COVER SHEET

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SEC Registration Number

ANCHOR LAND HOLDINGS, INC.

(Company's Full Name)

15th Floor, L.V. Locsin Bldg.,
6752 Ayala Ave. cor Makati Ave.,
Makati City

(Business Address: No. Street City/Town/Province)

Christine P. Base
(Contact Person)

(632) 8844-3906
(Company Telephone Number)

1	2		3	1

Month *Day*
(Calendar Year)

1	7	-	A	

(Form Type)

0	7		0	6

Month *Day*
(Annual Meeting)

Registered and Listed
(Secondary License Type, If Applicable)

SEC
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

92
Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the calendar year ended: **31 December 2023**

2. SEC Identification Number: **CS-200411593** 3. BIR Tax Identification No.: **232-639-838**

4. Exact name of issuer as specified in its charter: **ANCHOR LAND HOLDINGS, INC.**

5. Province, Country or other jurisdiction of incorporation or organization: **Makati City, Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of principal office: **15th Floor, L.V. Locsin Bldg., 6752 Ayala Ave. cor Makati Ave., Makati City** Postal Code: **1226**

8. Issuer's telephone number, including area code: **(632) 8988- 7988**

9. Former name, former address, and former fiscal year, if changed since last report: **Not applicable**

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

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding and Amount of Debt Outstanding
Common Stock: ₱1.00 par value	**1,040,001,000 Shares**
Preferred Stock: ₱1.00 par value	**346,667,000 Shares**
Loans Payable	**₱21,684,295,975**

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

    Yes [**x**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange **Common Stock**

12. Check whether the issuer:

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

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as at December 31, 2023:

Assumptions:

(a) Total number of shares held by non-affiliates as at December 31, 2023	261,370,209
(b) Closing price of the Registrant's share on the exchange as at December 31, 2023	**₱4.01**
(c) Aggregate market price of (a) as at December 31, 2023	**₱1,048,094,538**

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

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

Yes [ ] No [**x**] Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

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

None

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MANAGEMENT REPORT

Grounded in our steadfast commitment to excellence and client satisfaction, Anchor Land Holdings, Inc. and Subsidiaries (the Group) has grown in the last two decades to become a full-line real estate developer, shaping skylines and transforming communities through our well-thought-out developments.

Our focus on innovation and diversification has been key to our success through the years, allowing us to strategically venture into various areas of real estate to address the ever-growing needs of our niche market - from luxury residential properties to premium commercial and logistics developments. This has propelled us to become the developer of choice in Manila Chinatown and one of the key real estate players in the country.

In 2023, the Group continued to build upon its previous accomplishments, positioning itself for further expansion in the coming year. Diversification continues to boost the Group's operational performance, with a marked increase of 20% in its net income rising to ₱620.88 million from ₱515.93 million in 2022.

Moreover, the Group's total consolidated assets reached ₱39.48 billion from ₱39.13 billion, marking a notable increase of ₱347.87 million from the previous year. This steady expansion reflects our commitment to strengthen our financial foundation and ensure sustainable growth.

A pivotal driver of this solid upswing was the positive growth in real estate sales, which saw an increase of 18%. This can be attributed to the resounding success of our newly launched projects - One Legacy Grandsuites, our flagship residential development, and One Financial Center, our first premium office project in Manila Chinatown.

Our rental operations also experienced a steady increase of 12% or ₱131.37 million driven by increased occupancy of our completed projects. Specifically, our residential units in Kanlaon Tower, office units in The Centrium Corporate Offices, as well as our commercial units in Solemare Parksuites and Monarch Parksuites contributed significantly to this uptick.

Additionally, Admiral Hotel Manila has seen a noteworthy increase in revenues since its launch in 2022. The luxury boutique hotel has proven to be a valuable addition to our revenue stream, generating ₱291.23 million in the previous year. Its success highlights our continued efforts to diversify our portfolio by entering new sectors, such as boutique luxury hospitality.

As we look towards the future, the Group remains optimistic about maintaining this momentum as opportunities for growth across all segments of the industry are boosted by the ever-increasing demand for sustainable investment properties.

Keen to the details that matter most to our clients, we will continue to design developments that resonate with their evolving preferences and expand our portfolio to include new categories, ensuring we stay at the forefront of delivering the value that our clients deserve.

Seizing the opportunities presented by the growing need for corporate and commercial spaces, the Group has successfully entered the office rental business with our first project, The Centrium Corporate Offices, emerging as the preferred corporate building in Bay City Manila. With the construction of One Financial Center in Binondo, we expect to meet the dynamic requirements of entrepreneurs and expanding businesses in these areas though these premium corporate developments.

Similarly, we have capitalized on the thriving e-commerce industry by providing our clients with essential backroom support through our logistics facilities, like One Soler and the recently completed Juan Luna Logistics Center in Manila Chinatown, and One Logistics Center in Pasay City .

In Manila Chinatown, we are set to retain our position as a key player in the district with our diverse roster of projects crafted to meet the ever-changing needs of the new generation.

To elevate the living experiences of our valued clients in the area, the Group will offer luxurious residences that are meticulously crafted for growing Filipino-Chinese families, including One Legacy Grandsuites, Cornell Parksuites, and 8 Alonzo Parksuites.

For middle-income families and individuals building their foundations in this tight-knit community, the Group will also provide the same upscale standard of living through Sanlo Place.

Moving beyond Binondo, we are set to take bigger strides as we venture further into the hospitality segment, expanding our reach to penetrate untapped markets.

With our new line of condotels set to rise in famed tourist destinations, including Boracay, Coron, and San Vicente, Palawan, we look forward to delivering our signature brand of handcrafted luxury, highlighting wellness and exceptional customer experience.

Foreseeing the increasing importance of digitalization to modern investors, we continue to integrate advanced home automation features in each of our developments, including the digital smart lock set, automated light and temperature controls, as well as the latest air purifying systems to ensure the comfort, safety, and well-being of our unit owners. We will also provide digital solutions, such as the Online Property Management app, to increase the efficiency of lease operations and help our clients meet their investment objectives.

As the brand evolves, we continue to boost our efforts in lead generation and conversion by investing in sound marketing strategies and robust sales support mechanisms. Through the launch of our strategic branding campaign and the introduction of our new brand ambassador, Kathryn Bernardo, we expect to strengthen our brand equity and broaden market awareness by refreshing our image to reach high-potential markets, sectorally and geographically. With this, we envision the Group's brand scaling even further as we reach out to untapped global markets in the coming years.

Most importantly, we remain committed to exceeding our clients' expectations and continually find new ways to stay attuned to their changing needs. Through our client retention program and customer feedback practices, we are able to understand our market's preferences and strengthen our relationships with our stakeholders. Our digital tools and platforms, such as the Online Sales Portal and Resource Center and SalesCandy, also ensure efficient and seamless interactions with our valued customers.

As we celebrate our 20th year in the industry, we look back at our continued success with gratitude and maintain a positive outlook for the future. Building upon the solid foundation we have laid in the last two decades, we are confident that we will continue to grow our legacy, providing diverse and sustainable investment options for the next generation and shaping the future of real estate in the years ahead.

CHARLES STEWART LEE
Chairman

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

BUSINESS OVERVIEW

Anchor Land Holdings, Inc. (“ALHI” or the “Parent Company”) was registered with the Philippine Securities and Exchange Commission (“SEC” or the “Commission”) on July 29, 2004 with an authorized capital stock of ₱10,000,000.00 divided into 100,000 common shares with a par value of ₱100.00.

The Company is the holding company of the ALHI Group (the “Group”) with principal business interest in real estate organized to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

The Company traces its roots to Anchor Properties Corporation. Anchor Properties Corporation (APC) was incorporated in July 15, 2003. It commenced commercial operations on April 30, 2004, simultaneously with the start of the construction of its Lee Tower project.

The Company was founded by a group of entrepreneurs led by Mr. Stephen L. Keng and Mr. Steve Li. The Company was primarily organized to engage in real estate development and marketing focusing initially in high-end residential condominiums within the Manila area. It started business operations on November 25, 2005.

On December 13, 2006, the board of directors and stockholders of the Company approved and authorized the plan of merger of APC, with the Company as the surviving entity. Simultaneously with the approval of the Company’s merger with APC, the Company’s board of directors and stockholders also approved amendments to Company’s Articles as follows: (a) reduction of the par value from ₱100.00 to ₱1.00 resulting in stock split and increase in authorized capital stock from ₱10,000,000.00 to ₱1,000,000,000.00. Both companies are substantially under common control and the merger of the two companies was done to consolidate their real estate projects under one group.

On July 7, 2011, the board of directors and stockholders of the Company approved the amendment of the Company’s Articles of Incorporation as follows: a) increase in authorized capital stock of the Company from 1,000,000,000 shares of common stock with par value of ₱1.00 per share to 2,300,000,000 shares of common stock with par value of ₱1.00 per share; and b) increase in authorized capital stock of the Company by creating 1,300,000,000 units of 8%, voting, preferred shares with par value of ₱1.00 per share.

On November 8, 2013, the Philippine SEC approved the increase of capital stock of ALHI from ₱3,600,000,000.00 divided into 2,300,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱1.00 each to ₱4,800,000,000.00 divided into 3,500,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱1.00 per share.

BUSINESS PLAN

Inspired by a trailblazing perspective and pioneering approach, Anchor Land Holdings, Inc. and Subsidiaries (the Group) surpassed its previous year's performance and recorded a net income of ₱620.88 million, with a marked increase of 20% compared to the ₱515.93 million reported in 2022. This upswing can be attributed to the Group's strategic maneuvering to pursue growth avenues across various segments of real estate.

For over two decades, we have established ourselves as the preferred choice among the most discerning segment of investors, earning their trust through our dedication to quality and customer satisfaction. Our legacy is a testament to our ability to embrace new technologies, cater to the needs of the underserved, adapt to changing market dynamics, and anticipate evolving customer needs. As we approach our 20th year, we reaffirm our commitment to deliver real estate solutions that allow investors to earn from rental income, enjoy optimal capital appreciation, and own premium properties in emerging business and commercial districts.

GROWING OUR LEGACY IN MANILA CHINATOWN

As the Group continues to nurture long-standing traditions, it also recognizes the evolving needs of its core market in Manila's premiere business district. The Group's extensive portfolio of properties in Binondo is designed to continuously redefine urban living and improve business efficiency through master-planned spaces, digital-forward innovations, and spatial configurations that ensure comfort and convenience, as well as safety and security.

We shall continuously address the modern demands of families in Binondo through One Legacy Grandsuites. Primed to be the tallest residential condominium in all Chinatowns, it offers insightfully designed residential units adaptive to the market's changing lifestyles. Integrated with smart home technologies and automated unit features, the property offers the highest standard of luxury living known to the area.

As we fulfill our commitment to the Filipino-Chinese community, we shall also cater to the housing requirements of middle-income families and individuals aspiring to build their foundation in the vibrant trade district through Sanlo Place.

Leveraging on the mastery and deep understanding of the area where we operate, we shall continue to serve the new breed of business owners and entrepreneurs through the iconic One Financial Center. As a Grade-A office tower, it is envisioned to set the benchmark for modern work spaces, serve the future generation of entrepreneurs, and boost the business landscape of Manila Chinatown.

BOLSTERING OUR REACH IN METRO CITIES THROUGH RENTVESTMENT

We shall advocate sustainable investing through our Rentvestment verticals situated in key cities in the country.

In Bay City Manila, the capital's new entertainment center, Copeton Baysuites, is poised to become a sustainable rental investment that captures the influx of business and tourism in the area.

In Roxas Boulevard, we will continue to redefine the Manila skyline with another iconic skyscraper, The Panorama Manila. As a multi-faceted development, it shall address the demand of premium property facing the Manila Bay, provide sustainable sources of passive income, and fulfill the needs of startups, families, and individuals who are venturing into property investments for the first time.

The intent to reimagine property investing also applies to 202 Peaklane in Davao City as it harnesses the potential of the metro city as an investment hotspot, bringing urban living experience up a notch.

Ensuring that Filipino investors abroad have access to sustainable real estate solutions remains as one of our priorities. We shall continue to expand our reach and provide products that offer opportunities for passive income and satisfy their evolving needs.

SETTING TRENDS IN MOTION WITH THE RISE OF E-COMMERCE READY FACILITIES

With the shift in the Philippines' logistics sector driven by a youthful demographic which are digitally connected and supportive of domestic consumption, the Group envisions its properties as warehousing facilities of the future.

We have seen the demand for industrial services of brick-and-mortar and e-commerce businesses in Manila’s trading capital, and shall continue to address these needs through Juan Luna Logistics Center, Recto Logistics Center, and RoSan Logistics Center. These properties will serve as modern storage to support back-end operations and improve supply chain efficiency.

