings		3,777,454,711	
Cash dividend declared	(	388,749,900)	
Stock dividends declared	(	1,909,451,997)	
Acquisition of treasury stock during the year	(	<u>15,320,885)</u>	<u>1,463,931,929</u>
Unappropriated Retained Earnings Available for			
Dividend declaration at end of Year	P	<u>4,745,780,697</u>	

Report of Independent Auditors on Components of Financial Soundness Indicators

**The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)**
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

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

T +63 2 8988 2288

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 29, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 29, 2022

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020
(Amounts in Philippine Pesos)

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 37,002,075,676 Divide by: Total Current Liabilities 22,163,706,708 Current Ratio 1.67	1.67	Total Current Assets divided by Total Current Liabilities Total Current Assets 27,600,305,172 Divide by: Total Current Liabilities 11,453,378,896 Current Ratio 2.41	2.41
Acid test ratio	Quick assets (Cash and cash equivalents plus Current Receivables and Current Receivables and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents 1,095,821,916 Add: Current Receivables 5,844,643,647 Current Contract Assets 6,558,006,000 Due from Related Parties 57,434,271 Quick Assets 13,555,905,834 Divide by: Total Current Liabilities 22,163,706,708 Acid test ratio 0.61	0.61	Quick assets (Cash and cash equivalents plus Current Receivables and Current Receivables and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents 797,184,790 Add: Current Receivables 6,020,754,434 Current Contract Assets 3,642,591,056 Due from Related Parties 21,950,504 Quick Assets 10,482,480,784 Divide by: Total Current Liabilities 11,453,378,896 Acid test ratio 0.92	0.92
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities 48,719,923,909 Divide by: Total Assets 66,652,105,433 Solvency ratio 0.73	0.73	Total Liabilities divided by Total Assets Total Liabilities 34,563,259,985 Divide by: Total Assets 50,090,501,443 Solvency ratio 0.69	0.69
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 48,719,923,909 Divide by: Total Equity 17,932,181,524 Debt-to-equity ratio 2.72	2.72	Total Liabilities divided by Total Equity Total Liabilities 34,563,259,985 Divide by: Total Equity 15,527,241,458 Debt-to-equity ratio 2.23	2.23
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 66,652,105,433 Divide by: Total Equity 17,932,181,524 Assets-to-equity ratio 3.72	3.72	Total Assets divided by Total Equity Total Assets 50,090,501,443 Divide by: Total Equity 15,527,241,458 Assets-to-equity ratio 3.23	3.23
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax 3,103,590,661 Add: Interest charged to: Cost of Sales 307,427,540 Finance cost 180,676,863 EBIT 3,591,695,064 Divide by: Interest Expense* 1,406,293,482 Interest rate coverage ratio 2.55 <i>*Includes 1,225,616,619 interest capitalized as part of real estate inventory and investment property</i>	2.55	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax 2,791,580,908 Add: Interest charged to: Cost of Sales 394,329,036 Finance cost 2,439,236 EBIT 3,188,349,180 Divide by: Interest Expense* 1,124,829,121 Interest rate coverage ratio 2.83 <i>*Includes 1,122,389,885 interest capitalized as part of real estate inventory and investment property</i>	2.83
Return on equity	Net Profit divided by Total Ave. Equity Net Profit 2,670,871,617 Divide by: Total Ave. Equity 16,729,711,491 Return on equity 16%	16%	Net Profit divided by Total Ave. Equity Net Profit 2,075,727,321 Divide by: Total Ave. Equity 14,637,749,873 Return on equity 14%	14%
Return on assets	Net Profit divided by Total Ave. Assets Net Profit 2,670,871,617 Divide by: Total Ave. Assets 58,371,303,438 Return on assets 5%	5%	Net Profit divided by Total Ave. Assets Net Profit 2,075,727,321 Divide by: Total Ave. Assets 44,186,971,840 Return on assets 5%	5%
Net profit margin	Net Profit divided by Revenues Net Profit 2,670,871,617 Divide by: Total Revenue 11,162,170,684 Return on assets 24%	24%	Net Profit divided by Revenues Net Profit 2,075,727,321 Divide by: Total Revenue 8,298,820,318 Return on assets 25%	25%
Other ratio				
Gross profit margin	Gross Profit divided by Total Revenue Gross Profit 5,189,881,020 Divide by: Total Revenue 11,162,170,684 Gross profit margin 46%	46%	Gross Profit divided by Total Revenue Gross Profit 4,016,708,860 Divide by: Total Revenue 8,298,820,318 Gross profit margin 48%	48%



Report on Review of Condensed Interim
Consolidated Financial Statements

Cebu Landmasters, Inc. and Subsidiaries

For the Three Months Ended
March 31, 2022, 2021 and 2020

Report on Review of Condensed Interim Consolidated Financial Statements

Punongbayan & Araullo

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

T +63 2 8988 2288

**The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)**

10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy. Apas
Cebu City

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Cebu Landmasters, Inc. (the Parent Company) and subsidiaries (collectively referred to herein as “the Group”), which comprise the condensed interim consolidated statement of financial position as of March 31, 2022, and the related condensed interim consolidated statements of profit or loss, condensed interim consolidated statements of income, condensed interim consolidated statements of changes in equity and condensed interim consolidated statements of cash flows for the three months ended March 31, 2022, 2021 and 2020, and notes to the condensed interim consolidated financial statements. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the condensed interim consolidated financial position of the Group as of March 31, 2022, and its condensed interim consolidated financial performance and its condensed interim consolidated cash flows for the three months ended March 31, 2022, 2021 and 2020 in accordance with PAS 34.

Other Matter

We have previously audited the consolidated financial statements of the Group as of December 31, 2021, including the consolidated statement of financial position, which is presented herein for comparative purposes, on which we have rendered our report thereon dated March 29, 2022.

PUNONGBAYAN & ARAULLO
By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 15, 2022

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022
(With Comparative Figures as at December 31, 2021)
(Amounts in Philippine Pesos)

	Notes	March 31 2022 (Unaudited)	December 31 2021 (Audited)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 970,235,286	P 1,095,821,916
Receivables - net	5	6,819,427,592	5,844,643,647
Contract assets - net	15	7,554,150,447	6,558,006,000
Real estate inventories	6	19,635,575,974	18,708,757,553
Due from related parties	21	40,290,178	57,434,271
Prepayments and other current assets	7	4,658,867,467	4,737,412,289
Total Current Assets		<u>39,678,546,944</u>	<u>37,002,075,676</u>
NON-CURRENT ASSETS			
Receivables - net	5	361,338,448	161,127,276
Contract assets - net	15	13,632,266,589	13,732,299,185
Investments in associates	8	142,905,554	135,064,930
Property and equipment - net	9	950,597,109	915,671,703
Right-of-use assets	10	1,143,618,026	1,152,854,127
Investment properties - net	11	13,760,073,172	13,240,123,662
Other non-current assets - net	12	322,681,644	312,888,874
Total Non-current Assets		<u>30,313,480,542</u>	<u>29,650,029,757</u>
TOTAL ASSETS		<u>P 69,992,027,486</u>	<u>P 66,652,105,433</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	P 9,499,223,769	P 8,813,501,067
Trade and other payables	14	14,348,196,259	12,650,588,490
Contract liabilities	15	494,085,530	604,254,603
Customers' deposits	15	97,406,534	89,897,007
Lease liabilities	10	16,049,843	3,288,349
Income tax payable		2,436,488	2,177,192
Total Current Liabilities		<u>24,457,398,423</u>	<u>22,163,706,708</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	23,710,730,470	23,208,218,323
Trade and other payables	14	171,049,169	169,777,112
Lease liabilities	10	1,122,767,653	1,122,841,952
Post-employment defined benefit obligation		4,753,329	4,753,329
Deferred tax liabilities - net		2,259,419,747	2,050,626,485
Total Non-current Liabilities		<u>27,268,720,368</u>	<u>26,556,217,201</u>
Total Liabilities		<u>51,726,118,791</u>	<u>48,719,923,909</u>
EQUITY			
Equity attributable to shareholders of Parent Company	22		
Capital stock		3,626,801,467	3,623,451,997
Additional paid-in capital		1,627,237,416	1,608,917,974
Treasury shares		(748,171,901)	(748,171,901)
Revaluation reserves - net		(13,477,472)	(13,477,472)
Retained earnings		6,660,009,952	6,369,153,605
		<u>11,152,399,462</u>	<u>10,839,874,203</u>
Non-controlling interest	22	7,113,509,233	7,092,307,321
Total Equity		<u>18,265,908,695</u>	<u>17,932,181,524</u>
TOTAL LIABILITIES AND EQUITY		<u>P 69,992,027,486</u>	<u>P 66,652,105,433</u>

See Notes to Condensed Interim Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2022	2021	2020
REVENUES	15			
Sale of real estates		P 3,538,662,310	P 2,322,476,210	P 2,059,797,556
Rental		17,574,127	13,722,705	16,594,674
Hotel operations		16,336,953	4,258,899	20,685,187
Management fees		12,030,446	8,977,927	10,240,124
		<u>3,584,603,836</u>	<u>2,349,435,741</u>	<u>2,107,317,541</u>
COST OF SALES AND SERVICES	16	(1,931,377,678)	(1,209,832,321)	(1,055,916,559)
GROSS PROFIT		1,653,226,158	1,139,603,420	1,051,400,982
OPERATING EXPENSES	17	(532,019,085)	(395,557,524)	(264,826,199)
OTHER OPERATING INCOME	18	62,873,961	21,994,241	14,957,511
OPERATING PROFIT		1,184,081,034	766,040,137	801,532,294
FINANCE COSTS	19	(112,308,018)	(48,874,797)	(13,308,154)
IMPAIRMENT LOSS ON FINANCIAL ASSETS	5	(591,813)	-	-
FINANCE INCOME	20	587,806	673,368	2,156,905
SHARE IN NET LOSS OF ASSOCIATES	8	(159,376)	(1,638,686)	(5,118,791)
OTHER LOSSES		(28,601)	(240,452)	(15,015)
PROFIT BEFORE TAX		1,071,581,032	715,959,570	785,247,239
TAX BENEFIT (EXPENSE)		(251,383,563)	9,225,536	(136,730,066)
NET PROFIT		<u>P 820,197,469</u>	<u>P 725,185,106</u>	<u>P 648,517,173</u>
Net profit attributable to:				
Parent Company's shareholders		P 810,636,567	P 713,832,288	P 572,230,488
Non-controlling interests		<u>9,560,902</u>	<u>11,352,818</u>	<u>76,286,685</u>
		<u>P 820,197,469</u>	<u>P 725,185,106</u>	<u>P 648,517,173</u>
Earnings per Share:				
Basic and diluted		<u>P 0.23</u>	<u>P 0.46</u>	<u>P 0.34</u>
Dividends per Share:				
Regular		P 0.11	P 0.25	P 0.25
Special		<u>0.04</u>	<u>-</u>	<u>-</u>
		<u>P 0.15</u>	<u>P 0.25</u>	<u>P 0.25</u>

See Notes to Condensed Interim Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
NET PROFIT	P 820,197,469	P 725,185,106	P 648,517,173
OTHER COMPREHENSIVE LOSS - Net of Tax			
Item that will not be reclassified subsequently to profit or loss			
Loss on remeasurements of post-employment defined benefit plan	-	-	-
Tax expense	-	(675,196)	-
	-	(675,196)	-
Other Comprehensive Loss	-	(675,196)	-
TOTAL COMPREHENSIVE INCOME	P 820,197,469	P 724,509,910	P 648,517,173
Total comprehensive income attributable to:			
Parent Company's shareholders	P 810,636,567	P 713,157,092	P 572,230,488
Non-controlling interests	9,560,902	11,352,818	76,286,685
	P 820,197,469	P 724,509,910	P 648,517,173

See Notes to Condensed Interim Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