We shall cater to MSMEs and online business owners with wholesale and retail enterprises through modern backroom facility, Divisoria Logistics Center. Situated in Manila's top bargain district, this warehousing property is set to redefine storing, managing, and distributing systems.

DRIVING EXCELLENCE THROUGH DIVERSIFICATION

With a robust pipeline of projects, the Group stands at the threshold of an exciting new phase marked by sectoral, geographical, and organizational expansions. And the way it plans to diversify is to develop market-driving and industry-first product offerings.

Following the success of the award-winning Admiral Hotel Manila in Roxas Boulevard are our highly anticipated condotel developments in sought after destinations set to transform the leisure and hospitality landscape.

In globally renowned tourist spots like Boracay, Coron and San Vicente Palawan, we shall curate our signature wellness offerings ranging from exclusive breathtaking beachfront escapes to sophisticated island retreats.

These tourism projects will also solidify our vision for rental-ready and investment-optimized properties, supported by our very own designated team of hospitality management experts.

20 YEARS AND BEYOND

Through the years, the Group's success in selling its projects is founded on the continuous refinement of its operations and commitment to high quality customer service. The Group's relentless focus on innovation and diversification sustains its commitment to develop properties with long-lasting value for its customers.

As we remain at the forefront of tapping new segments across various sectors, including residential, commercial, leisure and hospitality, we also continue to forge new paths in previously untapped territories in Asia, Middle East, Europe and North America. Using digital tools, we shall continue to improve our lead generation and conversion strategies as we promote our projects locally and abroad.

Anchored on details that matter most to the next generation of customers, we shall continue to change landscapes and redefine skylines as we diversify our portfolio and grow our legacy in years to come.

Beyond our 20th year, we face the next decade with enthusiasm driven by the vision of propelling the company to new heights, expanding our footprint, and bringing our signature brand of luxury to the new generation of investors seeking for smarter and more sustainable ways of investing.

KEY OPERATING SUBSIDIARIES

Anchor Properties Corporation

APC, formerly Manila Towers Development Corporation, was registered with the Philippine SEC on May 11, 1981. As a fully owned subsidiary of ALHI, APC specializes in residential development. Among its notable completed projects are Mandarin Square, Wharton Parksuites, and Oxford Parksuites. Presently, APC is actively engaged in the construction of 202 Peaklane in Davao City, 8 Alonzo Parksuites along T. Alonzo Street in Binondo, and One Legacy Grandsuites along Benavidez Street in Manila.

Posh Properties Development Corporation

Posh Properties Development Corporation (PPDC), another wholly-owned subsidiary of ALHI, was established with the Philippine SEC on January 29, 2008. PPDC has undertaken various residential condominium projects such as Solemare Parksuites Phase 1, Solemare Parksuites Phase 2, Clairemont Hills Parksuites, and Monarch Parksuites, along with the commercial endeavor, Two Shopping Center. PPDC also owns Kanlaon Tower located in Pasay City. Currently, PPDC is focused on the ongoing construction of Copeton Baysuites along Macapagal.

Gotamco Realty Investment Corporation

Gotamco Realty Investment Corporation (GRIC), incorporated on August 27, 1969, became a wholly-owned subsidiary of ALHI in 2008. GRIC has successfully delivered projects like Anchor Skysuites and Juan Luna Logistics Center. Presently, GRIC is developing Anchor Grandsuites and Cornell Parksuites along Masangkay St. in Binondo, as well as One Financial Center along Quintin Paredes Street and Cosmo Suites in Pasay City.

Nusantara Holdings, Inc.

Nusantara Holdings, Inc. (NHI), established on December 11, 1995, became a wholly-owned subsidiary of APC in 2013. NHI's notable project is the luxurious Princeview Parksuites along Quintin Paredes Street in Binondo, Manila.

Admiral Realty Company, Inc

Admiral Realty Company, Inc. (ARCI), incorporated on August 31, 1963, became a wholly-owned subsidiary of APC in 2009. ARCI has successfully completed projects like Admiral Baysuites, Admiral Grandsuites and Admiral Hotel. Future ventures include The Panorama Manila along Roxas Boulevard and developments in Coron, Palawan, San Vicente, Palawan, and Boracay, Aklan.

Momentum Properties Management Corporation

Momentum Properties Management Corporation (MPMC), established on February 3, 2009, is fully owned by ALHI. MPMC provides property management and consultancy services encompassing condominium and building administration, architectural plans review, leasing, and facilities management.

1080 Soler Corp.

1080 Soler Corp., incorporated on June 8, 2010, is wholly-owned by Anchor Land Global Corporation (ALGC), a subsidiary of ALHI. It operates One Soler, offering warehousing facilities, offices, and commercial spaces in the Divisoria area.

Basiclink Equity Investment Corp.
Basiclink Equity Investment Corp. (BEIC), incorporated on January 24, 2011, is 60% owned by PPDC and 40% owned by ALGC. BEIC completed One Logistics Center, a 15-storey commercial building offering office spaces and warehousing facilities in Baclaran.

Anchor Land Hotels & Resorts, Inc.
Anchor Land Hotels & Resorts, Inc. (ALHRI) was incorporated on June 13, 2017 and is a wholly-owned subsidiary of ALHI. ALHRI was formed and organized to operate and manage the Admiral Hotel and future hotel and resort developments.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

ALHI, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing, and administrative service agreements.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

Outstanding balances between companies within the Group are unsecured, interest-free and settlement occurs in cash. Related party transactions and balances were eliminated in the consolidated financial statements, and instead, discussed in the Supplementary Schedules, Schedule “C”.

INTELLECTUAL PROPERTY

Under existing Philippine laws governing intellectual property rights, the registrant of a tradename and a trademark shall be granted the exclusive right to use the same in relation to a particular product or service. Thus, to protect its right to exclusively use the names and logos utilized in its business operations, the Group has registered the following tradenames and trademarks with the Intellectual Property Office (IPO) of the Philippines as at December 31, 2023:

Trademark	Registrant	Applicant Date / Application Number	Registration Date / Registration Number	Classes of Goods / Services
Admiral Realty Company Inc. and Device	ARCI	April 5, 2013 / 4-2013-0003858	August 8, 2013 / 4-2013-003858	37
Momentum Properties Management Corporation and Device	MPMC	April 5, 2013 / 4-2-13-003854	April 22, 2023 / 4-2013-003854	36
Gotamco Realty Investment Corporation and Logo	GRIC	July 2, 2010 / 4-2010-007155	July 7, 2021 / 4/2010-007155	36
Anchor Properties Corporation and Device	APC	February 15, 2012 / 4- 2012-001815	March 16, 2023 / 4-2012-001815	36
Mayfair Tower (stylized)	ALHI	April 5, 2013 / 4-2013-003852	November 7, 2013 / 4-2013-003852	36
Anchor Skysuites and Device with Chinese Characters	GRIC	April 5, 2013 / 4-2013-003856	August 7, 2023 / 4-2013-003856	36
Admiral Baysuites and Device	ARCI	April 5, 2013 / 4-2013-003857	August 7, 2023 / 4-2013-003857	36

Monarch Parksuites and Device	PPDC	June 19, 2012 / 4-2012-007305	October 18, 2012 / 4-2012-007305	37
Two Shopping Center (stylized) with Chinese Characters	PPDC	April 5, 2013 / 4-2024-502975	January 16, 2014 / 4-2024-502975	35
Wharton Parksuites and Device with Chinese Characters	APC	April 5, 2013 / 4-2024-502987	February 13, 2014 / 4-2024-502987	36 / 37
Oxford Parksuites and Device with Chinese Characters	APC	April 5, 2013 / 4-2024-502969	February 13, 2014 / 4-2024-502969	36/37
Solemare Parksuites and Device	PPDC	April 5, 2013 / 4-2024-502986	February 13, 2014 / 4-2024-502986	36/37
Windsor Place and Device	PPDC	September 11, 2012 / 4-2020-518035	Februrary 21, 2023 / 4-2020-518035	36
Balmoral Place and Device	PPDC	September 18, 2012 / 4-2020-517983	April 18, 2023 / 4-2020-517983	36
Ruby Wong's Godown with Device	ALHRI	June 8, 2020 / 4-2024-502968	Febraury 28, 2022 / 4-2024-502968	41/43
The Princeview Parksuites and Device with Chinese Characters	NHI	April 5, 2013 / 4-2013-003855	August 7, 2023 / 4-2013-003855	36

Clairemont Hills and Device	PPDC	February 15, 2012 / 4-2024-502973	March 20, 2014 / 4-2024-502973	36
Admiral Grandsuites and Device	ARCI	July 01, 2014 / 4-2014-008273	April 23, 2015 / 4-2014-008273	36
One Logistics Center (stylized)	BEIC	May 17, 2013 / 4-2013-005679	August 7, 2023 / 4-2013-005679	35/39
8 Alonzo Parksuites	APC	October 19, 2016 / 4-2016-00012774	April 12, 2018 / 4-2016-0012774	36/37
Copeton Baysuites	PPDC	January 8, 2018 / 4-2018-00000368	September 23, 2018 / 4-2018-00000368	36
Cosmo Suites	GRIC	January 22, 2018 / 4-2018-00001240	May 11, 2018 / 4-2018-00001240	36
Juan Luna Logistics Center	GRIC	February 14, 2018 / 4-2018-00002930	November 8, 2018 / 4-2018-00002930	39
One Soler	1080 Soler	February 14, 2018 / 4-2018-00002932	July 5, 2018 / 4-2018-00002932	39
202 Peaklane	APC	March 1, 2018 / 4-2018-00003841	November 22, 2018 / 4-2018-00003841	36 / 42
Nusantara Holdings Inc.	NHI	December 4, 2018 / 4-2018-021660	June 9, 2019 / 4/2018/00021660	36
Anchor Land and Device	ALHI	April 11, 2019 / 4/2019/00006021	July 7, 2019 / 4/2019/00006021	37

Made for You	ALHI	August 8, 2019 / 4-2019-00014033	November 17, 2019 / 4-2019-00014033	36 37
Cornell Parksuites	GRIC	August 8, 2019 / 4-2019-00014031	December 26, 2019 / 4-2019-00014031	36 37
One Legacy Grandsuites	APC	September 10, 2019 / 4 -2019-00016048	April 6, 2020 / 4 -2019-00016048	36 37
Admiral Hotel Manila and Device	ALHRI	November 12, 2019 / 4-2019-00019697	December 18, 2020 / 4-2019-00019697	43
One Financial Center and Device with Chinese Characters	GRIC	January 10, 2020 / 4-2020-00000535	August 14, 2020 / 4-2020-00000535	35
El Atrio Lounge and Device	ALHRI	June 8, 2020 / 4-2020-00505462	December 18, 2020 / 4-2020-00505462	43
Admiral Spa and Device	ALHRI	June 25, 2020 / 4-2020-00507461	January 15, 2021 / 4-2020-00507461	44
Coconut Grove and Device	ALHRI	June 8, 2020 / 4-2020-00505461	May 21, 2021 / 4-2020-00505461	43
The Centrium (Word Mark)	PPDC	March 5, 2021 / 4-2021-00505375	April 9, 2021 / 4-2021-00505375	35, 36, 37 & 42
Care to Change with Device	ALHI	September 14, 2020 / 4-2020-00512659	May 21, 2021 / 4-2020-00512659	44
Copeton Baysuites and Device with Chinese Characters	PPDC	March 5, 2021 / 4-2021-00505378	July 25, 2021 / 4-2021-00505378	36

Anchor Grandsuites and Device	GRIC	November 18, 2020 / 4-2020-00517980	May 21, 2021 / 4-2020-00517980	36 & 37
Posh Properties Development Corporation and Device	PPDC	November 18, 2020 / 4-2020-00517979	May 28, 2021 / 4-2020-00517979	35, 36 & 37
Balmoral Suites and Device	PPDC	November 18, 2020 / 4-2020-00517983	April 30, 2021 / 4-2020-00517983	36
Windsor Suites and Device	PPDC	November 18, 2020 / 4-2020-00518035	April 9, 2021 / 4-2020-00518035	36
The Panorama Manila (Word Mark)	ARCI	March 5, 2021 / 4-2020-00500806	October 10, 2021 / 4-2020-00500806	36 & 37

As the IPO provides, the certificates of registration covering the foregoing trade names and trademarks shall remain in force for ten (10) years, unless sooner terminated, and may be renewed for periods of ten (10) years thereafter. Since these names and logos have become distinctive with the luxury homes and quality service for which the Group is known, the renewal of these certificates shall and have been made upon their expiration and the Group shall continue to safeguard its rights over the same.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS

SUBDIVISION AND CONDOMINIUM BUYER'S PROTECTIVE DECREE

For the purpose of regulating the subdivision and condominium businesses in the country, Congress has enacted Presidential Decree No. 957, as amended (PD 957), otherwise known as the "Subdivision and Condominium Buyer's Protective Decree". The power to enforce the provisions of PD 957 is vested on the Department of Human Settlements and Urban Development (DHSUD), formerly known as Housing and Land Use Regulatory Board and, to a certain degree, on the concerned local government units (LGUs). PD 957 mandates the registration of all projects intended for the construction of residential, commercial, industrial or recreational subdivisions, as well as residential and commercial condominiums. It also prescribes the procedure by which real estate companies may acquire such registration, and the various licenses, permits and certificates necessary to prove that their development projects are carried out according to existing statutory requirements.

For condominium projects, PD 957 and the existing rules promulgated by the DHSUD require all owners or developers to apply for Development Permit, Certificate of Registration and License to Sell with the DHSUD and pertinent LGUs prior to actual development and selling of units. These documentary requirements were duly accomplished by the Group for all its projects as it regularly applies for the required government approvals for any condominium project it undertakes to develop.

Development Permits

The Development Permits for each of the Group's condominium projects were obtained from the DHSUD as at December 31, 2023:

Project	Date Issued
Lee Tower	March 5, 2004
Mayfair Tower	December 13, 2005
Mandarin Square	October 4, 2006
Solemare Parksuites Phase I	June 4, 2008
Wharton Parksuites	Dec. 11, 2009
Anchor Skysuites	August 25, 2010
Solemare Parksuites Phase 2	December 3, 2010
Admiral Baysuites	April 8, 2011
Clairemont Hills Parksuites	June 20, 2012
Oxford Parksuites	January 21, 2013
Monarch Parksuites	September 6, 2013
Princeview Parksuites	December 6, 2013
Admiral Grandsuites	November 11, 2014
Anchor Grandsuites	August 6, 2015
202 Peaklane	January 5, 2018
Juan Luna Logistics Center	September 7, 2018
8 Alonzo Parksuites	September 7, 2018
Copeton Baysuites	October 2, 2018
Cornell Parksuites	June 8, 2020
One Legacy Grandsuites	July 24, 2020
One Financial Center	July 21, 2021
Cosmo Suites	April 11, 2022

The Group also applied for the issuance of Development Permits for the new condominium projects it plans to complete and these applications are now pending before the DHSUD.

Certificate of Registration

After the Group registered its condominium projects with the DHSUD and obtained the necessary approval of the condominium plans to be used therein, the following Certificates of Registration were issued in favor of the projects of the Group:

Project	Date Issued
Lee Tower	June 3, 2004
Mayfair Tower	August 4, 2006
Mandarin Square	November 20, 2007
Solemare Parksuites Phase I	January 8, 2009
Wharton Parksuites	April 16, 2010
Anchor Skysuites	November 8, 2010
Solemare Parksuites Phase 2	November 15, 2011
Admiral Baysuites	December 26, 2011
Clairemont Hills Parksuites	September 4, 2012
Oxford Parksuites	June 18, 2013
Monarch Parksuites	October 14, 2013
Princeview Parksuites	February 17, 2014
Admiral Grandsuites	June 5, 2015
Anchor Grandsuites	February 5, 2016
Juan Luna Logistics Center	November 16, 2018
8 Alonzo Parksuites	December 21, 2018
202 Peaklane	December 27, 2018
Copeton Baysuites	December 23, 2018
Cornell Parksuites	December 23, 2020
One Legacy Parksuites	January 17, 2022
One Financial Center	August 10, 2022
Cosmo Suites	December 14, 2022

The Group is also in the process of applying for the Certificates of Registration of its latest projects from the DHSUD.

License to Sell

The DHSUD further authorized the Group to offer the condominium units in its projects for sale to the public by issuing the following Licenses to Sell in favor of the Group:

Project	**Date Issued**
Lee Tower	June 3, 2004
Mayfair Tower	August 4, 2006
Mandarin Square	November 20, 2007
Solemare Parksuites Phase I	January 8, 2009
Wharton Parksuites	April 16, 2010
Anchor Skysuites	November 8, 2010
Solemare Parksuites Phase 2	November 15, 2011
Admiral Baysuites	December 26, 2011
Clairemont Hills Parksuites	September 4, 2012
Oxford Parksuites	June 18, 2013
Monarch Parksuites	October 14, 2013
Princeview Parksuites	February 17, 2014
Admiral Grandsuites	June 5, 2015
Anchor Grandsuites	February 5, 2016
Juan Luna Logistics Center	November 16, 2018
8 Alonzo Parksuites	December 21, 2018
202 Peaklane	December 27, 2018
Copeton Baysuites	December 28, 2018
Cornell Parksuites	December 23, 2020
One Financial Center	August 10, 2022
One Legacy Grandsuites	January 17, 2022
Cosmo Suites	December 14, 2022

At the appropriate time, the Group also intends to procure the required Licenses to Sell for its future condominium projects.

Further, in connection with this requirement, and pursuant to the mandatory provisions of PD 957, all active real estate dealers, brokers and salesmen directly connected with the Group and its projects have registered themselves with the DHSUD. Moreover, in compliance with Republic Act No. 9646 (RA 9646), otherwise known as the "Real Estate Service Act of the Philippines", all real estate service practitioners, except salespersons, engaged by the Group, have taken the required licensure examination and other continuing education programs in their field.

The Company and its subsidiaries has likewise secured all the necessary business permits and licenses required from all government agencies which include registrations and licenses from the SEC, Social Security System (SSS), and the Bureau of Internal Revenue (BIR).

To date, as far as the Group is concerned, there is no existing legislation or governmental regulation that is expected to materially affect its business.

ANTI-MONEY LAUNDERING ACT

The ALHI Group of Companies are registered with the Anti-Money Laundering Council, in compliance with the amended Anti-Money Laundering Act of 2001, which includes real estate developers as covered persons, the Group has also taken steps to comply and will comply with the reportorial requirements for covered and suspicious transactions, including the drafting of the Money Laundering/Terrorism Financing Prevention Program for its corporations.

ALHI and its subsidiaries are registered and issued a certificate of Registration by the Anti-Money Laundering Counsel as follows:

Company Name	Date of Renewal of Registration
Anchor Land Holdings, Inc.	January 10, 2024
Posh Properties Development Corporation	January 18, 2024
Anchor Properties Corporation	January 16, 2024
Nusantara Holdings, Inc.	January 16, 2024
Momentum Properties Management Corporation	January 29, 2024
1080 Soler Corp.	January 26, 2024
Wework Realty Development Corporation	January 26, 2024
Anchor Land Global Corporation	January 18, 2024
Marathon Properties Management and Holdings Corporation	January 18, 2024
Basiclink Equity Investment Corp.	January 16, 2024
Anchorland Hotels & Resorts, Inc.	January 30, 2024
Gotamco Realty Investment Corporation	March 11, 2024
Admiral Realty Company, Inc.	March 11, 2024

While the other affiliates and subsidiaries' Registrations remain pending with the Anti-Money Laundering Council.

MACEDA LAW

The Group faithfully complies with Republic Act No. 6552, otherwise known as the "Realty Installment Buyer Protection Act", or more popularly called the "Maceda Law". In the event prospective buyers default in their payments on installment, or decide to cancel their reservation on a condominium unit offered for sale, the Company allows these buyers to receive a refund of their payments in accordance with the rules set forth by the Maceda Law.

DATA PRIVACY

Being a repository of personal data of its clients/buyers of condominium unit/s, the Group likewise registered before the Data Privacy Commission and bound itself to keep with privacy all the personal information disclosed to it by its buyers necessary for the processing of Transfer of Condominium Certificate of Title in their respective name.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

In the Philippines, the owner or developer of any project that poses a potential environmental threat or is likely to cause a significant impact on the environment in a particular area is required to secure an Environmental Compliance Certificate (ECC) from the Department of

Environment and Natural Resources (DENR). The ECC is issued by the Environmental Management Bureau (EMB) of the DENR, which serves as a certification that, after reviewing the proposed project, the EMB found that the project will not cause a significant negative impact on the environment. The issuance of the ECC also certifies that the project complied with all the requirements of the Environmental Impact Statement (EIS) and the applicant has committed to implement its approved Environmental Management Plan. In some instances, the ECC likewise contains specific measures that must be complied with before and during the operation of the project, and lists the conditions required to be performed at the abandonment phase of the project to reduce identified potential impacts on the environment.

Among the projects classified by law to be environmentally critical and mandated to procure ECC prior to commencement of operation are those involving the construction and development of condominiums. Hence, the Group has consistently applied for the required ECCs for all its projects. After presenting the details of its projects before the members of the EMB, satisfying all requirements and proving that no serious environmental damage shall result from the construction of its condominiums, the Group was able to secure the necessary ECCs for its projects.

The relevant details of the ECCs issued in favor of the Group and its subsidiaries are as follows:

ECC No.	Date Issued	Project Name
ECC NCR 2004-01-28-047-216	January 28, 2004	Lee Tower
ECC-LLDA-2006-109-8420	July 31, 2006	Mayfair Tower
ECC-LLDA-2007-115-8420	August 16, 2007	Mandarin Square
ECC-NCR-0804-048-5011	July 14, 2008	Solemare Parksuites 1
ECC-LDBW-1001-0005	January 29, 2010	Wharton Parksuites
ECC-NCR-1104-0129	May 22, 2010	Admiral Baysuites
ECC-NCR-1009-0350	October 12, 2010	Anchor Skysuites
ECC-NCR-1010-0356	October 22, 2010	Clairemont Hills Parksuites
ECC-NCR-1012-0454	January 28, 2011	Solemare Parksuites 2
ECC-NCR-1303-0109	April 16, 2013	Oxford Parksuites
ECC-NCR-1302-0060	February 18, 2013	Monarch Parksuites
ECC-NCR-1401-0040	January 29, 2014	Princeview Parksuites
ECC-NCR-1408-0316	September 29, 2014	Admiral Grandsuites
ECC-NCR-1602-0017	March 21, 2016	Anchor Grandsuites
ECC-NCR-1609-0058	October 3, 2016	The Centrium
ECC-OL-NCR-2017-0129	September 22, 2017	Cosmo Suites
ECC-OL-NCR-2018-0183	August 20, 2018	Juan Luna Logistics Center
ECC-R11-1710-0021	September 28, 2018	202 Peaklane
ECC-OL-NCR-2017-0017	December 19, 2018	8 Alonzo Parksuites
ECC-NCR-1812-0081	December 19, 2018	Copeton Baysuites
ECC-OL-NCR-2019-0270	October 4, 2019	Cornell Parksuites
ECC-OL-NCR-2019-0288	October 18, 2019	One Legacy Grandsuites
ECC-OL-NCR-2021-0017	February 18, 2021	One Financial Center
ECC-OL-NCR-2022-0100	July 6, 2022	Kanlaon Towers

Prior to the completion of the project, the Group applies for Authority to Operate before the DENR for the installed Generator Set (Genset), and Discharged Permit for the Sewage Treatment Plan (STP). The monitoring of the water discharge of each project, the company ensures the effluency of the discharge by conducting the quarterly monitoring report for compliances such as: Self Monitoring Report (SMR) and Compliance Monitoring Report (CMR) for annual compliance report that are religiously filed with the DENR in line with LLDA.

HUMAN RESOURCES

The Group has no collective bargaining agreements with employees and there are no organized labor organizations in the Group. The Group complies with the minimum compensation benefits standards pursuant to Philippine law. The Group has not experienced any disruptive labor disputes, strikes or threats of strikes and the Group believes that its relationship with its employees in general is satisfactory.

The number of employees of the Group as at December 31, 2023 are as follows:

Department	Officer	Rank & File	Total
Executive Office	7	2	9
Finance & Accounting	21	86	107
Administration	1	24	25
Corporate Affairs	3	6	9
Engineering	21	36	57
Human Resources	4	6	10
Information and Technology	1	3	4
Internal Audit	2	2	4
Procurement	3	9	12
Sales & Marketing	14	29	43
Property Mangement	16	72	88
Hotel Management	45	84	129
Turnover	1	4	5
Total	**139**	**363**	**502**

RISKS

The Group is subject to competition in each of its principal businesses. This competition comes in terms of attracting buyers for its condominium units and tenants for its commercial spaces. The Group manages this risk by identifying the underserved and/or hard to penetrate market, recognizing their needs and wants prior to project inception, prompt project delivery and maintaining highest turnover standards. With this, the Group is confident that it will surpass the competition.