Note	Attributable to Shareholders of Parent Company								Non-controlling Interests	Total
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Revaluation Reserves	Retained Earnings			Total		
					Appropriated	Unappropriated	Total			
Balance at January 1, 2022	P 3,623,451,997	P 1,608,917,974	(P 748,171,901)	(P 13,477,472)	P 172,049,912	P 6,197,103,693	P 6,369,153,605	P 10,839,874,203	P 7,092,307,321	P 17,932,181,524
Transactions with owners										
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	11,641,010	11,641,010
Cash dividends	-	-	-	-	-	(519,780,220)	(519,780,220)	(519,780,220)	-	(519,780,220)
Issuance of capital stock	3,349,470	18,319,442	-	-	-	-	-	21,668,912	-	21,668,912
	3,349,470	18,319,442	-	-	-	(519,780,220)	(519,780,220)	(498,111,308)	11,641,010	(486,470,298)
Reversal of appropriations during the period	-	-	-	-	(99,219,546)	99,219,546	-	-	-	-
Total comprehensive income for the period										
Net profit for the year	-	-	-	-	-	810,636,567	810,636,567	810,636,567	9,560,902	820,197,469
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	810,636,567	810,636,567	810,636,567	9,560,902	820,197,469
Balance at March 31, 2022	P 3,626,801,467	P 1,627,237,416	(P 748,171,901)	(P 13,477,472)	P 72,830,366	P 6,587,179,586	P 6,660,009,952	P 11,152,399,462	P 7,113,509,233	P 18,265,908,695
Balance at January 1, 2021	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,104,913,555	P 6,054,418,178	P 8,631,601,761	P 6,895,188,092	P 15,526,789,853
Transactions with owners										
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	50,000,000	50,000,000
Cash dividends	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)	(88,000,000)	(476,749,900)
	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)	(38,000,000)	(426,749,900)
Reversal of appropriations during the period	-	-	-	-	(385,456,103)	385,456,103	-	-	-	-
Total comprehensive income for the period										
Net profit for the year	-	-	-	-	-	713,832,288	713,832,288	713,832,288	11,352,818	725,185,106
Other comprehensive loss	-	-	-	(675,196)	-	-	-	(675,196)	-	(675,196)
	-	-	-	(675,196)	-	713,832,288	713,832,288	713,157,092	11,352,818	724,509,910
Balance at March 31, 2021	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	(P 13,558,571)	P 3,564,048,520	P 2,815,452,046	P 6,379,500,566	P 8,956,008,953	P 6,868,540,910	P 15,824,549,863
Balance at January 1, 2020	P 1,714,000,000	P 1,608,917,974	(P 247,193,811)	(P 6,589,225)	P 3,050,000,000	P 1,573,093,445	P 4,623,093,445	P 7,692,228,383	P 6,056,029,905	P 13,748,258,288
Transactions with owners										
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	220,000,001	220,000,001
Cash dividends	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)	(37,500,000)	(452,295,000)
	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)	182,500,001	(232,294,999)
Reversal of appropriations during the period	-	-	-	-	(1,158,789,464)	1,158,789,464	-	-	-	-
Total comprehensive income for the period										
Net profit for the year	-	-	-	-	-	572,230,488	572,230,488	572,230,488	76,286,685	648,517,173
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	572,230,488	572,230,488	572,230,488	76,286,685	648,517,173
Balance at March 31, 2020	P 1,714,000,000	P 1,608,917,974	(P 247,193,811)	(P 6,589,225)	P 1,891,210,536	P 2,889,318,397	P 4,780,528,933	P 7,849,663,871	P 6,314,816,591	P 14,164,480,462

See Notes to Condensed Interim Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,071,581,032	P 715,959,570	P 785,247,239
Adjustments for:				
Interest expense on interest-bearing loans	19	75,126,066	34,553,702	-
Depreciation and amortization	17	42,066,348	25,193,564	20,667,770
Interest expense on lease liabilities	19	18,164,203	14,321,095	13,308,154
Amendment in lease liabilities		12,687,195	10,950,825	-
Impairment loss on financial assets	5	591,813	-	-
Interest income	20	(587,806)	(673,368)	(2,156,905)
Loss (gain) on sale of property and equipment	9	(294,643)	18,646	-
Share in net loss of associates		159,376	1,638,686	5,118,791
Operating profit before working capital changes		1,219,493,584	801,962,720	822,185,049
Decrease (increase) in receivables		(1,156,556,516)	747,312,612	411,668,374
Increase in contract assets		(915,129,600)	(1,920,161,777)	(2,304,119,299)
Decrease in real estate inventories		801,984,253	451,217,604	75,189,741
Increase in deposits on land for future development		-	(2,000,000)	(486,179,994)
Increase (decrease) in prepayments and other current assets		76,866,018	(486,103,701)	(606,542,565)
Increase in other non-current assets		(11,857,371)	(1,795,846)	(8,795,983)
Decrease in trade and other payables		(82,583,496)	(122,495,853)	(129,095,888)
Increase (decrease) in contract liabilities		(110,169,073)	1,076,005	714,217,423
Increase (decrease) in customers' deposits		7,509,527	(93,117,057)	9,663,876
Decrease in post-employment defined benefit obligation		-	(675,196)	-
Cash used in operations		(170,442,674)	(624,780,489)	(1,501,809,266)
Cash paid for taxes		(40,734,560)	(28,379,548)	(21,287,848)
Net Cash Used in Operating Activities		(211,177,234)	(653,160,037)	(1,523,097,114)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of investment properties	11	(640,736,931)	(147,094,936)	(115,186,132)
Acquisitions of property and equipment	9	(47,738,243)	(55,727,965)	(31,145,296)
Collections from (payments to) related parties	21	17,144,093	2,476,539	(6,627,022)
Investments in associates	8	(8,000,000)	(11,609,984)	(5,188,085)
Proceeds from sale of property and equipment	9	3,578,373	50,714	-
Interest received		575,141	673,370	2,156,905
Acquisitions of computer software		(150,032)	(7,841,734)	(980,680)
Net Cash Used in Investing Activities		(675,327,599)	(219,073,996)	(156,970,310)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans	13	2,854,612,991	1,780,210,531	2,164,999,644
Repayments of interest-bearing loans	13	(1,690,098,367)	(351,190,271)	(622,333,333)
Interest paid on interest-bearing loans		(418,742,140)	(403,631,857)	(278,437,489)
Proceeds from issuance of shares of stock	22	21,668,912	-	-
Interest paid on lease liabilities	10	(18,164,203)	(14,321,095)	(13,308,154)
Additional investment from non-controlling shareholders	22	11,641,010	50,000,000	220,000,001
Repayment of lease liabilities	10	-	-	(93,799,188)
Net Cash From Financing Activities		760,918,203	1,061,067,308	1,377,121,481
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(125,586,630)	188,833,275	(302,945,943)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,095,821,916	797,184,790	917,170,651
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 970,235,286	P 986,018,065	P 614,224,708

See Notes to Condensed Interim Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022, 2021 AND 2020
(With Comparative Figures as at December 31, 2021)
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

1.1 General

Cebu Landmasters, Inc. (the Parent Company or CLI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 26, 2003. CLI is presently engaged in real estate-related activities which include real estate development, sales, leasing and property management. Its real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as office projects, retail spaces and hotels.

In 2016, A B Soberano Holdings Corp. (ABS), formerly A B Soberano International Corporation, one of CLI's stockholders, assumed control of CLI by acquiring additional 400,000,000 shares of CLI and became the parent company of CLI.

On January 6, 2017, the Board of Directors (BOD) approved CLI's application for the registration of 1,714,000,000 of its common shares with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The BOD's approval also covered the planned initial public offering (IPO) of 430,000,000 unissued common shares of CLI. CLI's shares were listed in the PSE on June 2, 2017 (see also Note 26).

ABS is a holding company, which is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests as at March 31, 2022 and December 31, 2021 in the following subsidiaries and associates:

<u>Entity</u>	<u>Note</u>	<u>Effective Percentage of Ownership</u>
<i>Subsidiaries</i>		
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	100%
Cebu Landmasters Property Management, Inc. (CPM)	(b)	100%
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	100%
CLI-LITE Panglao Inc. (CLI-LITE)	(d)	88%
Ming-mori Development Corporation (MDC)	(e)	78%

Forward

<u>Entity</u>	<u>Note</u>	<u>Effective Percentage of Ownership</u>
<i>Subsidiaries</i>		
Sugbo Prime Estate, Inc. (SPE)	(f)	64%
BL CBP Ventures, Inc. (BL Ventures)	(g)	50%
Yuson Excellence Soberano, Inc. (YES)	(h)	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(i)	50%
YHEST Realty and Development Corporation (YHEST)	(j)	50%
CCLI Premier Hotels, Inc. (CCLI)	(k)	50%
Cebu Homegrown Developers, Inc. (CHDI)	(l)	50%
YHES Premier Hotels Inc. (YHESPH)	(m)	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(n)	50%
GGTT Realty Corporation (GGTT)	(o)	50%
Mivesa Garden Residences, Inc. (MGR)	(p)	45%
El Camino Developers Cebu, Inc. (El Camino)	(q)	35%
<i>Associates</i>		
ICOM Air Corporation (ICOM)	(r)	33%
Magspeak Nature Park, Inc. (Magspeak)	(s)	25%

CLI and its subsidiaries (collectively referred as “the Group”), and associates are all incorporated in the Philippines. The subsidiaries and associates, except CPM, CPH, CCLI and YHESPH, are in the same line of business with CLI. A brief description of these entities follows:

- (a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.
- (b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPH is located in Cebu City.
- (c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.
- (d) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (e) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.
- (f) SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.

- (g) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.
- (h) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.
- (i) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.
- (j) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.
- (k) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2021, CCLI has yet to start commercial operations.
- (l) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.
- (m) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. As at December 31, 2021, YHESPH has yet to start commercial operations.
- (n) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.
- (o) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.

On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for by the Group as an asset acquisition as discussed in Note 7. In the first quarter of 2021, GGTT has started commercial operations, hence, already considered as a subsidiary as at December 31, 2021.

- (p) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.
- (q) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.

- (r) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at March 31, 2022, ICOM has yet to start its commercial operations.
- (s) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Condensed interim Consolidated Financial Statements

The condensed interim consolidated financial statements of the Group as at and for the three months ended March 31, 2022 (including the comparative consolidated financial statements as at December 31, 2021 and condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020, were authorized for issue by the Parent Company's BOD on July 15, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted by the Group in its recent annual consolidated financial statements for the year ended December 31, 2021.

These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

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

In 2020, the Group has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*, MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*, MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*, and MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*, relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry.

In 2021, MC No. 2021-08, *Amendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 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 are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	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, on 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.	Until December 31, 2023

Relief	Description and Implication	Deferral period
PIC Q&A No. 2018-12-D, <i>Concept of the significant financing component in the contract to sell</i> and PIC Q&A No. 2020-04, <i>Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments</i>	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. Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statement as there would have been a significant financing component when there is a difference between the 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 have a retrospective effect in retained earnings, real estate sales, and profit or loss in 2021 and prior years.	Until December 31, 2023

(b) *Presentation of Condensed Interim Consolidated Financial Statements*

The condensed interim consolidated financial statements are presented in accordance with PAS 34. The Group opted to present a separate condensed interim consolidated statement of income and condensed interim consolidated statement of comprehensive income.

2.2 Adoption of New and Amended PFRS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Group.

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)
- (iii) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022)
- (iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:
 - a. PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*
 - b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*
- (v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (vii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

These amendments had no impact on the interim condensed financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3. SEGMENT REPORTING

3.1 Business Segments

The Group's operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

3.2 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, 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.