Item 2. Properties

The following are the real estate properties of the Company and its subsidiaries as at December 31, 2023:

Company	Project	No. of Titles
ALHI	Mayfair Tower	2 Land Titles
ALHI	Solemare Parksuites Phase I	1 Land Title
PPDC	Two Shopping Center	6 Land Titles
ARCI	Admiral Baysuites	1 Land Title
ALHI	Clairemont Hills Parksuites	3 Land Titles
PPDC	Solemare Parksuites Phase II	1 Land Title
PPDC	Monarch Parksuites	2 Land Titles
NHI	Princeview Parksuites	1 Land Title
1080 Soler	One Soler	1 Land Title
ARCI	Admiral Hotel	1 Land Title
ARCI	Admiral Grandsuites	1 Land Title
GRIC	Anchor Grandsuites	5 Land Titles
BEIC	One Logistics Center	1 Land Title
PPDC	The Centrium	4 Land Titles
APC	202 Peaklane	4 Land Titles
PPDC	Copeton Baysuites	4 Land Titles
GRIC	Cosmo Suites	1 Land Title
APC	8 Alonzo Parksuites	1 Land Title
GRIC	Juan Luna Logistics Center	1 Land Title
GRIC	One Financial Center	1 Land Title
GRIC	Cornell Parksuites	2 Land Titles
APC	One Legacy Grandsuites	3 Land Titles
PPDC	Kanlaon Tower Condominium	69 Condominium Certificates of Title
ARCI	The Panorama Manila	1 Land Title
APC	Divisoria Logistics	2 Land Titles
ARCI	Coron, Palawan	4 Land Titles
FRC	Recto Logistics Center	4 Land Titles
ARCI	San Vicente, Palawan	1 Land Title
GRIC	Nueva Street, Binondo	1 Land Title
GRIC	Juan Luna Street, Binondo	1 Land Title
PPDC	Pasay City	2 Land Titles
One Binondo Prime Properties Corp. (OBPPC)	Binondo, Manila	2 Land Titles
ARCI	Manoc Manoc, Malay, Aklan	2 Titles

Mayfair Tower

The Mayfair Tower having been completed, standing tall within the 958.9 square meter of land located at United Nations Avenue corner A. Mabini Street in Ermita, Manila covered by TCT Nos. 269918 and 269919. This 33-storey residential condominium boasts of world-class amenities and facilities, exclusive to the privileged few. The sky terrace, one of its best features, allows as much as 200 people to enjoy the wonderful view of the city and the lush landscape that surrounds the area.

Solemare Parksuites (Phase I)

Solemare Parksuites (Phase I), completed in February 2012, is a 18-storey twin tower residential condominium within a 6,281 square meter property located at ASEANA Business Park in Paranaque, (near SM Mall of Asia) is covered by TCT No.180308. The Solemare Parksuites is located just off busy Macapagal Boulevard. Inspired by the Venetian Architecture, Solemare Parksuites' elegant interiors and proximity to almost all of the key establishments makes it appealing to its young target market in search of second home.

Two Shopping Center

Two Shopping Center, having been completed, is a commercial center situated in Pasay City containing an area of Six Thousand Five Hundred Thirty Three square meters and 90 square decimeters (6,533.90) covered by TCT Nos. 145526, 145527, 145528, 151248, 151544 and 151545.

Admiral Baysuites

Admiral Baysuites is a 53-storey luxury condominium located in Roxas Blvd. The land area of this project is Two Thousand Three Hundred Eighty-one square meters (2,381) covered by TCT No. 002-2011001508.

Clairemont Hills Parksuites

A parcel of land situated in San Juan City, Metro Manila containing an area of Five Thousand Six Hundred Twenty Seven square meters (5,627) covered by TCT Nos. 012-201100061, 012-2011000642 and 012-2011000643 was developed into an integrated development that features medium-rise condominium and townhouses known as Clairemont Hills Parksuites.

Solemare Parksuites (Phase II)

Solemare Parksuites (Phase II) is completed as at December 31, 2014. This 18-storey twin tower residential condominium is situated in Paranaque City containing an area of Six Thousand Eight Hundred Nine square meters and 50 square decimeters (6,809.5) covered by TCT No. 180889.

Monarch Parksuites

Monarch Parksuites is a four-tower residential condominium located at Aseana Business Park, Tambo, Parañaque City, containing an area of Eighteen Thousand One Hundred Nineteen square meters and 40 square decimeters (18,119.40) covered by TCT Nos. 010-2017002202 and 010-2015000742.

Princeview Parksuites

Princeview Parksuites is located in 434 Quintin Paredes St., Binondo, Manila, with an aggregate area of One Thousand square meters (1,000) covered by TCT No. 226613. Princeview Parksuites will offer practical unit sizes suited to young families as well as businessmen who want to live near their livelihood.

One Soler

One Soler is a 10-storey structure that will offer warehousing facilities in the Divisoria area. It is located in the corner of Soler Street and Reina Regente Streets, Binondo, Manila covered by TCT No. 002-2011001906 with lot area of Five Hundred Seventy Nine square meters and 35 decimeters (579.35).

Admiral Hotel

Directly adjacent to Admiral Baysuites project is Admiral Hotel, consisting of One Thousand Six Hundred Sixty square meters (1,660) and covered by TCT No. 002-2022001710.

Admiral Grandsuites

Admiral Grandsuites is being constructed on three (3) parcels of land located at Ermita, Malate, Manila containing an area of One Thousand Six Hundred Twenty Five square meters and 80 square decimeters (1,625.80) covered by TCT No. 002-2022001711.

Anchor Grandsuites

Anchor Grandsuites is intended to be developed as a luxurious condominium project located at Masangkay St., Binondo, Manila, consisting of Four Thousand Six Hundred Seventy Five square meters and 50 square decimeters (4,675.50) and covered by TCT Nos. 002-2013003154, 002-2013003152, 002-2016000027, 002-2018000797 and 002-2018000798. The Anchor Grandsuites is set to become the tallest edifice in Chinatown.

One Logistics Center

One Logistics Center offers office spaces and warehousing facilities. It is a 15-storey commercial building located in Lot 2A, Taft Avenue Extension, Pasay City, covered by TCT No. 003-2011000139 with lot area of One Thousand One Hundred Sixty Nine square meters and Seventy Nine decimeters (1,169.79).

The Centrium

Situated in Parańaque City, The Centrium has been completed by PPDC on a lot consisting of Nine Thousand Five Hundred Eighty Three square meters (9,583) covered by TCT Nos. 010-2013004248, 010-2013004251, 010-2016004448 and 010-2016004447. It will be dedicated mostly for leasable office and commercial spaces.

202 Peaklane

202 Peaklane is a residential condominium project being developed by APC along C.M. Recto St., Davao City. It will consist of two (2) towers that will have 28 floors each, on four (4) lots consisting of Four Thousand Forty square meters (4,040) and covered by TCT Nos. 146-2017001274, 146-2017001275, 146-2017001276, and 146-2017022355.

Copeton Baysuites

Copeton Baysuites will be another luxury condominium project situated in the heart of Aseana City. PPDC shall be developing four (4) parcels of land covered by TCT Nos. 010-2017001627, 010-2017001628, 010-2017001629 and 010-2017001630, with a total area of Seven Thousand Seven Hundred Nineteen square meters (7,719), located along Belle Avenue corner Macapagal Avenue, Parañaque City.

Cosmo Suites

Cosmo Suites is a project being developed as a residential condominium consisting of single occupancy studio units. GRIC purchased a parcel of land located along P. Celle Street, Pasay City containing an area of Four Thousand Forty Eight square meters and 40 square decimeters (4,048.40) covered by TCT No. 003-2017000468.

8 Alonzo Parksuites

Located at T. Alonzo Street, Binondo, Manila and covered by TCT No. 002-2015002505 with lot area of One Thousand Nine Hundred Forty-Five square meters and Ten decimeters (1,945.10), 8 Alonzo Parksuites is a 49-level residential condominium building to be constructed and developed by APC.

Juan Luna Logistics Center

A parcel of land in Juan Luna St., Tondo, Manila containing an area of One Thousand Six Hundred Seventy Three square meters (1,673) was purchased by GRIC and covered by TCT No. 002-2018002702, to be developed into a warehouse facility for sale to business owners in the heart of Divisoria.

One Financial Center

GRIC purchased a parcel of land situated along Quintin Paredes Street in the City of Manila, presently covered by a TCT No. 002-2018001798, with a total declared area of One Thousand One Hundred One square meters and 90 square decimeters (1,101.90). The property will be developed as a One Financial Center in Binondo, a forty-five (45) storey building, to cater commercial offices.

Cornell Parksuites

GRIC purchased two (2) parcels of land situated along Masangkay Street in the City of Manila, presently covered by TCT Nos. 002-2018001256 and 002-2018001257, with a total declared area of One Thousand One Hundred Seventy Seven square meters and 40 square decimeters (1,177.40). A fifty (50) storey residential condominium will be developed in the land.

One Legacy Parksuites

APC purchased three (3) parcels of land situated along Benavidez street corner Recto Street in the City of Manila, presently covered by TCT Nos. 002-2019000651, 002-2019000652, and 002-2019000653, with a total declared area of Two Thousand Nine Hundred Eighty square meters (2,980). The Group intends to develop a high-rise condominium of sixty-nine (69) storey with roof deck, in the property.

Kanlaon Tower Condominium

PPDC is the registered owner of 64 units in Kanlaon Tower Condominium, all covered by Condominium Certificates of Title, from CCT Nos. 003-2019000436 to 003-2019000499. Last September 2023, PPDC acquired 5 additional units, covered by Condominium Certificates of Titles Nos. 003-2023007297 to 003-2023007301. The condominium units are located along Roxas Boulevard in Pasay City, and are leased to commercial and residential tenants.

The Panorama Manila

ARCI purchased a parcel of land located along Roxas Boulevard, Manila to be developed into a high-rise luxury mixed residential and commercial condominium, a portion of which will become a hotel. The total lot area is Two Thousand Two Hundred Forty square meters and Forty square decimeters (2,240.40).

Land and other property held for future development

APC purchased two (2) contiguous parcels of commercial land located at Lot Nos. 1 and 2, Block 1896, M. De Santos, C. Planas and P. Chavez Streets, Barangay 269 Zone 025, Binondo District (San Nicolas District - per tax declaration), Manila, with a total area of One Thousand Thirty One square meters and Thirty square decimeters (1,031.30), covered by TCT Nos. 002-2017002028 and 002-2017002027 for future projects.

ARCI purchased four (4) lots in Barangay 3, Coron, Palawan, covered by TCT Nos. 065-2017000849, 065-2017000902, 065-2019000055 and 065-2020000307 and Tax Declaration Nos. 09-003-0441 and 09-003-0442. The property is to be developed as a hotel resort.

FRC holds title to four (4) parcels of land located along Soler Street, Binondo, Manila, presently covered by TCT Nos. 138428, 138429, 138430, and 138431, with a total lot area of One Thousand One Hundred Ninety-six square decimeters (1,196.0) to be developed into the Recto Logistics Center.

ARCI purchased a parcel of land in San Vicente, Palawan, with a total lot area of Seven Thousand Four Hundred Sixty Nine square meters (7,469), covered by TCT No. 065-2019001563, to be developed into a resort hotel.

GRIC also owns two parcels of land in Binondo and Tondo with a total lot area of Three Thousand Five Hundred Eighty Eight square meters and Eight square decimeters (3,588.8) to be developed as future residential and commercial projects. These are located at (1) Nueva Street (Yuchengco) with a lot area of Two Thousand Eighty Five square meters and Nine square decimeters (2,085.9) and; (2) Juan Luna (Binondo) with a lot area of One Thousand Five Hundred Two square meters and Nine square decimeters (1,502.9).

PPDC owns parcels of land situated in Pasay City containing an area of One Thousand Six Hundred Seven square meters and 20 square decimeters (1,607.20) covered by TCT Nos. 150541 and 150542, which is to be developed into a commercial building.

OBPPC owns two (2) parcels of land in Binondo, Manila, covered by TCT Nos. 002-2010000708 and 002-2010000711 with a total lot area of Two Thousand Seven Hundred Thirty Four square meters and Seventy square decimeters (2,734.70) for the future development projects.

Finally, ARCI has several properties in Boracay Island located at Barangay Manoc Manoc, Malay, Aklan, totaling Twenty Six Thousand Four Hundred Sixty Five square meters (26,465), which is to be developed as luxury resort.

Properties used as collateral

The Group's properties located in Roxas Boulevard, Pasay, Binondo, Manila, Paranaque and Davao were used as collateral to secure the Group's loans. Under the loan agreements, there are no limitations on the ownership and usage of these properties.

Leased Properties

The Group leases its principal place of business at 15th Floor L.V. Locsin Building, 6752 Ayala Avenue, corner Makati Avenue, Makati City, Philippines, 1228. The leased premise has an area of Eight Hundred Eighty-eight square meters and 74 square decimeters (888.74).

The Group is also currently leasing at 13th, 14th, and 16th Floors L.V. Locsin Building, 6752 Ayala Avenue, corner Makati Avenue, Makati City, Philippines, 1228. All leased premises have an aggregate area of Two Thousand Six Hundred and Sixty-four square meters and 72 square decimeters (2,664.72), including twenty-eight (28) basement parking slots.

APC is currently leasing a showroom in Poblacion, Davao City for its 202 Peaklane project along C.M. Recto Street in Davao City.

Rental Properties

The Group earns rental revenue from logistics and shopping centers, commercial condominium units, office and parking spaces. Rental properties generally provide recurring income to the Group through monthly rentals. The Group's rental income from these properties amounted to ₱1.224.46 million, ₱1,093.09 million and ₱1,067.14 million in 2023, 2022 and 2021, respectively.

Properties for future acquisition

As at December 31, 2023, the Group plans to acquire other properties through a combination of cash available from working capital and loan.

Item 3. Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence of any of the following events during the past five (5) years up to the present which are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self regulatory organization, for violation of a securities or commodities law.

There are no legal proceedings to which the Company or its subsidiaries or any of their properties is involved in or subject to any legal proceedings which would have material and/or adverse effect on the business or financial position of the Company or its subsidiaries.

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

The stockholders' meeting of the Company was held virtually last July 6, 2023 at 10 o'clock in the morning. At the said meeting, the following were presented and approved by the stockholders present representing 76.06% of the outstanding shares entitled to vote:

a. Presentation and approval of the Financial Statements as at December 31, 2022 ;
b. Ratification of acts of the Board of Directors and Officers;
c. Election of the members of the Board of Directors; and
d. Appointment of external auditors;

The following were elected as Directors of the Company for the year 2022-2023, namely: Charles Stewart Lee, Steve Li, Digna Elizabeth L. Ventura, Christine P. Base, Lorna Pangilinan, Avelino M. Guzman, Jr., Violeta Josef, Victoria Villaluz, Edwin Lee, Clinton Steven Lee,Neil Y. Chua and Monina Jane S. Nazal

Other than those matters mentioned above, there are no other matters submitted to a vote by the security holders.

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PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) **Market Information**

(a) The principal market of the Company's shares of stock is the Philippine Stock Exchange. The closing prices of the Company's share for each quarter for the last two fiscal years were as follows:

Year	Quarter	High (in ₱)	Low (in ₱)	Closing Price (in ₱)
2023	First	5.75	5.30	5.30
	Second	7.48	4.52	6.59
	Third	7.14	3.25	5.49
	Fourth	5.98	4.01	4.01
2022	First	6.48	5.30	5.30
	Second	7.89	5.00	6.58
	Third	7.84	5.60	5.60
	Fourth	7.11	4.02	5.89

(b) The closing price of the Company's stocks as of the latest practicable trading dates were as follows:

Year	Month	High (in ₱)	Low (in ₱)	Closing Price (in ₱)
2024	January	7.99	5.50	5.50
	February	6.35	5.20	5.20
	March 31	6.00	5.75	6.00

(2) **Holders**

The number of shareholders as of December 31, 2023 is 92. The top twenty (20) stockholders of the Company as provided by the stock transfer agent's report as at December 31, 2023 were as follows:

Stockholders	**Number of shares**
1. PCD Nominee Corporation (Filipino)	360,408,435
2. Sybase Equity Investments Corporation	202,609,200
3. Steve Li	156,000,000
4. Cindy Mei Ngar Sze	155,999,298
5. PCD Nominee Corporation (Non-Filipino)	118,671,259
6. Rena Obo Alvarez	35,550,000
7. Philip O. Bernardo	8,954,400
8. Harley Tan Sy	1,650,000
9. Matthew Harley Pe Sy	30,500
10. Martin Harley Pe Sy	30,000
11. Samantha Mori Pe Sy	30,000
12. Jan Reiner B. Uy	15,000
13. Maria Charito B. Uy	15,000
14. Regina Capital Dev't Corp	13,000
15. Ma. Christmas R. Nolasco	10,200
16. Robert S. Chua	6,000
17. Edwin Lee	3,000
18. Avelino M. Guzman, Jr.	1,000
19. Violeta J. Josef	1,000
20. Ma. Victoria A. Villaluz	1,000
TOTAL	1,039,998,292

(3) **Dividends**

Cash Dividends

On March 25, 2024, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.04 per issued and outstanding common share.

The record date is June 6, 2024 and the payment date for dividend amounting to ₱69.33 million is on July 3, 2024.

On May 3, 2023, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.03 per issued and outstanding common share.

The record date is June 11, 2023 and dividends amounting to ₱58.93 million were paid on June 16, 2023.

On April 21, 2022, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is June 17, 2022 and dividends amounting to ₱48.53 million were paid on June 28, 2022.

On April 7, 2021, Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.02 per issued and outstanding common share.

The record date is May 27, 2021 and dividends amounting to ₱48.53 million were paid on June 17, 2021.

The Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

(4) **Recent Sales of Unregistered Securities**

As at reporting date, no sales of unregistered securities or shares of the Company were sold except during the date of listing with the Philippine Stock Exchange.

Item 6. Management's Discussion and Analysis

Financial Statements

<u>Basis of Preparation</u>
The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency and presentation currency under Philippine Financial Reporting Standards (PFRS). All amounts are rounded to the nearest peso, except when otherwise indicated.

<u>Statement of Compliance</u>
The accompanying consolidated financial statements, are prepared in accordance with PFRS, as modified by the application of the following reporting reliefs issued and approved by the Philippine SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic:

a) Deferral of the application of PIC Q&A No. 2018-12, *accounting for significant financing component and the exclusion of land in the calculation of percentage of completion*; and
b) Deferral of the application of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost*.

SEC Memorandum Circular No. 34-2020 further allowed the deferral of application of these accounting pronouncements for another three years, or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations in the notes to the consolidated financial statements.

PFRSs include PFRS, PAS and Interpretations issued by the PIC.

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

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

The following management's discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the Group's audited financial statements, including the related notes, contained in this report. This report contains forward-looking statements that involve risks and uncertainties. The Group cautions investors that its business and financial performance is subject to substantive risks and uncertainties.

Results of Operations Jan-Dec 31, 2023 vs. Jan-Dec 31, 2022

The Group's consolidated net income for the year ended December 31, 2023, marked a substantial increase, reaching ₱620.88 million. This represents an increase of 20% compared to the preceding year's consolidated net income of ₱515.93 million.

This growth was due to the 18% increase in revenue from real estate sales, totaling ₱3.20 billion, ₱486.16 million higher than the preceding year. This increase can be attributed to the successful launch of new projects and higher construction accomplishments.

Real estate sales for the period were primarily derived from the Group's ongoing projects, including Cornell Parksuites, 8 Alonzo Parksuites, 202 Peaklane, Copeton Baysuites, Anchor Grandsuites, One Legacy Grandsuites, and One Financial Center. The One Legacy Grandsuites represents the Group's largest residential development project, while One Financial Center marks its first premium corporate building project for sale.

Furthermore, the completion of the Juan Luna Logistics Center project facilitated turnover to buyers during the year, while turnover of units for Anchor Grandsuites is currently underway. Another nearing completion project, Cosmo Suites, is anticipated to contribute substantial future revenue in the coming years, further solidifying the Group's revenue outlook.

In addition to real estate sales, the Group recorded a 12% or ₱131.37 million increase in revenue from rental operations. Enhanced occupancy levels in commercial units of Monarch Parksuites and Solemare Parksuites, along with increased occupancy in residential units of Kanlaon Tower and office units in The Centrium, drove this upward trajectory.

Moreover, marking its second year of operation, hotel operations contributed ₱291.93 million to the revenue stream in 2023. The Admiral Hotel, a five-star luxury boutique hotel project, commenced its operations in the third quarter of 2022.

Despite the positive results of the operations, the Group recorded an increase in finance costs, totaling ₱132.82 million attributed to the ceased capitalization of borrowing costs of the recently completed projects. Consequently higher interest expense were recognized during the year.

In summary, the Group's operational performance across its segments resulted in a remarkable increase in consolidated net income.

Financial Condition (December 31, 2023 vs. December 31, 2022)

As at December 31, 2023, the Group’s total assets reached ₱39.48 billion, reflecting an increase of ₱347.87 million. This increase was primarily brought by total capital expenditures of ₱6.25 billion during the year. However, recognition of cost of sales, depreciation and the impact of subsidiaries deconsolidation partially lessen the asset growth. Total assets deconsolidated in the Group’s financial statements totaled ₱3.81 billion, including investment properties valued at ₱3.22 billion.

Conversely, the Group's total liabilities decreased by ₱232.39 million. This downward movement was mainly driven by deconsolidated liabilities totaling ₱3.88 billion. Further, the Group settled matured long term loans during the year leading to a decrease of ₱1.28 billion in current portion of loans payable. These transactions collectively resulted in a decrease by ₱3.34 billion in current liabilities. As a result, there was an overall decrease in current liabilities amounting to ₱3.26 billion, leading to an enhanced current ratio. As at December 31, 2023, the current ratio stood at 1.70, marking an improvement from the previous yearend ratio of 1.19, recorded as at December 31, 2022.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the year ended December 31, 2023, net of dividends declared.
- Non-controlling interests - decrease due to deconsolidation of subsidiaries.

Results of Operations Jan-Dec 31, 2022 vs. Jan-Dec 31, 2021

The Group’s operational performance for the year ended December 31, 2022 resulted to an increase of 23% in its consolidated net income and 21% in its earnings per share with the reported amounts of ₱515.93 million and ₱0.47 per share, respectively, compared to ₱419.23 million and ₱0.39 per share in the prior year.

Revenues from real estate sales and rental remained steady in 2022. Real estate sales was mainly generated from 202 Peaklane, Cornell Parksuites, Copeton Baysuites, 8 Alonzo Parksuites, Anchor Grandsuites and Juan Luna Logistics, which totaled to ₱2,717.70 million. While rental income of ₱1,093.09 million was earned mainly from The Centrium, Two Shopping Center and other completed commercial facilities. The real estate sales and rental income of the Group contributed 61% and 24%, respectively, to the Group’s consolidated revenues that totaled ₱4,480.03 million in 2022.

Aside from the abovementioned projects, three other projects are expected to contribute to the future revenue of the Group. These are One Legacy Grandsuites, One Financial Center and Cosmo Suites. One Legacy Grandsuites is the Group’s biggest residential development project and One Financial Center is the first premium corporate building project for sale of the Group. These two are in their early stage of construction. The Cosmo Suites, an ongoing development project which was initially intended as a co-living development facility, will be offered for residential sale in 2023.

Lastly, the operation of the Group’s hotel has commenced in the third quarter of 2022 through the Admiral Hotel – a five star luxury boutique hotel project of the Group. The hotel had its soft opening on July 1, 2022 and contributed ₱79.78 million to the revenue of the Group for a period of 6 months.

Financial Condition 2022 - 2021

The Group reported a growth of ₱1,856.27 million the total assets from the reported amount of ₱37,274.33 million as at December 31, 2021 to ₱39,130.61 million as at December 31, 2022. This was mainly brought the capital expenditure of ₱6,068.01 million which was incurred from development and construction activities of the Group during the year.

While development and construction activities of the Group caused an increase in the total assets, the receivables (including noncurrent portion) have decreased by ₱1,443.80 million or 38% as at December 31, 2022. This decrease was the result of continuous collections of installment contract receivables from revenues that were already recognized.

Total liabilities increased by ₱1,369.84 million mainly due to the increase in accounts and other payables of ₱1,508.84 million, net of decrease in loans payable of ₱464.65 million. Further, the current liabilities increased by ₱4,885.03 million due to the currently maturing long-term loans of ₱6,357.11 million and the increase in accounts and other payables. The increase in the current liabilities resulted to a lower current ratio from 1.19:1, compared to the ratio 1.58:1 in the prior year. Despite the increase the lower current ratio, the Group expects that it will be able to refinance the currently maturing long-term obligations when they mature.

The movements in equity accounts follow:

- Retained earnings – increase was brought by the net income for the year ended December 31, 2022, net of dividends declared.
- Non-controlling interests – increased by ₱3.14 million due to the derecognition of negative non-controlling interest from one of the non-operating subsidiaries.

Results of Operations Jan-Dec 31, 2021 vs. Jan-Dec 31, 2020

The Group generated a total of ₱419.23 million consolidated net income for the year ended December 31, 2021, 19% higher than the consolidated net income recognized in the prior year of ₱351.39 million.

The Group's total consolidated revenues grew by 12% or ₱475.72 million. This was brought mainly by the increase in real estate sales of about ₱642.69 million due to the higher construction accomplishments of the ongoing inventory projects in 2021. Revenue from real estate sales was still the biggest contributor which accounted 63% of the total revenue.

The Group's rental operation remained stable with a slight increase of 4% from the prior year and 24% contribution to the total revenue in 2021.

The Group also has new inventory projects lined up around Manila's Chinatown, One Legacy Grandsuites (with a license to sell issued in January 2022) and One Financial Center. For recurring income projects, The Centrium and Admiral Hotel are expected to be fully completed and operational in 2022, while Cosmo Suites is expected to be completed in 2 years. These projects would contribute to the future revenue sources of the Group.