3.3 Intersegment Transactions

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

3.4 Analysis of Segment Information

Presented in the following tables are the revenue and profit information regarding industry segments for the three months ended March 31, 2022, 2021 and 2020:

	2022 (Unaudited)				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 3,538,662,310	P 17,574,127	P 12,030,446	P 16,336,953	P 3,584,603,836
Intersegment sales	<u>4,451,345</u>	<u>524,459</u>	<u>30,573,662</u>	<u>-</u>	<u>35,549,466</u>
Total revenues	<u>3,543,113,655</u>	<u>18,098,586</u>	<u>42,604,108</u>	<u>16,336,953</u>	<u>3,620,153,302</u>
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	1,900,413,521	-	5,823,434	7,358,798	1,913,595,753
Operating expenses excluding depreciation and amortization	529,105,294	2,275,284	977,870	9,778,917	542,137,365
Depreciation and amortization	20,979,841	21,086,507	-	-	42,066,348
Impairment losses	<u>591,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,813</u>
Total costs and expenses	<u>2,451,090,469</u>	<u>23,361,791</u>	<u>6,801,304</u>	<u>17,137,715</u>	<u>2,498,391,279</u>
FINANCE COST (INCOME)					
Interest expense	111,566,476	518,641	222,901	-	112,308,018
Interest income	(<u>570,975</u>)	(<u>4,473</u>)	(<u>1,922</u>)	(<u>10,434</u>)	(<u>587,804</u>)
Total finance cost (income)	<u>110,995,501</u>	<u>514,168</u>	<u>220,979</u>	(<u>10,434</u>)	<u>111,720,214</u>
SEGMENT PROFIT (LOSS)					
BEFORE TAX	<u>P 981,027,685</u>	(<u>P 5,777,373</u>)	<u>P 35,581,825</u>	(<u>P 790,328</u>)	<u>P 1,010,041,809</u>

	2021 (Unaudited)				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 2,322,476,210	P 13,722,705	P 8,977,927	P 4,258,899	P 2,349,435,741
Intersegment sales	(9,522,563)	(1,963,128)	15,709,565	-	4,223,874
Total revenues	<u>2,312,953,647</u>	<u>11,759,577</u>	<u>24,687,492</u>	<u>4,258,899</u>	<u>2,353,659,615</u>
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	1,197,588,165	63,258	3,803,314	3,268,987	1,204,723,724
Operating expenses excluding depreciation and amortization	388,460,039	2,003,348	574,553	3,000,625	394,038,565
Depreciation and amortization	<u>15,265,393</u>	<u>9,928,171</u>	-	-	<u>25,193,564</u>
Total costs and expenses	<u>1,601,313,597</u>	<u>11,994,777</u>	<u>4,377,867</u>	<u>6,269,612</u>	<u>1,623,955,853</u>
FINANCE COST (INCOME)					
Interest expense	48,477,900	308,438	88,459	-	48,874,797
Interest income	(627,120)	(5,815)	(1,668)	(38,765)	(673,368)
Total finance cost (income)	<u>47,850,780</u>	<u>302,623</u>	<u>86,791</u>	<u>(38,765)</u>	<u>48,201,429</u>
SEGMENT PROFIT (LOSS) BEFORE TAX					
	<u>P 663,789,270</u>	<u>(P 537,823)</u>	<u>P 20,222,834</u>	<u>(P 1,971,948)</u>	<u>P 681,502,333</u>
	2020 (Unaudited)				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 2,059,797,556	P 16,594,674	P 10,240,124	P 20,685,187	P 2,107,317,541
Intersegment sales	<u>9,702,055</u>	<u>-</u>	<u>10,201,572</u>	<u>-</u>	<u>19,903,627</u>
Total revenues	<u>2,069,499,611</u>	<u>16,594,674</u>	<u>20,441,696</u>	<u>20,685,187</u>	<u>2,127,221,168</u>
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	1,042,546,512	-	4,051,682	10,175,911	1,056,774,105
Operating expenses excluding depreciation and amortization	259,196,310	264,950	76,511	34,900	259,572,671
Depreciation and amortization	<u>15,455,103</u>	<u>5,212,667</u>	<u>-</u>	<u>-</u>	<u>20,667,770</u>
Total costs and expenses	<u>1,317,197,925</u>	<u>5,477,617</u>	<u>4,128,193</u>	<u>10,210,811</u>	<u>1,337,014,546</u>
FINANCE COST (INCOME)					
Interest expense	13,308,154	-	-	-	13,308,154
Interest income	(2,156,905)	-	-	-	(2,156,905)
Total finance income	<u>(11,151,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,151,249)</u>
SEGMENT PROFIT BEFORE TAX					
	<u>P 763,452,935</u>	<u>P 11,117,057</u>	<u>P 16,313,503</u>	<u>P 10,474,376</u>	<u>P 801,357,871</u>

Certain assets and liabilities information regarding segments as at March 31, 2022 and December 31, 2021 is presented below.

	Real Estate	Rental	Management Services	Hotel Operations	Total
March 31, 2022 (Unaudited)					
Segment assets	P 62,374,716,586	P13,779,104,990	P 50,682,509	P 723,826,738	P76,928,330,823
Segment liabilities	<u>49,992,730,229</u>	<u>31,227,554</u>	<u>6,151,651</u>	<u>531,666,132</u>	<u>50,561,775,566</u>
December 31, 2021 (Audited)					
Segment assets	P 59,241,930,021	P13,257,992,141	P 47,761,136	P 668,752,885	P 73,216,436,183
Segment liabilities	<u>47,210,106,719</u>	<u>36,400,266</u>	<u>8,264,159</u>	<u>476,195,105</u>	<u>47,730,966,249</u>

3.5 Reconciliation

Following is a reconciliation of the Group's segment information to the key financial information presented in its condensed interim consolidated financial statements.

	Three months ended March 31 (Unaudited)		
	2022	2021	2020
Revenues			
Total segment revenues	P 3,620,153,302	P 2,353,659,615	P 2,127,221,168
Elimination of intersegment revenues	(35,549,466)	(4,223,874)	(19,903,627)
Revenues as reported in profit or loss	<u>P 3,584,603,836</u>	<u>P 2,349,435,741</u>	<u>P 2,107,317,541</u>
Profit or loss			
Segment profit before tax	P 1,010,041,809	P 681,502,333	P 801,357,871
Elimination of intersegment accounts	(1,146,761)	14,342,134	(25,934,337)
Other operating income	62,873,961	21,994,241	14,957,511
Share in net loss in associates	(159,376)	(1,638,686)	(5,118,791)
Other losses – net	(28,601)	(240,452)	(15,015)
Profit before tax as reported in profit or loss	<u>P 1,071,581,032</u>	<u>P 715,959,570</u>	<u>P 785,247,239</u>
		March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Segment assets and total assets reported in statements of financial position		P 76,928,330,823	P 73,216,436,183
Elimination of intercompany accounts		(6,936,303,337)	(6,564,330,750)
Total assets as reported in statements of financial position		<u>P 69,992,027,486</u>	<u>P 66,652,105,433</u>
Liabilities			
Segment liabilities		P 50,561,775,566	P 47,730,966,249
Deferred tax liabilities		2,273,391,505	2,063,035,449
Elimination of intercompany accounts		(1,109,048,280)	(1,074,077,789)
Total liabilities as reported in statements of financial position		<u>P 51,726,118,791</u>	<u>P 48,719,923,909</u>

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Cash on hand	P 2,658,506	P 4,544,386
Cash in banks	925,468,941	769,344,992
Short-term placements	<u>42,107,839</u>	<u>321,932,538</u>
	<u>P 970,235,286</u>	<u>P 1,095,821,916</u>

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 10 to 90 days and earn annual effective interest of 0.75% to 2.20% in 2022, 2021 and 2020.

5. RECEIVABLES

This account includes the following:

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
	Notes	
Contract receivables:		
Third parties	P 6,527,138,050	P 5,372,017,445
Related parties	21.2, 21.3 129,796,291	125,769,892
Retention receivable	85,620,812	81,429,356
Rent receivable	54,975,949	61,234,152
Management fee receivable	51,772,137	50,087,038
Advances to officers and employees	23,332,298	1,443,532
Receivables from hotel operations	18,676,324	21,414,128
Other receivables	<u>290,646,687</u>	<u>292,976,075</u>
	7,181,958,548	6,006,371,618
Allowance for impairment	(<u>1,192,508</u>)	(<u>600,695</u>)
	<u>P 7,180,766,040</u>	<u>P 6,005,770,923</u>

Receivables are presented in the condensed interim consolidated statements of financial position as follows.

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Current	P 6,819,427,592	P 5,844,643,647
Non-current	<u>361,338,448</u>	<u>161,127,276</u>
	<u>P 7,180,766,040</u>	<u>P 6,005,770,923</u>

Buyers of real estate properties are given two to four years to complete the equity amortization which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement, by the buyer's chosen financing institution, of the buyer's account within 12 months. Title to real estate properties are transferred to the buyers once full payment has been made. Hence, contract receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P20,317,826 and P1,300,077 as at March 31, 2022 and December 31, 2021, respectively.

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group.

Advances to officers and employees are composed of advances intended for the Group's operations and are subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. A reconciliation of the allowance for impairment at the beginning and end of 2022 and 2021 is shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of year	P 600,695	P 600,695
Impairment loss	<u>591,813</u>	<u>-</u>
Balance at end of year	<u>P 1,192,508</u>	<u>P 600,695</u>

6. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Subdivision units	P 443,894,641	P 509,213,661
Condominium units	<u>228,310,465</u>	<u>481,000,844</u>
	<u>672,205,106</u>	<u>990,214,505</u>
Construction-in-progress (CIP):		
Land development costs	7,544,154,152	11,358,311,375
Condominium building costs	3,940,122,425	3,092,544,557
Housing costs	<u>1,245,541,028</u>	<u>1,202,816,678</u>
	<u>12,729,817,605</u>	<u>15,653,672,610</u>
Raw land inventory	<u>6,233,553,263</u>	<u>2,064,870,438</u>
	<u>P 19,635,575,974</u>	<u>P 18,708,757,553</u>

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 16.

Land development costs pertain to the cost of land acquisition, and site development costs of horizontal projects and other future site projects of the Group.

Condominium building costs consist of the cost of land and the cost to construct the units of the vertical projects of the Group.

Housing costs pertain to the cost of house construction for the horizontal projects of the Group.

Raw land inventory consists of parcels of land owned by the Group in various locations. These are expected to be developed into saleable condominium or subdivision units.

Borrowing costs that are capitalized as part of real estate inventory as at March 31, 2022 and December 31, 2021 amounted to P1,792,673,697 and P1,574,938,752, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects. Capitalization rate used for specific borrowings ranges from 4.25% to 7.25% for both periods.

In 2022 and 2021, the Group reclassified investment properties totaling P63,212,055 and P1,840,846,826, respectively, to real estate inventories (see Note 11).

As at March 31, 2022 and December 31, 2021, real estate inventories totaling to P7,433,800,659 and P9,388,860,245, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 13.1).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to subcontractors	P 1,787,579,292	P 1,845,467,300
Input VAT and deferred input VAT	1,264,135,130	1,174,824,254
Prepaid commissions	979,542,152	1,038,929,121
Advances to suppliers	211,768,869	302,615,456
Short-term investments	185,797,669	149,901,854
Prepaid expenses	46,810,173	41,371,168
Others	<u>183,234,182</u>	<u>184,303,136</u>
	<u>P 4,658,867,467</u>	<u>P 4,737,412,289</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of subdivision and condominium units for sale. These are applied against the progress billings of subcontractors.

For the three months ended March 31, 2022, 2021 and 2020, the Group expensed prepaid commissions of P199,880,831, P166,665,338, and P32,012,425, respectively, based on the POC of its related real estate project and is presented as Commissions under Operating Expenses in the condensed interim consolidated statements of profit or loss (see Note 17).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Group's compliance with the regulatory requirements for issuance of license to sell and are restricted for use in the Group's operations. The escrow funds are significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 1.20% to 1.90% per annum.

Prepaid expenses include advance payment for insurance and rent.

8. INVESTMENTS IN ASSOCIATES

A reconciliation of the carrying amounts of investments in associates at the beginning and end of the periods is shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 135,064,930	P 129,852,662
Additional investments	8,000,000	25,310,918
Reclassification	-	(15,869,472)
Share in net loss during the period	(<u>159,376</u>)	(<u>4,229,178</u>)
Balance at end of period	<u>P 142,905,554</u>	<u>P 135,064,930</u>

An analysis of the carrying amount of the Parent Company's investments in associates as at March 31, 2022 and December 31, 2021 is shown below.