Financial Condition 2021 - 2020

The Group reported total assets of ₱37.27 billion at a consolidated level as at December 31, 2021, ₱1.64 billion higher than the reported total assets in the prior year. This increase was attributed to the increase in real estate for development and sale, property and equipment and investment properties with a total amount of ₱2.86 billion.

In 2021, the Group incurred total construction and development costs of ₱3.45 billion for real estate for development and sale, higher than the costs incurred in the prior year of ₱2.66 billion. These costs were incurred mainly from the construction of Cornell Parksuites, 202 Peaklane, Copeton Baysuites, 8 Alonzo Parksuites, Juan Luna Logistics, Anchor Grandsuites and Admiral Grandsuites.

The construction and development costs incurred for Admiral Hotel, Centrium, Cosmo Suites and Central Link (the Public-Private Partnership (PPP) project with the local government of Paranaque City) were the main contributors to the increase in property and equipment and investment properties of the Group.

On the other hand, the continuous collections from installment contracts receivable and rental receivables caused the Group's receivables (including noncurrent portion) to decrease by ₱1.48 billion.

Total liabilities of the Group also increased by 5% or ₱1.26 billion. The increase was mainly from the loans availed during the period to finance the Group's construction and development activities, liabilities to the contractors. The Group were also able to refinance ₱1.8 billion of its short-term loan obligation to long-term in the first half of 2021 that resulted to decrease in the current liabilities.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the year ended December 31, 2021, net of dividends declared during the period.
- Non-controlling interests - decrease due to net loss attributable to the non-controlling interests and the deconsolidation of one of the non-operating subsidiaries with minority interest.

Key performance indicators are listed below:

	2023	**2022**	**2021**
Liquidity Ratio			
(1) Current Ratio	1.70 : 1	1.19 : 1	1.58 : 1
(2) Debt to Equity Ratio	3.05 : 1	3.27 : 1	3.29 : 1
(3) Asset-to-Equity Ratio	4.05 : 1	4.27 : 1	4.29 : 1
(4) Income before Tax, Interest, Depreciation and Amortization	₱2,487.17 million	₱1,813.43 million	₱1,493.62 million
(5) Interest coverage ratio	1.81	1.47	1.19
(6) Return on Revenue	12%	12%	10%
(7) Return on Equity	6%	6%	5%
(8) Basic Earnings per Share	₱0.57	₱0.47	₱0.39

(1) Current Assets / Current Liabilities
(2) Total Liabilities / Total Stockholders' Equity
(3) Total Assets / Total Stockholders' Equity
(4) Income before Tax , Interest, Depreciation and Amortization
(5) Income before Tax, Interest, Depreciation and Amortization / Interest Expense
(6) Net Income attributable to equity holders / Total Revenue
(7) Net Income attributable to equity holders / Total Stockholders' Equity
(8) Net Income attributable to equity holders –Preferred Shares Dividends / Outstanding Shares

These key indicators were chosen in order to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and ability to maximize the value of its stockholders' investment in the Group (Basic Earnings per Share, Income before Interest, Taxes, Depreciation and Amortization and Return on Equity).

The Group will continue to identify potential sites for development and pursue expansion activities by establishing landmark developments in the high rise residential luxury condominium and investment properties. The Group intends to implement this by putting up the required resources needed for the development of its existing and future projects.

Review of December 31, 2023 as compared with December 31, 2022

Material Changes to the Consolidated Statements of Comprehensive Income for the Year Ended December 31, 2023 compared with the Year Ended December 31, 2022 (Increase/Decrease of 5% or more)

Real estate sales increased significantly by 18% or ₱486.16 million. This is mainly attributed to the sales recognized from the newly launched One Legacy Grandsuites and One Financial Center as well as higher revenue recognition from ongoing projects construction accomplishments.

Rental income saw an increase of 12% or ₱131.37 million as a result of increased occupancy from the completed investment properties.

The Group started the operation of Admiral Hotel and had its soft opening on July 1, 2022. Revenue and cost of hotel operation amounted to ₱291.93 million and ₱207.31 million, respectively, for the year ended December 31, 2023.

Management fees increased by 23% or ₱8.15 million as a result of increase in billing rates due to escalation, increase in personnel cost billings, and additional property management contract with Juan Luna Logistics Center.

Interest and other income decreased by 7% or ₱41.36 million due to the nonrecurring income recognized in the prior year.

Cost of real estate sales increased by 8% or ₱185.18 million as brought by the increase in sales during the period. Cost of real estate sales includes actual construction costs incurred during the period and other indirect costs such as cost of borrowings capitalized as real estate inventories.

Selling and administrative expenses increased by 14% or ₱184.64 million due to operations of Admiral Hotel and The Centrium.

Finance cost increased by 114% or ₱132.82 million due to the cessation of borrowing costs capitalization for the recently completed projects.

Provision for income tax increased by 37% or ₱63.16 million due to higher net income before tax recognized during the year.

Income before tax and net income increased by 24% and 20%, or ₱168.11 million and ₱104.95 million, respectively, as a result of higher real estate sales and rental income.

Material Changes to the Balance Sheet as at December 31, 2023 compared to December 31, 2022 (Increase/Decrease of 5% or more)

Receivables (including noncurrent portion) increased by ₱837.33 million primarily due to recognition of note receivable owed to ALHI by GPVI and additional sales recorded during the period, net of collections from buyers.

Real estate for development and sale increased by 17% or ₱2.07 billion as a result of project development costs incurred that amounted ₱4.64 billion, net of recognized cost of sales and transferred costs of ₱2.57 billion.

Property and equipment increased by 5% or ₱181.25 million due to the right-of-use asset recognized during the period as a result of renewal of leased floors in the head office and additions to hotel property.

Other assets (including noncurrent portion), investment properties, deferred tax assets, accounts and other payables (including noncurrent portion), and lease liabilities (including noncurrent portion) decreased by 13% or ₱424.88 million, 13% or ₱2,168.54 million, 9% or ₱18.94 million, 25% or ₱1,402.14 million, and 55% or ₱186.52 million, respectively, as a result of deconsolidation of subsidiaries.

The increase in income tax payable of 56% or ₱79.78 million was due to higher taxable income recognized during the year.

Customers' advances and deposits decreased by 14% or ₱471.10 million due to revenue recognition of the advances received from customers in the prior years.

Pension liabilities increased by 32% or ₱20.61 million due to the accrual of pension costs for the period ended.

Review of December 31, 2022 as compared with December 31, 2021

Material Changes to the Balance Sheet as at December 31, 2022
Compared to December 31, 2021 (Increase/Decrease of 5% or more)

Receivables (including noncurrent portion) decreased by 38% or ₱1,443.80 million due to the decrease in installment contracts receivable as a result of collections from the buyers.

Real estate for development and sale increased by 35% or ₱3,104.03 million mainly due to the reclassification of the capitalized development costs incurred for Cosmo Suites. This project was initially recorded as an investment property but subsequently reclassified to real estate for development and sale in line with the change in intention to sell the property as a residential project.

Property and equipment increased by 19% or ₱571.84 million due to the construction costs capitalized from the Admiral Hotel and the right-of-use asset recognized for the lease of additional floors in Head Office.

Deferred tax assets increased by 54% or ₱71.02 million as a result of recognition of deferred tax on the Group's additional lease liability and NOLCO.

Other assets (including noncurrent portion) decreased by 6% or ₱219.05 million mainly due to the decrease in the total advances to contractors from the recoupments made on the progress billings.

Accounts and other payables (including noncurrent portion) increased by 36% or ₱1,508.84 million as brought by the the advances received from the minority shareholder of Frontier Harbor Property Development Inc., for the project development.

Income tax payable increased by 65% or ₱55.94 million due to the higher taxable income recognized for the year ended December 31, 2022.

Lease liabilities (including noncurrent portion) increased by 21% or ₱59.76 million mainly from additional leased floors in Head Office.

Pension liabilities decreased by 13% or ₱9.78 million as a result of actuarial gains recognized directly to other comprehensive income.

Deferred tax liabilities increased by 57% or ₱126.64 million mainly due to the decrease in deferred taxes related to differences between tax and book basis of accounting fore real estate transactions and unamortized discount on installment contracts receivable.

Non-controlling interest increased by 11% or ₱2.73 million due to derecognition of negative equity amount in non-controlling interest pertaining to one of the subsidiaries.

Retained earnings increased by 7% or ₱465.57 million as a result of the net income recognized during the year, net of the dividends declared.

Material Changes to the Statements of Income for the Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021 (Increase/Decrease of 5% or more)

The Group started the operation of the Admiral Hotel and had its soft opening on July 1, 2022. Revenue and cost of hotel operation amounted to ₱79.78 million and ₱81.62 million, respectively, from the 6-month operation.

Interest and other income went up by 10% or ₱49.19 million due to the earnings from service fees, forfeited collections, interest and penalty charges to the buyers and tenants.

Cost of real estate sales decreased by 11% or ₱286.90 million due to cost efficiency achieved through periodic review and enhanced cost control and monitoring.

Selling and administrative expenses increased by 6% or ₱75.16 million due to the higher in real estate property taxes paid during the year, depreciation of Centrium and Admiral hotel and increase in administrative expenses from the operation of hotel.

Finance cost increased by 139% or ₱67.87 million due to the cessation of borrowing capitalization for the Centrium and Admiral Hotel.

Provision for income tax increased by 70% or ₱71.01 million due to higher income recorded in 2022. The effect of adjustments in relation to the implementation of Corporate Recovery and Tax Incentives for Enterprices Act (CREATE) was also recorded and resulted to a lower income tax expense in the prior year.

Income before income tax and net income increased by 32% and 23% or ₱167.72 million and ₱96.71 million, respectively, as a result of the above-mentioned transactions.

Review of December 31, 2021 as compared with December 31, 2020

Material Changes to the Balance Sheet as at December 31, 2021 Compared to December 31, 2020 (Increase/Decrease of 5% or more)

Cash and cash equivalents decreased by ₱108.04 million or 8% as a result of settlement of the Group's loan payables and payment to contractors for the ongoing projects.

Receivables (including noncurrent portion) decreased by ₱1,482.57 million or 28% mainly due to the collections from installment contracts receivable and rental receivables.

The increase in real estate for development and sale amounting ₱965.35 million was mainly due to the construction and development costs incurred for the Group's ongoing inventory projects which are Cornell Parksuites, 202 Peaklane, Copeton Baysuites, 8 Alonzo Parksuites, Juan Luna Logistics, Anchor Grandsuites and Admiral Grandsuites. In 2021, the Group also reclassified land intended to be developed for future sale, amounting to ₱111.58 million, from investment properties to real estate for development and sale which also contributed to the increase.

Other assets (including noncurrent portion) went up by 10% or ₱325.57 million mainly due to the increase in advances to contractors related to the ongoing construction projects and increase in prepaid taxes such as input VAT and creditable withholding tax.

Property and equipment increased by 10% due to the total additions of ₱327.44 million of which ₱301.68 million was attributed to the construction of Admiral Hotel. Depreciation for property and equipment amounted to ₱67.09 million.

The increase in investment properties of 11% or ₱1,636.14 million was mainly due to the result of construction and development of The Centrum, Cosmo Suites and Central Link. Total construction and development costs incurred for investment properties in 2021 amounted to ₱2,080.80 million. This cost includes acquired land amounting to ₱99.16 million.

Deferred tax assets increased by 53% or ₱46.02 million mainly due to the increase in deferred tax assets recognized related to the lease transactions and deferred tax assets of subsidiaries that incurred NOLCO during the year.

Accounts and other payables increased by 7% or ₱289.63 million mainly due to the increase in payables to the contractors and suppliers in relation the ongoing construction projects of the Group.

Income tax payable decreased by 10% or ₱9.59 million due to the lower income tax rate due to the effect of Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) law.

Loans payable (including noncurrent portion) increased by 6% or ₱1,120.47 million due to the availments during the year to finance the Group's ongoing construction projects.

Customers' deposits and advances decreased by 5% or ₱178.12 million due to the deposits recognized as revenue during the year.

Lease liabilities (including noncurrent portion) decreased by 12% or ₱38.68 million due to payments made during the year.

Deferred tax liabilities increased by 50% or ₱74.76 million mainly due to the effect of deferred taxes recognized in relation to unamortized discount on installment contracts receivable.

The increase of 39% or ₱14.85 million in the other comprehensive income was attributed to the actuarial gains recognized as a result of remeasurement of pension liabilities as of year end, net of tax effect.

Non-controlling interests account decreased by ₱15.11 million due to net loss attributable to non-wholly owned subsidiaries and the deconsolidation of one of the non-operating subsidiaries with minority interest.