	<u>Magspeak</u>	<u>ICOM</u>	<u>Total</u>
<u>March 31, 2022 (Unaudited)</u>			
Cost			
Balance at beginning of period	P 25,735,096	P 114,300,934	P 140,036,030
Additional investments	<u>-</u>	<u>8,000,000</u>	<u>8,000,000</u>
Balance at end of period	<u>25,735,096</u>	<u>122,300,934</u>	<u>148,036,030</u>
Accumulated equity in net losses			
Balance at beginning of period	(1,487,450)	(3,483,650)	(4,971,100)
Equity in net loss during the year	(<u>125,009</u>)	(<u>34,267</u>)	(<u>159,376</u>)
Balance at end of period	(<u>1,612,459</u>)	(<u>3,518,017</u>)	(<u>5,130,476</u>)
Net carrying amount	<u>P 24,112,637</u>	<u>P 118,782,917</u>	<u>P 142,905,554</u>
<u>December 31, 2021 (Audited)</u>			
Cost			
Balance at beginning of year	P 18,235,096	P 21,600,000	P 96,490,016
Additional investments	7,500,000	-	17,810,918
Reclassifications	<u>-</u>	(<u>21,600,000</u>)	<u>-</u>
Balance at end of year	<u>25,735,096</u>	<u>-</u>	<u>114,300,934</u>
Accumulated equity in net losses			
Balance at beginning of year	(849,697)	(5,541,682)	(81,071)
Equity in net loss during the year	(637,753)	(188,846)	(3,402,579)
Reclassification	<u>-</u>	<u>5,730,528</u>	<u>-</u>
Balance at end of year	(<u>1,487,450</u>)	<u>-</u>	(<u>3,483,650</u>)
Net carrying amount	<u>P 24,247,646</u>	<u>P -</u>	<u>P 110,817,284</u>

On June 22, 2021, CLI assumed control of the MDC by acquiring additional 6,379,980 common shares of MDC from nine other stockholders. CLI became the Company's parent company with a 77.69% ownership interest of the MDC's outstanding shares, an increase from its previously held 20% ownership interest. Such acquisition was considered as a business combination achieved in stages, otherwise known as step-up acquisition (see Note 1.2).

Non-controlling interest was computed using the proportionate share in the recognized amounts of the acquiree's identifiable net assets. There were no trade and other receivables acquired and no contingent consideration arising from the foregoing transaction. The acquisition-related costs for this transaction were also immaterial. Moreover, the acquisition did not result to any goodwill or any gain on bargain purchase.

The total revenues and net losses of MDC included in the 2021 consolidated statement of comprehensive income since acquisition date are nil and P2,330,126, respectively. Had the acquisition occurred at the beginning of the year, the total revenues and net losses of MDC to be included in the 2021 consolidated statement of comprehensive income are nil and P4,329,135, respectively.

Management determined that the difference between the respective share in the net assets of the associates and the carrying amount of the investment is not material to the condensed interim consolidated financial statements.

There were no dividends received from the Group's associates in March 31, 2022, 2021 and 2020.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2022 and 2021 are shown below.

		<u>Land</u>		<u>Building</u>		<u>Office Equipment</u>		<u>Transportation Equipment</u>		<u>Furniture and Fixture</u>		<u>Leasehold Improvements</u>		<u>Construction in Progress</u>		<u>Total</u>
March 31, 2022																
Cost	P	140,896,820	P	315,961,783	P	96,029,751	P	56,308,357	P	37,227,801	P	12,514,727	P	509,585,894	P	1,168,525,133
Accumulated depreciation and amortization		-	(	105,789,472)	(	43,671,973)	(	38,444,009)	(	24,823,767)	(	5,198,803)	-	(	217,928,024)	
Net carrying amount		<u>P 140,896,820</u>		<u>P 210,172,311</u>		<u>P 52,357,778</u>		<u>P 17,864,348</u>		<u>P 12,404,034</u>		<u>P 7,315,924</u>		<u>P 509,585,894</u>		<u>P 950,597,109</u>
December 31, 2021																
Cost	P	140,896,820	P	313,420,883	P	91,775,926	P	59,603,223	P	36,731,888	P	12,514,727	P	471,807,019	P	1,126,750,486
Accumulated depreciation and amortization		-	(	102,246,056)	(	40,841,416)	(	39,453,413)	(	23,778,921)	(	4,758,977)	-	(	211,078,783)	
Net carrying amount		<u>P 140,896,820</u>		<u>P 211,174,827</u>		<u>P 50,934,510</u>		<u>P 20,149,810</u>		<u>P 12,952,967</u>		<u>P 7,755,750</u>		<u>P 471,807,019</u>		<u>P 915,671,703</u>
January 1, 2021																
Cost	P	140,896,820	P	255,033,535	P	70,755,434	P	46,189,920	P	28,848,061	P	4,585,537	P	269,748,169	P	816,057,476
Accumulated depreciation and amortization		-	(	84,445,236)	(	31,271,468)	(	33,586,991)	(	19,911,373)	(	3,454,802)	-	(	172,669,870)	
Net carrying amount		<u>P 140,896,820</u>		<u>P 170,588,299</u>		<u>P 39,483,966</u>		<u>P 12,602,929</u>		<u>P 8,936,688</u>		<u>P 1,130,735</u>		<u>P 269,748,169</u>		<u>P 643,387,606</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2022 and 2021 is shown below.

		<u>Land</u>		<u>Building</u>		<u>Office Equipment</u>		<u>Transportation Equipment</u>		<u>Furniture and Fixture</u>		<u>Leasehold Improvements</u>		<u>Construction in Progress</u>		<u>Total</u>
Balance at January 1, 2022 net of accumulated depreciation and amortization	P	140,896,820	P	211,174,827	P	50,934,510	P	20,149,510	P	12,952,967	P	7,755,750	P	471,807,019	P	915,671,703
Additions	-	-		2,540,900		4,253,825		2,668,730		495,913		-		37,778,875		47,738,243
Disposals	-	-		-		-	(	3,283,730)		-		-		-	(	3,283,730)
Depreciation and amortization for the year	-	-	(	3,543,416)	(	2,830,557)	(	1,670,462)	(	1,044,846)	(	439,826)	-	-	(	9,529,107)
Balance at March 31, 2022 net of accumulated depreciation and amortization (Unaudited)	<u>P</u>	<u>140,896,820</u>	<u>P</u>	<u>210,172,311</u>	<u>P</u>	<u>52,357,778</u>	<u>P</u>	<u>17,864,348</u>	<u>P</u>	<u>12,404,034</u>	<u>P</u>	<u>7,315,924</u>	<u>P</u>	<u>509,585,894</u>	<u>P</u>	<u>950,597,109</u>
Balance at January 1, 2021 net of accumulated depreciation and amortization	P	140,896,820	P	170,588,299	P	39,483,966	P	12,602,929	P	8,936,688	P	1,130,735	P	269,748,169	P	643,387,606
Additions	-	-		11,827,275		21,178,971		13,413,303		8,401,409		7,929,190		237,085,854		299,836,002
Disposals	-	-		-	(	23,178)		-	(	69,360)		-		-	(	92,538)
Reclassification	-	-		43,004,043		-		-		-		-	(	35,027,004)		7,977,039
Depreciation and amortization for the year	-	-	(	14,244,790)	(	9,613,285)	(	5,866,422)	(	4,315,770)	(	1,304,175)	-	-	(	35,344,442)
Balance at December 31, 2021 net of accumulated depreciation and amortization (Audited)	<u>P</u>	<u>140,896,820</u>	<u>P</u>	<u>211,174,827</u>	<u>P</u>	<u>50,934,510</u>	<u>P</u>	<u>20,149,810</u>	<u>P</u>	<u>12,952,967</u>	<u>P</u>	<u>7,755,750</u>	<u>P</u>	<u>471,807,019</u>	<u>P</u>	<u>915,671,703</u>

Depreciation and amortization expense on property and equipment is presented as part of Operating Expenses (see Note 17).

In 2021 the Group reclassified certain retail building previously presented as Investment Properties with an aggregate amount of P7,977,039 to property and equipment (see Note 13) because CLI used these units as one of its offices (nil in 2022).

In 2022, transportation equipment with a total carrying amount of P3,283,730 of the Parent Company was sold for P3,578,373 while in 2021, certain office equipment and furniture and fixtures of the Parent Company with an aggregate carrying amount of P92,538 were sold for a total of P75,961. The Parent Company recognized a gain on disposal amounting to P294,643 in 2022 and a net loss on disposal amounting to P16,577 in 2021.

Certain land, building, office equipment, furniture and fixtures and construction in progress with an aggregate carrying amount of P511,199,043 and P620,695,904 as at March 31, 2022 and December 31, 2021, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 13.1).

As at March 31, 2022 and December 31, 2021, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to P89,946,168 and P96,606,491, respectively.

10. LEASES

The Group is a lessee for leases of land and an office space. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the condensed interim consolidated statements of financial position as Right-of-use Assets and the corresponding obligation, as Lease Liabilities. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term.

Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the condensed interim consolidated statement of financial position.

	Number of right of-use assets leased	Lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination options
Land	5	5 to 41 years	-	-	-
Office space	2	2 to 4 years	1	-	1

10.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at March 31, 2022 and December 31, 2021 and the movements during the period are shown below.

	<u>Land</u>	<u>Office Space</u>	<u>Total</u>
<u>March 31, 2022 (Unaudited)</u>			
Cost			
Balance at beginning and end of period	P 1,209,882,682	P 15,877,921	P 1,225,760,603
Accumulated amortization			
Balance at beginning of period	67,834,649	5,071,827	72,906,476
Amortization	<u>8,397,982</u>	<u>838,119</u>	<u>9,236,101</u>
Balance at end of period	<u>76,232,631</u>	<u>5,909,946</u>	<u>82,142,577</u>
Net carrying amount	<u>P 1,133,650,051</u>	<u>P 10,806,094</u>	<u>P 1,143,618,026</u>
<u>December 31, 2021 (Audited)</u>			
Cost			
Balance at beginning of year	P 971,236,695	P 8,556,881	P 979,793,576
Additions	282,694,092	7,321,040	290,015,132
Amendment of lease contract	(<u>44,048,105</u>)	<u>-</u>	(<u>44,048,105</u>)
Balance at end of year	<u>1,209,882,682</u>	<u>15,877,921</u>	<u>1,225,760,603</u>
Accumulated amortization			
Balance at beginning of year	26,308,480	2,580,647	28,889,127
Amortization	<u>41,526,169</u>	<u>2,491,180</u>	<u>44,017,349</u>
Balance at end of year	<u>67,834,649</u>	<u>5,071,827</u>	<u>72,906,476</u>
Net carrying amount	<u>P 1,142,048,033</u>	<u>P 10,806,094</u>	<u>P 1,152,854,127</u>

The additional right-of-use assets in 2021 pertain to a 25-year lease contract for a piece of land intended for the development of a new real estate project (dormitory with retail and warehouse spaces) and a five-year lease contract for an office space.

10.2 Lease Liabilities

Lease liabilities presented in the condensed interim consolidated statements of financial position as follows:

	<u>March 31, 2022 (Unaudited)</u>	<u>December 31, 2021 (Audited)</u>
Current	P 16,049,843	P 3,288,349
Non-current	<u>1,122,767,653</u>	<u>1,122,841,952</u>
	<u>P 1,138,817,496</u>	<u>P 1,126,130,301</u>

The Group is fully liable for the rentals on the remaining term of the lease of office space, including any interest, penalties, utility charges and damages for termination prior to expiration of the contract. The contracts of lease on land does not provide for any future lease termination and extension options.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities are as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
March 31, 2022 (Unaudited)							
Lease payments	P 34,940,399	P 53,511,418	P 55,592,259	P 56,762,530	P 67,404,556	P 3,535,883,265	P 3,804,094,427
Finance charges	(18,890,556)	(132,993,416)	(78,863,637)	(80,830,319)	(82,204,613)	(2,271,494,390)	(2,665,276,931)
Net present values	<u>P 16,049,843</u>	<u>(P 79,481,998)</u>	<u>(P 23,271,378)</u>	<u>(P 24,067,789)</u>	<u>(P 14,800,057)</u>	<u>P 1,264,388,875</u>	<u>P 1,138,817,496</u>
December 31, 2021 (Audited)							
Lease payments	P 34,721,673	P 53,119,361	P 55,214,074	P 55,104,221	P 67,203,542	P 3,543,106,066	P 3,808,468,937
Finance charges	(31,433,324)	(118,086,952)	(82,618,076)	(80,440,172)	(82,009,070)	(2,287,751,042)	(2,682,338,636)
Net present values	<u>P 3,288,349</u>	<u>(P 64,967,591)</u>	<u>(P 27,404,002)</u>	<u>(P 25,335,951)</u>	<u>(P 14,805,528)</u>	<u>P 1,255,355,024</u>	<u>P 1,126,130,301</u>

10.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets has an aggregate amount of P4,166,285, P4,465,201 and P7,102,880 for the three months ended March 31, 2022, 2021 and 2020, respectively, and is presented as Rent under Operating Expenses in the condensed interim consolidated statements of profit of loss (see Note 17).

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P5,477,008, P3,370,270 and P107,107,342 for the three months ended March 31, 2022, 2021 and 2020, respectively, including the interest expense in relation to the lease liabilities amounting to P18,164,203, P14,321,095 and P13,308,154, respectively, for the same periods ended. This is presented as part of Interest expense on lease liabilities under Finance Costs in the condensed interim consolidated statement of profit or loss (see Note 19).

11. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for development of properties, condominium units and retail building for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2022 and 2021 are shown below.

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
March 31, 2022 (Unaudited)						
Costs	P 1,311,969,026	P 894,023,860	P 120,907,385	P 8,260,627,089	P 3,347,667,835	P 13,935,195,195
Accumulated depreciation	(61,510,200)	(104,530,258)	(9,081,565)	-	-	(175,122,023)
Carrying amount	<u>P 1,250,458,826</u>	<u>P 789,493,602</u>	<u>P 111,825,820</u>	<u>P 8,260,627,089</u>	<u>P 3,347,667,835</u>	<u>P 13,760,073,172</u>
December 31, 2021 (Audited)						
Costs	P 776,845,974	P 828,036,331	P 33,036,981	P 5,449,949,151	P 6,306,290,741	P 13,394,159,178
Accumulated depreciation	(49,310,883)	(97,154,410)	(7,570,223)	-	-	(154,035,516)
Carrying amount	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>
January 1, 2021 (Audited)						
Costs	P 595,061,927	P 551,960,802	P 31,371,804	P 5,742,622,708	P 3,287,906,544	P 10,208,923,785
Accumulated depreciation	(33,635,295)	(75,583,112)	(5,962,316)	-	-	(115,180,723)
Carrying amount	<u>P 561,426,632</u>	<u>P 476,377,690</u>	<u>P 25,409,488</u>	<u>P 5,742,622,708</u>	<u>P 3,287,906,544</u>	<u>P 10,093,743,062</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of March 31, 2022 and December 31, 2021 is shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2022 net of accumulated depreciation	P 727,535,091	P 730,881,921	P 25,466,758	P 5,449,949,151	P 6,306,290,741	P 13,240,123,662
Additions	250,000	-	-	-	603,998,072	604,248,072
Reclassifications	534,873,052	65,987,529	87,870,404	2,810,677,938	(3,562,620,978)	(63,212,055)
Depreciation during the period	(12,199,317)	(7,375,848)	(1,511,342)	-	-	(21,086,507)
Balance at March 31, 2022 net of accumulated depreciation (Unaudited)	<u>P 1,250,458,826</u>	<u>P 789,493,602</u>	<u>P 111,825,820</u>	<u>P 8,260,627,089</u>	<u>P 3,347,667,835</u>	<u>P 13,760,073,172</u>
Balance at January 1, 2021 net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P 10,093,743,062
Additions	696,786	-	-	740,506,424	4,296,412,078	5,037,615,288
Reclassifications	184,643,291	276,075,529	1,665,177	(1,033,179,981)	(1,278,027,881)	(1,848,823,865)
Depreciation during the period	(19,231,618)	(21,571,298)	(1,607,907)	-	-	(42,410,823)
Balance at December 31, 2021 net of accumulated depreciation (Audited)	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>

In 2022, the Group reclassified certain investment properties with aggregate carrying amounts of P63,212,055 to real estate inventories (see Note 6). Similarly in 2021, the Group reclassified investment properties totaling P1,840,846,826 and P7,977,039 to real estate inventories and property and equipment, respectively (see Notes 6 and 9). These reclassifications were made as a result of the change in the use of the properties from being held for lease to being held for sale and for use in the operations.

As at March 31, 2022 and December 31, 2021, borrowing costs that are capitalized as part of investment property amounted to P352,062,838 and P337,901,381, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 13). Capitalization rate used for specific borrowings ranges from 4.25% to 7.25% for both periods.

Investment properties have a total fair value of P16,210,917,528 as at March 31, 2022 and December 31, 2021, based on the appraisal done by an independent expert. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Group's investment properties as at the end of both periods.

Investment properties with a total carrying amount of P6,176,524,603 and P6,782,367,866 as at March 31, 2022 and December 31, 202, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 13.1).

12. OTHER NON-CURRENT ASSETS

This account includes the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to subcontractors	P 165,368,935	P 165,368,935
Refundable deposits	106,330,426	94,473,055
Computer software – net of accumulated amortization of P25,364,693 and P23,150,059, respectively	35,064,762	37,129,364
Investment in equity securities	9,375,002	9,375,002
Deferred input VAT	4,624,926	4,624,926
Others	<u>1,917,593</u>	<u>1,917,592</u>
	<u>P 322,681,644</u>	<u>P 312,888,874</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments, which are expected to be realized at the termination of the contract, to lessors and various payees. These are measured at amortized cost.

The total additions to computer software amounted to P150,032, P7,841,734 and P980,680 for the three months ended March 31, 2022, 2021 and 2020. The amortization expense on the computer software amounted to P2,214,634, P2,014,619 and P672,275 for the three months ended March 31, 2022, 2021 and 2020, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 17).

13. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the condensed interim consolidated statements of financial position as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:		
Bank loans	P 5,891,485,574	P 5,268,262,872
Corporate notes	<u>3,607,738,195</u>	<u>3,545,238,195</u>
	<u>9,499,223,769</u>	<u>8,813,501,067</u>
Non-current:		
Bank loans	11,617,609,646	10,913,679,792
Corporate notes	<u>12,093,120,824</u>	<u>12,294,538,531</u>
	<u>23,710,730,470</u>	<u>23,208,218,323</u>
	<u>P 33,209,954,239</u>	<u>P 32,021,719,390</u>

13.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 16,181,942,664	P 8,949,834,693
Proceeds and drawdowns – net	2,854,612,991	11,475,252,839
Repayments	(1,540,544,796)	(4,270,490,796)
Amortization of debt issue costs	<u>13,084,361</u>	<u>27,345,928</u>
Balance at end of period	<u>P 17,509,095,220</u>	<u>P 16,181,942,664</u>

The unamortized debt issue cost as at March 31, 2022 and December 31, 2021 amounts to P69,349,580 and P64,046,933, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2022 and 2021 is shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 64,046,933	P 22,600,198
Debt issue costs from new loans	18,387,008	68,792,663
Amortization of debt issue cost	<u>(13,084,361)</u>	<u>(27,345,928)</u>
Balance at end of period	<u>P 69,349,580</u>	<u>P 64,046,933</u>

The loans bear interest rates per annum ranging from 3.65% to 6.25% in 2022, 1.71% to 6.25% in 2021, and 1.84% to 7.13% in 2020. Certain loans are collateralized by the specific projects and developments and certain property and equipment for which the loans were obtained. The cost of such projects aggregating to P14,121,524,305 and P16,791,924,015 as at March 31, 2022 and December 31, 2021, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the condensed interim consolidated statements of financial position (see Notes 6, 9 and 11).

In 2022, the Group availed of new bank loans amounting to P2,584,612,991, net of debt issuance cost, which bear interest ranging from 4.00% to 5.50% and have maturity dates ranging from 2022 to 2034. Loans obtained in 2021 from various commercial banks amounting to P11,475,252,839, net of debt issuance cost, bear interest ranging from 3.88% to 6.25% and have maturity dates ranging from 2022 to 2034.

13.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) and short-dated notes (SDN) totaling to P13,000,000,000 and P5,000,000,000, respectively.

A reconciliation of the beginning and ending balance of the Group's liability as to the utilization of the NFA is shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 15,839,776,726	P 14,844,149,018
Repayments	(149,553,571)	(2,017,857,143)
Amortization of debt issue cost	10,635,864	40,721,693
Proceeds and drawdowns – net	-	2,972,763,158
Balance at end of year	<u>P 15,700,859,019</u>	<u>P 15,839,776,726</u>

The NFA is composed of the following tranches:

NFA	Date Executed	Tranche	Tenor	Principal Amount
LTCN	03/05/2020	Series D	Five years	P 1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	1,000,000,000
	07/20/2018	Series A	Seven years	2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	<u>1,500,000,000</u>
				<u>P 13,000,000,000</u>
SDN	04/30/2021	SDN 2	18 months from drawdown date	P 3,000,000,000
	10/25/2019	SDN 1	18 months from drawdown date	<u>2,000,000,000</u>
				<u>P 5,000,000,000</u>

The Parent Company made the following drawdowns from the NFA.

<u>Year</u>	<u>Tranche</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
2021	SDN 2	3.88%	November 2022	<u>P 3,000,000,000</u>
2020	Series D	3.46%	September 2025	P 1,300,000,000
	Series E	4.00% - 4.66%	April 2027	5,700,000,000
	Series F	4.23% - 5.23%	March 2030	<u>1,000,000,000</u>
				<u>P 8,000,000,000</u>
2019	Series A	7.25%	January 2026	P 2,000,000,000
	SDN 1	4.75%	April 2021	<u>2,000,000,000</u>
				<u>P 4,000,000,000</u>
2018	Series A	7.25%	December 2025	P 500,000,000
	Series B	6.63%	August – September 2028	1,000,000,000
	Series C	6.75%	October – December 2028	<u>1,500,000,000</u>
				<u>P 3,000,000,000</u>

In 2021, the Parent Company recognized debt issuance costs for new NFA amounting to P27,236,842 which has a carrying amount of P131,730,267 and P142,366,131 as at March 31, 2022 and December 31, 2021, respectively, in relation to the drawdowns from the NFA. The debt issuance costs are deducted from the fair value or issue price of the note.

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at March 31, 2022 and December 31, 2021, the Parent Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the condensed interim consolidated statements of profit or loss, amounted to P65,475,360, P33,661,544 and nil for the three months ended March 31, 2022, 2021 and 2020, respectively (see Note 19).

The accrued interest on these loans amounts to P33,737,235 and P140,706,607 as at March 31, 2022 and December 31, 2021, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the condensed interim consolidated statements of financial position (see Note 14).

14. TRADE AND OTHER PAYABLES

This account is composed of the following:

	<u>Note</u>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:			
Unbilled construction costs		P 7,377,180,830	P 6,086,771,507
Trade payables		3,067,572,122	3,699,864,798
Sales commissions payable		1,520,483,986	1,529,749,549
Retention payable		755,267,093	698,516,297
Dividends payable		519,780,220	-
Accrued expenses	13	115,827,348	179,239,081
Output VAT		143,581,133	96,352,902
Government-related obligations		56,112,512	98,835,287
Advances from NCI for future stock subscription in subsidiaries		-	11,641,010
Other payables		792,391,015	249,618,059
		14,348,196,259	12,650,588,490
Non-current:			
Retention payable		150,281,975	150,281,975
Advance rental		16,714,128	16,353,673
Other payables		4,053,066	3,141,464
		171,049,169	169,777,112
		P 14,519,245,428	P 12,820,365,602

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the condensed interim consolidated statements of financial position.