Material Changes to the Statements of Income for the Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020 (Increase/Decrease of 5% or more)

Real estate sales increased by 30% or ₱642.69 million mainly due to higher construction accomplishment during the year.

Management fee income increased 8% or ₱2.40 million mainly due to the increased rates from escalation in 2021.

Interest and other income decreased by 30% or ₱214.05 million mainly due to the lower interest income from amortization of installment contracts receivable and nonrecurring gain on forfeitures recognized in 2020 from pre-terminated lease contracts.

The cost of real estate sales increased by 16% or ₱350.94 million brought by the increase in real estate sales. Cost of real estate sales includes actual construction costs incurred during the period and other direct costs such as cost of borrowings capitalized as real estate inventories.

The increase in selling and administrative expenses of 11% or ₱117.95 million was attributed mainly to the loss recognized for the commercial building demolished for the new project intended to be built in the same location. Increase in sales and marketing and utilities expense because of the increase in volume of operations also contributed to the increase during the year.

Finance cost decreased by ₱4.43 million on account of lower interest expense recognized from loans payable.

Provision for income tax decreased by 36% due to the lower corporate income tax rate and the effect of adjustments from the prior year in relation to the implementation of CREATE.

Income before tax and net income increased by 2% and 19%, or ₱11.25 million and ₱67.84 million, respectively, as a result of the above-mentioned transactions.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the new and amended PFRS which were adopted beginning January 1, 2023.

The summary of changes in accounting policies and disclosures are discussed in the notes to the consolidated financial statements.

Other Disclosures

Other than those already disclosed in the consolidated financial statements, there were no material events or uncertainties known to management as at December 31, 2023, in respect of the following:

- Any known trends, demands, commitments, events or uncertainties that are reasonably expected to have a material effect on liquidity. The Group does not anticipate having within the next 12 months any liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases or other indebtedness or financing agreement.

- Events that will trigger material financial obligation to the Group.

- Material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

- Known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales/revenue/income from continuing operations.

- Significant elements of income or loss that did not arise from the Group's continuing operations.

- Seasonal aspects that had material effect on the financial condition or result of operations.

Item 7. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A as Annex “A”.

INFORMATION ON INDEPENDENT ACCOUNTANT

(1) EXTERNAL AUDIT FEES AND SERVICES

The aggregate fees for each of the last three (3) years for professional services rendered by the Group’s external auditors:

	2023	2022	2021
Audit Fees	₱3,870,000	₱3,650,250	₱3,305,252
Tax fees	–	–	–
Other Fees	–	–	700,000
Total	₱3,870,000	₱3,650,250	₱4,005,252

(a) Audit and audit related fees for the Group was for expressing an opinion on the financial statements and review of the annual income tax return.
(b) There are no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant’s financial statements.
(c) There were no tax fees paid for the years 2023, 2022 and 2021.
(d) Other fees in 2021 pertain to advisory services rendered. There were no other fees paid to the external auditors for the years 2023 and 2022.
(e) Audit committee’s approval policies and procedures for the above services – the committee will evaluate the proposals from known external audit firms. The review will focus on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinable.

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

There were no changes in and disagreements with accountants on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(1) **Directors, Executive Officers, Promoters and Control persons**

The incumbent directors and executive officers of the Company are as follows:

Office	Name	Age	Year of Assumption of Office	No. of Years/Month
Director and Chairman of the Board of Directors	Charles Stewart Lee	34	2014/2020	10 years/ 4 years
Director, Vice-Chairman and Chief Executive Officer	Steve Li	54	2007/2013	17 years/11 years
Director	Avelino M. Guzman, Jr.	50	2015	9 years
Director and President	Digna Elizabeth L. Ventura	51	2011	13 years
Independent Director	Lorna Pangilinan	68	2018	6 years
Director and Corporate Secretary	Christine P. Base	53	2007	17 years
Director	Clinton Steven Lee	31	2020	4 years
Independent Director	Violeta Josef	77	2015	9 years
Independent Director	Ma. Victoria Villaluz	70	2015	9 years
Director, Treasurer, and Chief Finance Officer	Neil Y. Chua	53	2013/2009	11 years/15 years
Director	Monina Jane S. Nazal	45	2023	1 year
AVP for Engineering	Honorio A. Alvarez, Jr.	55	2017	7 years
AVP for Procurement	Benjamin C. Abordo	55	2022	2 years
Officer-in-Charge for Corporate Affairs Department	Donald G. Delegencia	47	2023	3 months
Internal Audit Manager	Ma. Cristina C. Goze	38	2023	7 months

Directors

CHARLES STEWART LEE, British, 34 years old, is incumbent Chairman of the Board of Directors of Anchor Land Holdings, Inc. He is currently the Director of Pacific Apex Food Ventures, Inc. Mr. Lee studied at the University of Southern California, Los Angeles, California, USA where he obtained his Business of Arts Degree in Social Science with emphasis in Economics.

STEVE LI, Hong Kong SAR National, 54 years old, is the Vice-Chairman and Chief Executive Officer of Anchor Land Holdings, Inc. since 2007 and 2013, respectively. Mr. Li graduated from York University, Toronto, Canada with a Bachelor's Degree in Business Administration major in Finance and Accounting.

AVELINO M. GUZMAN, JR., Filipino, 50 years old, was elected as Director of the Company. He is the Managing Partner of A.M. Guzman, Jr. and Associates Law Office, and of Golden Ace Credit Solutions Company, Ltd. He also serves as the President and Chairman of the Board of Whidbey Holdings Corporation and as the Corporate Secretary of Santino Metal Industries, Inc., Merckammed Concepts, Inc., IdeashipPhils. Holdings, Inc., LTC Group of Companies, VS Marketing Corporation, Anchor Land Global Corporation and Akuna (Philippines) Inc. He was previously a Senior Associate Lawyer at Saulog & De Leon Law Offices from January 1999-December 2009. Mr. Guzman, Jr. obtained his Bachelor of Arts major in Economics and his Bachelor of Laws from San Beda College. He became a Member of the Integrated Bar of the Philippines in 1999.

DIGNA ELIZABETH L. VENTURA, Filipino, 51 years old, is the President of Anchor Land Holdings, Inc. since August 15, 2011. From July 2005, she served as the Asst. Vice President for Sales & Marketing and in 2009, she was promoted as the Vice President for Sales & Marketing of the Company. Prior to joining the Company, she was the Sales Director of Filinvest, Inc., Sales and Marketing Manager of the Waterfront Hotel and Megaworld Properties and Holdings, Inc. Ms. Ventura earned her Bachelor of Science Degree in Hotel and Restaurant Management from the University of Santo Tomas.

LORNA PANGILINAN, Filipino, 68 years old, is an Independent Director of the Company. Currently, she does consultancy engagements with various companies. Her clients includes Fraport AG, Macroasia Corporation, Sublic Leisure Inc., Zuellig, MRT-4 (Bouygues), Asia's Emerging Dragon Corporation, Metropolitan Medical Center, and Ever-Gotesco Group of Companies. She held several executive positions from 1977 to 2010. She also served as director and committee member to different private and financial institutions such as Savers Dome Inc., Tong Yang Savings Bank, Chamber of Thrift Banks, Capwire and Pocketbell, Republic Telecommunications Holdings, Inc., AG Finance Inc., DBP Management Corporation, DBP Data Center, Inc. and DBP Provident Fund Committee and DBP-Institutional Banking Group Credit Committee. She also earned her bachelor's degree in Economics at the University of the Philippines Diliman and a MA candidate in Economics at Ateneo de Manila University.

CHRISTINE P. BASE, Filipino, 53 years old is the Corporate Secretary and a member of the Audit committee of the Anchor Land Holdings, Inc. since April 10, 2007. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is the Corporate Secretary of SBS Philippines Corporation, Italpinas Development Corporation, Araneta Properties, Inc., SL Agritech Corporaiton, Asiasec Equities, Inc. and Ever-Gotesco Resources and Holdings, Inc. She was the Compliance Officer of Bloomberry Resorts Corporation. She is a director and/or corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a degree of Bachelor of Science in Commerce major in Accounting.

CLINTON STEVEN LEE, British, 31 years old, has been working for Anchor Land Holdings, Inc. since 2016 under the Office of the Chairman. He heads the Business Development Group as well as the Market Research Group. Mr. Lee graduated from the University of California, Los Angeles, California USA where he obtained his degree of Bachelor of Arts Degree in Sociology.

VIOLETA J. JOSEF, Filipino, 77 years old, was elected as Independent Director of the Company. She completed her Bachelor in Business Administration from the University of East. She is a Certified Public Accountant and received her Masters Degree in Business Administration-Top Executive Program from the Pamantasan ng Lungsod ng Maynila where she is now a part-time Lecturer in PLM's Graduate School of Business. She also completed her General Management Executive Program at the National University of Singapore, Faculty of Business Administration in 1992. She held various executive positions such as Senior Vice-President, Treasurer, Controller and Director at the Multinational Group of Companies from 1972-2014. She started her career in public practice in SGV and Co. immediately after completing her Bachelor's Degree. Ms. Josef was also a former board member of the Professional Regulatory Board of Accountancy, for years 1995 to 1998. She has held several positions in various professional and civic organizations, such as Past National President of the Philippine Institute of Certified Public Accountants in 2013-2014, Deputy Vice-President of the Philippine Federation of Professional Associations in 2014-2016, life-time member of the Philippine Association of Professional Regulatory Board Members since 1995, Past President of the Association of CPAs in Commerce and Industry in 1986 and a former member of the Auditing Standards and Practices Council. As PICPA President, she was a board and council member of various international accountancy organizations, such as the Asean Federation of Accountants (AFA), the Confederation of Asian and Pacific Accountants (CAPA) and the International Federation of Accountants (IFAC).

MA. VICTORIA A. VILLALUZ, Filipino, 70 years old, is the Lead Independent Director of the Company. She is a Member of the Integrated Bar of the Philippines, the UP Women Lawyers' Circle and the Tax Management Association of the Philippines where she also served as President in 2010. She previously worked with Sycip, Gorres, Velayo & Co. from 1980 until her retirement in 2014 as a Partner in the Tax Services Group where she provided, among others, tax advisory and tax planning, as well as quality and risk management, services to clients from various industries such as utilities (power, water, oil and gas), telecommunications, entertainment, engineering and construction, real estate, hotel, transportation, trading and manufacturing. Ms. Villaluz is an accredited lecturer in the Mandatory Continuing Legal Education (MCLE) prescribed by the Supreme Court for lawyers; she was also the tax training director for the Arthur Anderson New Tax Seniors' Training Seminar in Penang Malaysia until 2001 and was a lecturer in the Arthur Andersen New Manager's training seminars in St. Charles, Illinois. Ms. Villaluz obtained her Bachelor of Arts in Philosophy and her Bachelor of Laws from the University of the Philippines.

NEIL Y. CHUA, Filipino, 53 years old, is the Director and Chief Finance Officer of Anchor Land Holdings, Inc. since 2013 and 2009, respectively. Neil Y. Chua has worked with various accounting firms before joining Anchor Land Holdings, Inc. He was a senior manager at KPMG, Auckland, New Zealand from March 2008 to May 2009; Purwantono, Sarwoko & Sandjaja / Ernst & Young, Indonesia from October 2002 to February 2008. He was also an Andersen Worldwide Manager of Prasetio, Utomo & Co/Andersen, Indonesia and a supervisor at SGV & Co./Arthur Andersen, Philippines from November 1991 to September 1996. Mr. Chua obtained his Bachelor of Accountancy from the University of San Carlos Cebu City. He is also a Certified Public Accountant and a member Philippine Institute of Certified Public Accountant since 1992.

MONINA JANE S. NAZAL, Filipino, 45 years old, served as the Assistant Vice President for Legal Governance and Corporate Social Services of Clark International Airport. She earned her Bachelor's Degree in Law at the Arellano University School of Law, and Bachelor of Arts Major in Political Science at the De La Salle University. She is currently a Senior Associate at Pacis and Reyes, Attorneys. She was a director of Italpinas Development Corporation from 2020 to 2021. She is also a director and/or corporate secretary for several private corporations.

Key Officers

The members of the management team aside from those mentioned above are as follows:

HONORIO A. ALVAREZ, JR., Filipino, 55 years old, is the Assistant Vice-President for Engineering. He was formerly the General Manager and Vice President of DD Happy Homes Residential Centers, Inc., a subsidiary of Double Dragon Properties, from June 2015 to January 2017. He also served as the Senior Assistant Vice President-Project Management Head, High Rise Division/Special Projects of Eton Properties Philippines, Inc. from March 2011 to March 2015. He graduated from the University of Santo Tomas with a Bachelor of Science in Civil Engineering in 1989.