Accrued expenses pertain to accruals for interest, contracted services, security services, professional fees and other recurring accruals in the Group's operations.

Current portion of the other payables are mostly construction bonds from various subcontractors.

15. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

15.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time. Presented below are revenues from its major product lines and geographical areas for the three months ended March 31, 2022, 2021 and 2020.

	2022 (Unaudited)				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 1,137,093,167	P 1,252,653,997	P 986,484,564	P -	P 3,376,231,728
At a point in time	<u>152,987,634</u>	<u>(49,886,563)</u>	<u>52,470,511</u>	<u>6,859,000</u>	<u>162,430,582</u>
	1,290,080,801	1,202,767,434	1,038,955,075	6,859,000	3,538,662,310
<i>Lease of properties</i>					
Over time	17,574,127	-	-	-	17,574,127
<i>Hotel operations</i>					
Over time	16,336,953	-	-	-	16,336,953
<i>Render of management services</i>					
Over time	<u>9,814,137</u>	<u>135,000</u>	<u>2,081,309</u>	<u>-</u>	<u>12,030,446</u>
	<u>P 1,333,806,018</u>	<u>P 1,202,902,434</u>	<u>P 1,041,036,384</u>	<u>P 6,859,000</u>	<u>P 3,584,603,836</u>
	2021 (Unaudited)				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 1,174,388,847	P 694,417,920	P 455,765,559	P -	P 2,324,572,326
At a point in time	<u>(2,126,917)</u>	<u>-</u>	<u>(2,911,199)</u>	<u>2,942,000</u>	<u>(2,096,116)</u>
	1,172,261,930	694,417,920	452,854,360	2,942,000	2,322,476,210
<i>Lease of properties</i>					
Over time	13,722,705	-	-	-	13,722,705
<i>Hotel operations</i>					
Over time	4,258,899	-	-	-	4,258,899
<i>Render of management services</i>					
Over time	<u>7,828,346</u>	<u>-</u>	<u>1,149,581</u>	<u>-</u>	<u>8,977,927</u>
	<u>P 1,198,071,880</u>	<u>P 694,417,920</u>	<u>P 454,003,941</u>	<u>P 2,942,000</u>	<u>P 2,349,435,741</u>
	2020 (Unaudited)				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 1,130,135,692	P 335,518,060	P 401,121,350	P -	P 1,866,775,102
At a point in time	<u>163,232,258</u>	<u>-</u>	<u>14,560,196</u>	<u>15,230,000</u>	<u>193,022,454</u>
	1,293,367,950	335,518,060	415,681,546	15,230,000	2,059,797,556
<i>Lease of properties</i>					
Over time	16,594,674	-	-	-	16,594,674
<i>Hotel operations</i>					
Over time	20,685,187	-	-	-	20,685,187
<i>Render of management services</i>					
Over time	<u>9,238,166</u>	<u>-</u>	<u>1,001,958</u>	<u>-</u>	<u>10,240,124</u>
	<u>P 1,339,885,977</u>	<u>P 335,518,060</u>	<u>P 416,683,504</u>	<u>P 15,230,000</u>	<u>P 2,107,317,541</u>

15.2 Contract Balance

The breakdown of contract balances is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Contract assets – net	P 21,186,417,036	P 20,290,305,185
Contract liabilities	(494,085,530)	(604,254,603)
Contract assets – net	<u>P 20,692,331,506</u>	<u>P 19,686,050,582</u>

A reconciliation of the opening and closing balance of Contract Assets is shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 20,290,305,185	P 13,856,650,495
Performance of property development	2,059,404,900	9,166,391,835
Transfers to contract receivables	(414,146,255)	(1,278,408,752)
Collections	(749,146,794)	(1,454,328,393)
Balance at end of period	<u>P 21,186,417,036</u>	<u>P 20,290,305,185</u>

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as at the end of the reporting period. Its classification and presentation in the statement of financial position is based on the Group's estimate of project completion, hence, any change in estimated completion period affects transfers to contracts receivables. The Group's contract assets as at March 31, 2022 and December 31, 2021 are presented in the condensed interim consolidated statements of the financial position as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current	P 7,554,150,447	P 6,558,006,000
Non-current	<u>13,632,266,589</u>	<u>13,732,299,185</u>
	<u>P 21,186,417,036</u>	<u>P 20,290,305,185</u>

A reconciliation of the opening and closing balance of Contract Liabilities is shown below.

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Balance at beginning of period	P 604,254,603	P 532,649,347
Revenue recognized that was included in contract liability at the beginning of year	(129,417,146)	(139,028,103)
Increase due to cash received excluding amount recognized as revenue during the period	<u>19,248,073</u>	<u>210,633,359</u>
Balance at end of year	<u>P 494,085,530</u>	<u>P 604,254,603</u>

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted for and presented as Customers' Deposits in the condensed interim consolidated statements of financial position. The balance of Customers' Deposits amounts to P97,406,534 and P89,897,007 as at March 31, 2022 and December 31, 2021, respectively.

Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

16. COST OF SALES AND SERVICES

The components of costs of sales and services for the period ended March 31, are analyzed below (see Note 17).

	Notes	2022 <u>(Unaudited)</u>	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Cost of real estate sales:				
Contracted services	17	P 1,501,388,819	P 911,569,738	P 567,550,726
Land	17	245,709,893	136,574,596	245,255,738
Borrowing costs	17	116,147,963	107,719,149	143,196,543
Other costs		<u>33,862,264</u>	<u>36,905,107</u>	<u>80,473,293</u>
		<u>1,897,108,939</u>	<u>1,192,768,590</u>	<u>1,036,476,300</u>
Cost of rental services:				
Depreciation		21,086,507	9,928,171	5,212,667
Others		<u>-</u>	<u>63,259</u>	<u>-</u>
		<u>21,086,507</u>	<u>9,991,430</u>	<u>5,212,667</u>
Cost of management services:				
Salaries and wages		5,823,434	3,803,314	4,051,681
Materials and supplies		<u>-</u>	<u>-</u>	<u>-</u>
		<u>5,823,434</u>	<u>3,803,314</u>	<u>4,051,681</u>

Forward

		2022 <u>(Unaudited)</u>	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Cost of hotel operations:				
Salaries and wages	P	2,587,363	P 2,033,203	P 2,090,184
Materials and supplies		1,791,099	488,974	3,986,703
Utilities		924,721	313,467	1,100,193
Advertising and promotion		629,650	170,730	2,443,422
Others		<u>1,425,965</u>	<u>262,613</u>	<u>555,409</u>
		<u>7,358,798</u>	<u>3,268,987</u>	<u>10,175,911</u>
		<u>P 1,931,377,678</u>	<u>P 1,209,832,321</u>	<u>P 1,055,916,559</u>

17. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature for the periods ended March 31 are shown below.

	Notes	2022 <u>(Unaudited)</u>	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Contracted services	16	P 1,535,972,512	P 911,569,738	P 567,550,726
Land	16	245,709,893	136,574,596	245,255,738
Commissions	7	199,880,831	166,665,338	32,012,425
Borrowing costs	6,11,13	116,147,963	107,719,149	143,196,543
Salaries and employee benefits		109,654,448	80,380,819	73,480,751
Taxes and licenses		101,715,599	88,105,517	65,850,589
Depreciation and amortization	9, 10, 11, 12	42,066,348	25,193,564	20,667,770
Repairs and maintenance		15,291,899	8,407,534	5,006,961
Donations		12,004,974	3,889,867	1,683,233
Advertising		11,760,660	9,870,915	18,594,702
Utilities		9,206,418	8,481,768	14,291,520
Security services		8,754,874	3,753,297	4,143,644
Hotel operations		7,358,798	3,268,987	10,175,911
Representation and entertainment		6,995,402	3,544,332	4,745,534
Transportation and travel		6,975,775	4,205,891	8,622,454
Insurance		5,992,428	1,490,618	2,960,200
Subscription and membership dues		4,223,107	6,607,857	2,357,005
Rent	10.3	4,166,285	4,465,201	7,102,880
Supplies		3,919,089	3,354,617	4,950,370
Management fee		3,659,005	2,383,821	1,020,925
Professional fees		3,393,692	14,882,549	73,767,283
Association dues		2,651,749	-	-
Communications		2,022,017	2,302,428	2,106,778
Trainings and seminars		28,641	362,655	150,407
Fuel and lubricants		-	-	21,893
Others		<u>3,844,356</u>	<u>7,908,787</u>	<u>11,026,516</u>
		<u>P 2,463,396,763</u>	<u>P 1,605,389,845</u>	<u>P 1,320,742,758</u>

The expenses are classified in the condensed interim consolidated statements of profit or loss as follows for the period ended March 31:

	Note	2022 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Cost of sales and services	16	P 1,931,377,678	P 1,209,832,321	P 1,055,916,559
Operating expenses		<u>532,019,085</u>	<u>395,557,524</u>	<u>264,826,199</u>
		<u>P 2,463,396,763</u>	<u>P 1,605,389,845</u>	<u>P 1,320,742,758</u>

18. OTHER OPERATING INCOME

This account is composed of the following for the period ended March 31:

	2022 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Refund from lot acquisitions	P 30,936,197	P -	P -
Administrative charges	13,224,513	14,096,460	3,262,887
Water service fee	4,702,811	1,955,468	4,379,854
Documentation fee	2,485,089	2,866,072	1,910,714
Late payment penalties charged to customers	1,503,062	288,482	1,420,177
Sponsorships	1,294,643	-	-
Scrap sales	953,272	-	-
Move-in fee income	838,491	-	-
Concession income	693,553	-	-
Referral incentive	566,630	45,568	-
Foreign exchange gains	81,689	175,469	9,987
Utilities charged to tenants	30,430	859,814	664,770
Reversal of payables	-	-	2,052,717
Others	<u>5,563,581</u>	<u>1,706,908</u>	<u>1,256,405</u>
	<u>P 62,873,961</u>	<u>P 21,994,241</u>	<u>P 14,957,511</u>

Refund from lot acquisitions pertain to the refund from seller of property for overpayments made.

Reversal of payables pertains to outstanding payables related to cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay. This also includes income from the write-off of long- outstanding unidentified deposits.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

19. FINANCE COSTS

This is composed of the following for the period ended March 31:

	<u>Notes</u>	2022 (Unaudited)	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Interest expense on:				
Loans	13.1, 13.2	P 75,126,066	P 34,553,702	P -
Lease liabilities	10.4	18,164,203	14,321,095	13,308,154
Day one loss, net of amortization	5	<u>19,017,749</u>	<u>-</u>	<u>-</u>
		<u>P 112,308,018</u>	<u>P 48,874,797</u>	<u>P 13,308,154</u>

Interest expense on loans is the portion not capitalized as part of real estate inventory and investment properties (see Notes 6 and 11).

20. FINANCE INCOME

This is composed of the following for the period ended March 31:

	2022 (Unaudited)	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Interest income on banks	P 575,141	P 673,368	P 2,156,905
Amortization of day one loss on non-current contract receivables	<u>12,665</u>	<u>-</u>	<u>-</u>
	<u>P 587,806</u>	<u>P 673,368</u>	<u>P 2,156,905</u>

21. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, shareholders, the Group's key management personnel, its retirement fund and others. A summary of the Group's transactions and outstanding balances with related parties is presented below.

		Amount of Transaction			Outstanding Balance	
	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Ultimate Parent Company						
Real estate sales	21.2	P 1,925,447	P -	P -	P 75,822,632	P 80,411,781
Entities under Common Ownership						
Net advances (collections)	21.1	(17,111,496)	(2,459,632)	6,627,022	40,290,178	57,401,674
Associates						
Net advances (collections)	21.1	-	(16,907)	-	-	32,597
Key Management Personnel						
Real estate sales	21.3	525,410	-	-	53,973,659	57,186,058
Compensation	21.4	22,087,930	23,245,910	20,532,200	-	-

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at March 31, 2022 and December 31, 2021. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions follows.

21.1 Advances to Related Parties

The Group grants cash advances to shareholders, entities under common ownership and associates. An analysis of such advances is presented below.

	Entities Under Common Ownership	Associates	Total
Balance at January 1, 2022	P 57,401,674	P 32,597	P 57,434,271
Collections	(17,111,496)	(32,597)	(17,144,093)
Balance at March 31, 2022 (Unaudited)	<u>P 40,290,178</u>	<u>P -</u>	<u>P 40,290,178</u>
Balance at January 1, 2021	P 21,901,000	P 49,504	P 21,950,504
Additional advances	<u>35,500,674</u>	(16,907)	<u>35,483,767</u>
Balance at December 31, 2021 (Audited)	<u>P 57,401,674</u>	<u>P 32,597</u>	<u>P 57,434,271</u>

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Due from related parties in the condensed interim consolidated statements of financial position.

21.2 Real Estate Sales to Ultimate Parent Company

In 2022, 2021 and 2020, the Group sold condominium units to ABS totaling P15,445,769, P96,272,362 and P41,538,000, respectively. The outstanding balance related to these transactions amounted to P75,822,632 and P80,411,781 as at March 31, 2022 and December 31, 2021, respectively, and is presented as part of Contract Receivables under the Receivables account in the condensed interim consolidated statements of financial position (see Note 5).

21.3 Real Estate Sales to Key Management Personnel

In 2022 and 2020 (nil in 2021), the Group sold condominium units totaling P27,631,938, and P52,101,000, respectively, to key management personnel. The outstanding balance related to these transactions amounts to P53,973,659 and P57,186,058 as at March 31, 2022 and December 31, 2021, respectively. These are presented as part of Contract receivables under the Receivables account in the condensed interim consolidated statements of financial position (see Note 5).

21.4 Key Management Personnel Compensation

The compensation of key management personnel for the periods ended March 31, 2022, 2021 and 2020 pertains only to short-term employee benefits amounting to P22,087,930, P23,245,910 and P20,532,200, respectively.

22. EQUITY

22.1 Capital Stock

Details of the Parent Company's authorized capital stock as at March 31, 2022, December 31, 2021 and 2020 are as follows:

	Shares		Amount	
	March 31, 2022 (Unaudited)	December 31 2021 (Audited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Preferred shares – P0.10 par value				
Authorized	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>P 100,000,000</u>	<u>P 100,000,000</u>
Common shares – P1.00 par value				
Authorized	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>P10,000,000,000</u>	<u>P 10,000,000,000</u>
Issued:				
Balance at beginning of period	3,623,451,997	1,714,000,000	P 3,623,451,997	P 1,714,000,000
Issuance during the period	3,349,470	-	3,349,470	-
Stock dividends	<u>-</u>	<u>1,909,451,997</u>	<u>-</u>	<u>1,909,451,997</u>
Balance at end of period	<u>3,626,801,467</u>	<u>3,623,451,997</u>	<u>P 3,626,801,467</u>	<u>P 3,623,451,997</u>
Treasury shares:				
Balance at beginning of period	(161,600,000)	(159,000,400)	(P 748,171,901)	(P 732,851,016)
Acquisitions during the period	<u>-</u>	<u>(2,599,600)</u>	<u>-</u>	<u>(15,320,885)</u>
Balance at end of period	<u>(161,600,000)</u>	<u>(161,600,000)</u>	<u>(748,171,901)</u>	<u>(748,171,901)</u>
Issued and outstanding	<u>3,465,201,467</u>	<u>3,461,851,997</u>	<u>P 2,878,629,566</u>	<u>P 2,875,280,096</u>

As disclosed in Note 1.1, the Parent Company had a successful IPO of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000 on June 2, 2017. Accordingly, the Parent Company recognized additional paid-in capital of P1,608,917,974 in the condensed interim consolidated statements of financial position after deducting the related share issuance costs of P111,082,026.

On November 24, 2020, the Parent Company's BOD approved the proposed increase in its authorized common stock from P2,400,000,000, divided into 2,400,000,000 common shares with a par value of P1.00 per share to P10,000,000,000, divided into 10,000,000,000 common shares with a par value of P1.00 per share.

Relative to the increase in authorized common stock, on the same date, the Parent Company's BOD approved to declare stock dividends, subject to the approval of the stockholders, of at least 1,900,000,000 or such number of common shares as sufficient to pay the required subscription to the increase in the authorized common stock and as necessary to avoid fractional shares, to be issued to stockholders of record as of the record date fixed and approved by the SEC, and to be paid on such payment date as shall be fixed by the BOD after the determination of the record date. The increase in the authorized common stock and declaration of stock dividends were approved by the Parent Company's stockholders on February 26, 2021.

On May 21, 2021, the SEC approved the Parent Company's application for the increase of authorized capital stock and declaration of stock dividends, and subsequently approved by the PSE on July 6, 2021.

On July 14, 2021, the Parent Company distributed stock dividends of 1,909,451,997 common shares with a par value of P1.00 or P1,909,451,997 (see Note 22.4).

On October 6, 2021, the BOD of the Parent Company approved the Executive Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Parent Company at a discounted price. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees. In connection to this, the Parent Company issued 3,349,470 common shares with a par value of P1.00 or P3,349,470 to its qualified employees and recognized additional paid-in capital amounting to P18,319,442 from the transaction in March 2022.

As at March 31, 2022 and December 31, 2021, the number of common shares issued is 3,626,801,467 and 3,623,451,997, respectively which amount to P3,626,801,467 and P3,623,451,997, respectively. There is no issued preferred stock as at these dates.

The share price of the Parent Company's common stock closed at P2.97 and P3.00 per share on March 31, 2022 and December 31, 2021, respectively, the last trading day in the PSE for the periods.

The Group has no other listed securities as at March 31, 2022 and December 31, 2021.

22.2 Treasury Shares

On February 27, 2018, the BOD of the Parent Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 27, 2020, the BOD of the Parent Company approved an additional P500,000,000 stock buy-back program for its valuation plans over the next two years.

On October 6, 2021, the BOD of the Parent Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Parent Company at a discounted price. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees. In relation to this program, the Parent Company reacquired 2,599,600 shares of its common stock in 2021 for P15,320,885, and presented them as Treasury Stock in the condensed interim consolidated statement of financial position. As at March 31, 2022 and December 31, 2021, reacquired shares total 161,600,000 which amounts to P748,171,901.

22.3 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the condensed interim consolidated statement of changes in equity at their aggregate amount under the Revaluation Reserves account are shown below.

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>	December 31, 2020 <u>(Audited)</u>
Balance at beginning of period	(P 13,477,472)	(P 12,883,375)	(P 6,589,225)
Other comprehensive income:			
Gain (loss) on remeasurement of post-employment defined benefit obligation	-	455,092	(8,991,642)
Tax income	-	(1,029,189)	2,697,492
	<u>-</u>	<u>(594,097)</u>	<u>(6,294,150)</u>
Balance at end of period	(P 13,477,472)	(P 13,477,472)	(P 12,883,375)

22.4 Retained Earnings

(a) Cash Dividends

On February 19, 2020, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P452,295,000 to stockholders on record as of April 3, 2020 and was paid on April 30, 2020.

On March 15, 2021, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P476,749,900 to stockholders on record as of April 16, 2021 and was paid on May 10, 2021.

On March 15, 2022, the BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P519,780,220 to stockholders on record as of April 22, 2022. Such dividends will be paid on May 17, 2022.

(a) *Appropriations*

The movements of the appropriated retained earnings in 2022 and 2021 are shown below.

<u>Purpose</u>		<u>January 1, 2022</u>	<u>Reversals</u>	<u>March 31, 2022</u>
Funding of CLI's projects:				
Casa Mira Towers Mandaue	P	87,799,633	(P 14,969,267)	P 72,830,366
Casa Mira and Velmiro				
Homes Davao		22,436,012	(22,346,012)	-
Cebu Business Park Office/ Hotel Tower		32,762,848	(32,762,848)	-
Mactan Lowaii Project		<u>29,141,419</u>	<u>(29,141,419)</u>	<u>-</u>
Balance at end of year		<u>P 172,049,912</u>	<u>(P 99,219,546)</u>	<u>P 72,830,366</u>
<u>Purpose</u>		<u>January 1, 2021</u>	<u>Reversals</u>	<u>December 31, 2021</u>
Funding of CLI's projects:				
Mivela Garden Residences	P	500,000,000	(P 500,000,000)	P -
Casa Mira Towers Mandaue		500,000,000	(412,200,367)	87,799,633
Casa Mira and Velmiro				
Homes Davao		400,000,000	(377,653,988)	22,346,012
Cebu Business Park Office/ Hotel Tower		364,269,107	(331,506,259)	32,762,848
Abaca Resort Mactan		148,209,601	(148,209,601)	-
Mactan Lowaii Project		72,216,550	(43,075,131)	29,141,419
Velmiro Heights Teakwood		<u>64,809,365</u>	<u>(64,809,365)</u>	<u>-</u>
		<u>2,049,504,623</u>	<u>(1,877,454,711)</u>	<u>172,049,912</u>
Distribution of stock dividends		<u>1,900,000,000</u>	<u>(1,900,000,000)</u>	<u>-</u>
Balance at end of year		<u>P 3,949,504,623</u>	<u>(P 3,777,454,711)</u>	<u>P 172,049,912</u>

For the six months ended March 31, 2022 and for the years ended December 31, 2021 and 2020, the Parent Company released the appropriated retained earnings for funding of certain projects amounting to P84,340,279, P1,877,454,711 and P2,400,495,377, respectively, to unrestricted retained earnings after partial fulfillment of its intended purpose. Moreover, appropriated retained earnings of P1,900,000,000 was released to unappropriated retained earnings after the distribution of stock dividends by the Parent Company on July 14, 2021.

On November 24, 2020, the BOD approved the appropriation of P3,300,000,000 retained earnings for various projects. Details of the appropriation are as follows:

- P1,900,000,000 is intended for the Parent Company's proposed increase in authorized common stock and of which portion will be issued through stock dividend (see Note 22.1).

- P1,400,000,000 for the capital expenditures, financing costs, and other related development costs of certain projects that the Parent Company expects to incur in 2021 with details below.
 - i. P400,000,000 for the on-going development of the Casa Mira and Velmiro Homes Davao projects. Project developments commenced in December 2019 and are expected to be completed by fourth quarter of 2023.
 - ii. P500,000,000 for the on-going development of Mivela Garden Residences. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.
 - iii. P500,000,000 for the on-going development of Casa Mira Towers Mandaue. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

On October 24, 2019, the Board of Directors approved the appropriation of P3,050,000,000 from the Parent Company's retained earnings for purposes of funding certain projects. The appropriated amount is specifically intended and allocated for the capital expenditures, financing costs, and other related development costs that the Parent Company expects to incur in the next five years for those certain projects. Details of the appropriation are as follows:

- P400,000,000 for the on-going development of Mivela Garden Residences, a modern garden residential community and condominium project located in Banilad, Cebu City. Project development commenced in September 2019 and is expected to be completed by second quarter of 2023.
- P600,000,000 for the development of Cebu Business Park Office / Hotel Tower, an office and hotel building located at the Cebu Business Park, Cebu City. Project development commenced in November 2019 and is expected to be completed by first quarter of 2024.
- P500,000,000 for the on-going development of the Casa Mira and Velmiro Homes projects, which are subdivision projects (house and lots) located in Magtuod, Davao City. Project developments commenced in December 2019 and are expected to be completed by first quarter of 2023.
- P400,000,000 for the redevelopment of the Abaca Resort Mactan, a resort in Punta Engaño, Mactan Island, Cebu. Redevelopment commenced in November 2019 and is expected to be completed by second quarter of 2024.
- P600,000,000 for the redevelopment of the Mactan Lowaii Project, a resort in Mactan Island, Cebu. Development was commenced on November 2019 and is expected to be completed by second quarter of 2023.
- P300,000,000 for the on-going development of Casa Mira Mandaue, a condominium project with four towers located in Alang-alang, Mandaue City. Project development was commenced on September 2019 and is expected to be completed by second quarter of 2023.

- P250,000,000 for the on-going development of the Velmiro Heights Taekwoord, a subdivision project located in Cagayan de Oro. Project development commenced in December 2019 and is expected to be completed by fourth quarter of 2022.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

22.5 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at March 31, 2022, December 31, 2021 and 2020 are as follows.

Subsidiaries	NCI Ownership %			NCI Equity in Subsidiaries		
	2022	2021	2020	2022	2021	2020
YHEST	50%	50%	50%	P 3,703,694,170	P 3,706,027,142	P 3,715,725,255
El Camino	65%	65%	65%	1,095,438,986	1,113,400,062	1,060,345,832
CHDI	50%	50%	50%	693,287,312	672,519,752	654,584,882
YHES	50%	50%	50%	625,971,859	605,533,074	540,728,657
YES	50%	50%	50%	219,256,883	243,297,814	294,725,960
MGR	55%	55%	55%	165,364,726	172,090,942	279,378,963
GGTT	50%	50%	-	125,201,169	89,591,901	-
CLI-LITE	12%	12%	-	124,705,306	124,729,968	-
BL Ventures	50%	50%	50%	115,452,529	128,164,739	145,666,074
CBLRV	50%	50%	50%	98,359,099	98,733,293	99,432,604
CCPH	50%	50%	50%	96,249,689	96,831,317	105,051,470
MDC	22%	22%	-	59,897,270	59,905,743	-
SPE	36%	36%	-	(9,369,765)	(18,518,426)	-
				<u>P 7,113,509,233</u>	<u>P 7,092,307,321</u>	<u>P 6,895,639,697</u>

The analysis of the movement of NCI as at March 31, 2022 and December 31, 2021 and 2020 are as follows.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	December 31, 2020 (Audited)
Balance at beginning of period	P 7,092,307,321	P 6,895,639,697	P 6,056,029,905
New and additional investments	11,641,010	226,733,331	647,502,204
Dividends	-	(88,000,000)	(37,500,000)
Share in net profit during the period	<u>9,560,902</u>	<u>57,934,293</u>	<u>229,607,588</u>
Balance at end of period	<u>P 7,113,509,233</u>	<u>P 7,092,307,321</u>	<u>P 6,895,639,697</u>

As at December 31, 2021, CLI's acquisition of GGTT was accounted for as an acquisition of a business as it already commenced commercial operations in 2021 (see Note 1). Thus, the pre-existing contribution of GGTT's non-controlling stockholders amounting to P50,000,000 was accounted as an additional investment during the year. In addition, non-controlling shareholders of CLI-LITE contributed cash totalling P252,725,000 as paid-in capital upon its incorporation in July 2021.

In 2021, MGR declared total cash dividends of P160,000,000 of which P88,000,000 is payable to non-controlling shareholders.

In 2020, CBLRV was incorporated with paid-in capital from non-controlling stockholders amounting to P100,002,200. Other significant activities of the Group's NCI in 2020 are as follows:

- CHDI's non-controlling shareholders contributed cash of P430,000,000 as paid-in capital.
- CCLI's deposits for future share subscription from non-controlling shareholders amounting to P20,000,001 was transferred to capital stock after compliance of SEC requirements of the reclassification.
- El Camino's non-controlling shareholders contributed cash amounting to P97,500,002 as additional capital; and,
- YES declared a cash dividend of P20,000,000 in September 2020 and of which P10,000,000 was paid to non-controlling shareholders.

23. EARNINGS PER SHARE

EPS is computed as follows for the periods ended March 31:

	2022 <u>(Unaudited)</u>	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Income available to common stockholders	P 810,636,567	P 713,832,288	P 572,230,488
Divided by weighted average number of outstanding common stock	<u>3,465,201,467</u>	<u>1,554,999,600</u>	<u>1,659,180,000</u>
Basic and diluted EPS	<u>P 0.23</u>	<u>P 0.46</u>	<u>P 0.34</u>

There were no instruments that could potentially dilute basic earnings per share as at March 31, 2022, 2021 and 2020; hence, basic EPS is the same as diluted EPS.

24. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying condensed interim consolidated financial information. Management is of the opinion, that losses, if any, from these items will not have any material effect on its condensed interim consolidated financial information.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; hence, they should be read in conjunction with the Group's consolidated financial statements as of and for the year ended December 31, 2021.

There have been no significant changes in the risk management structure of the Group or in any risk management policies since the previous annual period.

26. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

26.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the condensed interim consolidated statements of financial position are shown below.

Notes	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
at amortized cost:				
Cash and cash equivalents	4	P 970,235,286	P 970,235,286	P 1,095,821,916
Receivables - net ¹	5	7,157,433,742	7,157,433,742	6,004,327,391
Due from related parties	21.1	40,290,178	40,290,178	57,434,271
Short-term investments	7	185,797,669	185,797,669	149,901,854
Refundable deposits	12	106,330,426	106,330,426	94,473,055
		<u>P 8,460,087,301</u>	<u>P 8,460,087,301</u>	<u>P 7,401,958,487</u>
Financial Liabilities				
at amortized cost:				
Interest-bearing loans and borrowings	13	P 33,209,954,239	P 33,209,954,239	P 32,021,719,390
Trade and other payables ²	14	14,302,837,655	14,302,837,655	12,608,823,740
		<u>P 47,512,791,894</u>	<u>P 47,512,791,894</u>	<u>P 44,630,543,130</u>

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

26.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the condensed interim consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the condensed interim consolidated statements of financial position		Net amount presented in the condensed interim statements of financial position	Related amounts not set-off in the condensed interim consolidated statements of financial position		Net amount
	Financial assets	Financial liabilities set off		Financial instruments	Cash collateral received	
March 31, 2022 (Unaudited)						
Cash and cash equivalents	<u>P 970,235,286</u>	<u>P -</u>	<u>P 970,235,286</u>	<u>P 967,576,780</u>	<u>P -</u>	<u>P 2,658,506</u>
December 31, 2021 (Audited)						
Cash and cash equivalents	<u>P 1,095,821,916</u>	<u>P -</u>	<u>P 1,095,821,916</u>	<u>P 1,091,277,530</u>	<u>P -</u>	<u>P 4,544,386</u>

The following financial liabilities with net amounts presented in the condensed interim consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the condensed interim consolidated statements of financial position		Net amount presented in the condensed interim statements of financial position	Related amounts not set-off in the condensed interim consolidated statements of financial position		
	Financial assets	Financial liabilities set off		Financial instruments	Cash collateral received	Net amount
March 31, 2022 (Unaudited)						
Interest-bearing loans and borrowings	<u>P 33,209,954,239</u>	<u>P -</u>	<u>P 33,209,954,239</u>	<u>P 967,576,780</u>	<u>P -</u>	<u>P 32,242,377,459</u>
December 31, 2021 (Audited)						
Interest-bearing loans and borrowings	<u>P 32,021,719,390</u>	<u>P -</u>	<u>P 32,021,719,390</u>	<u>P 1,241,179,383</u>	<u>P -</u>	<u>P 30,780,540,007</u>

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., banks) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

26.3 Fair Value Measurements and Disclosures

(a) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value as at March 31, 2022 and December 31, 2021 interim consolidated statements of financial position, but for which fair value is disclosed.

		March 31, 2022 (Unaudited)				
		Level 1	Level 2	Level 3	Total	
Financial assets						
Cash and cash equivalents	P	970,235,286	P -	P -	P	970,235,286
Receivables – net ¹		-	-	7,157,433,742		7,157,433,742
Due from related parties		-	-	40,290,178		40,290,178
Short-term investments		185,797,669	-	-		185,797,669
Refundable deposits		-	-	106,330,426		106,330,426
		P 1,156,032,955	P -	P 7,304,054,346		P 8,460,087,301
Financial liabilities						
Interest-bearing loans and borrowings	P	-	P -	P 33,209,954,239	P	33,209,954,239
Trade and other payables ²		-	-	14,302,837,655		14,302,837,655
		P -	P -	P 47,512,791,894		P 47,512,791,894

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

		December 31, 2021 (Audited)				
		Level 1	Level 2	Level 3	Total	
Financial assets						
Cash and cash equivalents	P	1,095,821,916	P -	P -	P	1,095,821,916
Receivables – net ¹		-	-	6,004,327,391		6,004,327,391
Due from related parties		-	-	57,434,271		57,434,271
Short-term investments		149,901,854	-	-		149,901,854
Refundable deposits		-	-	94,473,055		94,473,055
		P 1,245,723,770	P -	P 6,156,234,717		P 7,401,958,487
Financial liabilities						
Interest-bearing loans and borrowings	P	-	P -	P 32,021,719,390	P	32,021,719,390
Trade and other payables ²		-	-	12,608,823,740		12,608,823,740
		P -	P -	P 44,630,543,130		P 44,630,543,130

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans and borrowings, because of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Group has no non-financial assets measured at fair value as at March 31, 2022 and December 31, 2021. However, the fair values of its investment properties are required to be disclosed, as shown in Note 11.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at March 31, 2022 and December 31, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment property	<u>P -</u>	<u>P -</u>	<u>P16,210,917,528</u>	<u>P16,210,917,528</u>

In 2022 and 2021, the fair value of the Group's Investment Properties is determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(i) *Fair Value Measurement for Land, Condominium Units and Retail Buildings*

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(ii) *Fair Value Measurement for Improvements under Retail Buildings*

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the periods ended March 31, 2022 and December 31, 2021.

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the condensed interim consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	P 51,726,118,791	P 48,719,923,909
Total equity	<u>18,265,908,695</u>	<u>17,932,181,524</u>
Debt-to-equity ratio	<u>2.83:1.00</u>	<u>2.72:1.00</u>

The Group's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis. The Parent Company is required to maintain certain financial ratios in relation with its borrowings (see Note 13.2). The Group has complied with its covenant obligations for the periods ended March 31, 2022 and December 31, 2021.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans (see Note 13)	Lease Liabilities (see Note 10)	Total
Balance as of January 1, 2022	P 32,021,719,390	P 1,126,130,301	P 33,147,849,691
Cash flows from financing activities			
Additional borrowings	2,854,612,991	-	2,854,612,991
Repayment of borrowings	(1,690,098,367)	-	(1,690,098,367)
Non-cash financing activities			
Additional lease liabilities	-	12,687,195	12,687,195
Amortization of debt issue cost	<u>23,720,225</u>	<u>-</u>	<u>23,720,225</u>
Balance at March 31, 2022 (Unaudited)	<u>P 33,209,954,239</u>	<u>P 1,138,817,496</u>	<u>P 34,348,771,735</u>
Balance as of January 1, 2021	P 23,793,983,711	P 834,733,975	P 24,628,717,686
Cash flows from financing activities			
Additional borrowings	14,448,015,997	-	14,448,015,997
Repayment of borrowings	(6,288,347,939)	-	(6,288,347,939)
Non-cash financing activities			
Additional lease liabilities	-	295,655,973	295,655,973
Amendment of lease contract	-	(4,259,647)	(4,259,647)
Amortization of debt issue cost	<u>68,067,621</u>	<u>-</u>	<u>68,067,621</u>
Balance at December 31, 2021 (Audited)	<u>P 32,021,719,390</u>	<u>P 1,126,130,301</u>	<u>P 33,147,849,691</u>
Balance as of January 1, 2020	P 16,846,756,577	P 140,276,458	P 16,987,033,035
Cash flows from financing activities			
Additional borrowings	12,583,999,063	-	12,583,999,063
Repayment of borrowings	(5,672,248,772)	(105,339,849)	(5,777,588,621)
Non-cash financing activities			
Additional lease liabilities	-	818,482,704	818,482,704
Amendment of lease contract	-	(18,685,338)	(18,685,338)
Amortization of debt issue cost	<u>35,476,843</u>	<u>-</u>	<u>35,476,843</u>
Balance at December 31, 2020 (Audited)	<u>P 23,793,983,711</u>	<u>P 834,733,975</u>	<u>P 24,628,717,686</u>