BENJAMIN C. ABORDO, Filipino, 55 years old, is ther AVP for Procument of Anchor Land Holdings, Inc. He is a former member of Philippine Institute of Supply Management. He worked as AVP Procurement at Raemulan Lance Inc., Supply Chain Manager of ProliftGroup of Companies, Procurement Manage of Aboitiz Transport System and as Procurement Manager at Sidem, UAE. He graduated from University of the East.

DONALD G. DELEGENCIA, Filipino, 47 years old, is the Senior Manager for Legal Affairs of Anchor Land Holdings, Inc. (ALHI) and the AML Compliance Officer of ALHI and all of its subsidiaries.Atty. Delegencia is currently the Officer in Charge of ALHI's Corporate Affairs Department. Prior to joining ALHI, he served as the City Legal Officer of Cagayan de Oro from January 2013 to January 2018. He was likewise a former Senior Associate in the law firm of Agcaoili & Associates and the Lim and Ocampo Law Offices. At present he is a Senior Partner (on leave) in the Mateo G. Delegencia(+) Law Office and Associates. Mr. Delegencia obtained his Bachelor's degree in Business Management from Xavier University – Ateneo de Cagayan in 1999. He thereafter obtained his Bachelor of Laws degree in San Beda University in 2004. He was admitted to the Philippine Bar in 2005.

MA. CRISTINA C. GOZE, Filipino, 38 years old, is the Internal Audit Manager of Anchor Land Holdings, Inc. She assumed office last August 10, 2023. She is a Certified Public Accountant. She has formerly worked with Ayala Property Management Corporation as an Audit Manager. She was also a former Accounting Manager for Megaworld Corporation. And prior to joining ALHI, she worked with SM Prime Holdings Inc. as Senior Internal Audit Manager. She graduated from the Pamantasan ng Lungsod ng Maynila with a Bachelor of Science in Accountancy in 2007.

(2) **Significant Employees**

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the success of the Company.

(3) **Family Relationships**

Aside from Mr. Charles Stewart Lee and Mr. Clinton Steven Lee, there are no family relationship, either by affinity or consanguinity up to the fourth civil degree among the directors, executive officers and persons nominated and chosen by the Company to become directors and executive officers.

(4) **Involvement in Certain Legal Proceedings**

The Company is not aware of any bankruptcy petition of any civil or criminal legal proceedings filed against any one of its directors or executive officer during the past five (5) years. Also, there are no material legal proceedings to which the Company or its subsidiary or any of their properties are involved in or subject to any legal proceedings which would have material effect adverse on the business or financial position of the Company or its subsidiaries.

As at December 31, 2023, the Group is not involved in any litigation it considers material. However, the Group’s directors and officers were not spared from having their names dragged in legal disputes instituted by disgruntled persons with whom they transacted with. For the past five (5) years, the Group’s directors and officers were wrongfully impleaded in several labor cases which were accordingly dismissed by the concerned tribunals where they were filed.

Item 10. Executive Compensation

(1) **Compensation Table**

Information as to the aggregate compensation during the last three (3) fiscal years paid to the Company's officers and other most highly compensated executive officers as a group is as follows:

<table>
<tr><th>Name and Principal Position</th><th>Fiscal Year</th><th>Total Group Salary</th><th>Total Group Bonus</th><th>Other Annual Compensation</th></tr>
<tr><td>Steve Li - CEO</td><td>Actual 2021</td><td>₱39.3M</td><td>₱-</td><td></td></tr>
<tr><td>Digna Elizabeth L. Ventura - President</td><td>Actual 2022</td><td>₱46.1M</td><td>₱-</td><td></td></tr>
<tr><td>Neil Y. Chua - CFO</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Honorio Alvarez - AVP Engineering</td><td>Actual 2023</td><td>₱49.7M</td><td>₱1.8M</td><td></td></tr>
<tr><td>Jonathan Yap – AVP Engineering</td><td>Projected 2024</td><td>₱50.3M</td><td>₱1.0M</td><td></td></tr>
<tr><td rowspan="4">All other officers and directors as a group - unnamed</td><td>Actual 2021</td><td colspan="2">₱34.7M</td><td></td></tr>
<tr><td>Actual 2022</td><td colspan="2">₱31.1M</td><td></td></tr>
<tr><td>Actual 2023</td><td colspan="2">₱35.0M</td><td></td></tr>
<tr><td>Projected 2024</td><td colspan="2">₱36.8M</td><td></td></tr>
</table>

(2) **Compensation of Directors**

Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The total annual compensation of the Board of Directors is ₱7.2 million.

Other than those mentioned above, there are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer and other officers and/or directors.

(3) **Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

There are no special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements, including payments to be received from the Company with respect to any named directors or executive officers. All other employees are either hired as regular, project based or fixed-term engagement. Termination of employees are with valid cause, or may due to end of contract or project.

Item 11. Security Ownership of Certain Record & Beneficial Owners and Management

(1) **Security Ownership of Certain Record and Beneficial Owners**

There were no delinquent stocks, and the direct and indirect record and beneficial owners of more than five percent (5%) of the Company's voting securities as of December 31, 2023 are as follows:

Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial ownership and relationship with record owner	Citizenship	No. of Shares	Class of Share	Percentage Held Per Class	Percentage Held Out of the Total Outstanding Shares
LTC Prime Holdings, Inc. 15F LV Locsin Bldg., Ayala Ave. cor. Makati Ave., Makati City	LTC Prime Holdings, Inc.	Filipino	248,108,100 120,134,048	Common Preferred	7.089% 9.24%	22.39%
Sybase Equity Investments Corporation 10F LV Locsin Bldg., Ayala Ave. cor. Makati Ave., Makati City	Sybase Equity Investments Corporation	Filipino	202,609,200 67,609,400	Common Preferred	5.79% 5.2%	19.48%
Steve Li 11F, LV Locsin Bldg., Ayala Ave., cor. Makati Ave., Makati City	Steve Li	Hong Kong National	156,000,000 52,000,000	Common Preferred	4.46% 4.00%	15.00%
Cindy Sze Mei Ngar Room 21B Ocean Tower Roxas Boulevard, Manila	Cindy Sze Mei Ngar	British	155,999,298 51,999,766	Common Preferred	4.46% 4.00%	15.00%
Lucky Securities Incorporated U-1106 PSE Tower, 28TH cor. 5TH Ave. BGC, Taguig City	Lucky Securities Incorporated	Filipino	43,674,900	Preferred	3.36%	12.60%
PCD Nominee Corporation (Non-Filipino)	Various clients and PDTC participants who hold the shares on behalf of their clients.	Non-Filipino	118,671,259	Common	3.39%	11.411%

As of December 31, 2023, the following are known to the Company as participants of the PCD holding 5% or more of the Company's common shares:

Title	Member Name / Address	No. of Shares	Percentage Held
Common	**Lucky Securities Corporation** Unit 1402 b, Philippine Stock Exchange Center, Exchange Road, Pasig City	226,754,890	47.18%
Common	**BDO Securities Corporation** 20th Floor BDO Corporate Centre BDO South Tower Makati Avenue, Makati City	66,715,054	13.78%
Common	**COL Financial Group Inc.** Unit 2401B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City	61,407,490	12.73%
Common	**Eastern Securities Development Corporation** Unit 1603-1605 PSE Tower 5th Avenue corner 28th St. BGC Taguig City address	60,017,700	12.53%
Common	**HSBC Clients Account** 7th Floor HSBC Centre 3058 5th Avenue West Bonifacio Global City Taguig City	51,000,000	10.64%

(2) **Security Ownership of Management**

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as at December 31, 2023:

Name of Beneficial Owner / Address	Citizenship	Amount and Nature of Beneficial Ownership	Title of Class	Percentage Per Class of Share	Percentage Held Out of the Total Outstanding Shares
Charles Stewart Sze Lee Chairman/Director 15/F LV Locsin Bldg, Ayala Ave, Makati City	British National	15,000,900 Direct	Common	0.43%	1.44%
Avelino M. Guzman, Jr. Director Unit 1809 & 2803 Cityland Pasong Tamo Tower 2210 Don Chino Roces Ave.	Filipino	1,000 Direct	Common	0.00%	0.00%
Steve Li Vice-Chairman/Director 15/F LV Locsin Bldg, Ayala Ave, Makati City	Hong Kong National	156,000,000 Direct	Common	4.46%	15.00%
		52,000,000 Direct	Preferred	4.00%	
Digna Elizabeth Ventura President/Director 15/F LV Locsin Bldg., Ayala Avenue Makati City	Filipino	200 Direct	Common	0.00%	0.00%
		100 Direct	Preferred		
Lorna Pangilinan Independent Director Unit 8G, The Shang Grand Tower, Perea corner Dela Rosa Streets, Makati City	Filipino	1000 Direct	Common	0.00%	0.00%
Christine P. Base Corporate Secretary/Director 8/F Chatham House, 116 Valero St., Salcedo Village, Makati City	Filipino	3 Direct	Common	0.00%	0.03%
		100,000 Direct	Preferred	0.01%	
Ma. Victoria Villaluz 6760 Ayala Ave., Makati City 1226 Metro Manila	Filipino	1,000 Direct	Common	0.00%	0.00%

Name of Beneficial Owner / Address	Citizenship	Amount and Nature of Beneficial Ownership	Title of Class	Percentage Per Class of Share	Percentage Held Out of the Total Outstanding Shares
Violeta Josef Independent Director 217 Santiago St., Ayala Alabang Village, Muntinlupa City	Filipino	1,000 Direct	Common	0.00%	0.00%
Neil Y. Chua Treasurer/Director 15/F LV Locsin Bldg., Ayala Avenue Makati City	Filipino	3,600 Direct	Common	0.00%	0.00%
		1,800 Direct	Preferred	0.00%	
Clinton Steven Lee Director Unit 33F The Suites at One Bonifacio High St., 28th St. cor 3rd Ave, BGC, Taguig	British National	603,490 Direct	Common	0.02%	0.06%
Monina Jane S. Nazal Director 8/F Chatham House, 116 Valero St., Salcedo Village, Makati City	Filipino	100 Direct	Common	0.00%	0.00%
					16.53%

(3) **Voting Trust Holders of 5% or More**

There is no voting trust or similar arrangement executed among holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

(4) **Changes in Control**

The Company's Articles and By-Laws do not contain any provision that will delay, deter, or prevent a change in control of the Company. However, because the Company owns land, Philippine laws limit foreign shareholdings in the Company to a maximum of 40% of its issued and outstanding capital stock. Any transfer of the Company's shares by Filipinos to Non-Filipinos will be subject to the limitation that any such transfer will not cause foreign shareholdings in the Company to exceed 40% of the Company's issued and outstanding capital stock. In the event that foreign ownership of the Company's issued and outstanding capital stock will exceed 40%, the Company has the right to reject a transfer request to persons other than Philippine National or corporations organized under Philippine laws and whose capital stock is at least 60% owned by Filipinos and has the right not to record such purchases in the books of the Company.

Item 12. Certain Relationships and Related Transactions

(1) As at December 31, 2023, the following is a summary of the Group's director who owned ten percent (10%) or more of the outstanding shares of the Company:

Name of Company and Director	Position Held	Percentage of Voting Securities
Steve Li	Vice-Chairman and Chief Executive Officer	15.00%

(2) **Related Party Transactions**

The Group, in the normal course of business, enters into transaction with related parties consisting primarily of non-interest bearing advances for working capital requirements.

Outstanding balances with related parties included in the appropriate accounts in the consolidated balance sheets are as follows:

<u>Advances to related parties</u>

	2023	2022	2021
Advances to related parties	–	–	–
Advances from related parties	–	–	–

Compensation of key management personnel pertaining to directors' fees and allowances amounted to ₱2.1 million in 2023, ₱1.9 million in 2022 and 2021.

No transaction was entered by the Group with parties who are not considered related parties but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions.

There were no transactions with promoters in the past five years.

PART IV.   EXHIBITS AND SCHEDULES

Item 13. Corporate Governance

As indicated in the SEC Memorandum Circular No. 15 Series of 2017, all publicly listed companies shall submit a fully accomplished Integrated Annual Corporate Governance Report (I-ACGR) on May 30 of the following year for every year that the company remains listed in the PSE.

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The Audited Financial Statements ending December 31, 2023 are hereto attached and incorporated by reference as Annex "A".

The sustainability report of the company is also attached and incorporated as Annex "B".

(b) Reports on SEC Form 17-C

Date of Report	Nature of Item Reported
May 3, 2023	Notice of Annual or Special Stockholders' Meeting
May 3, 2023	Declaration of Cash Dividends
July 6, 2023	Results of the Annual Meeting
July 6, 2023	Results of the Organizational Meeting of the Board of Directors
July 6, 2023	Nomination of Atty. Monina Jane Nazal as Director
August 14, 2023	Approval of the Financial Statement of the Corporation for the 2^{nd} Quarter ending June 30, 2023
October 11, 2023	Approval of the Anti-Money Laundering Manual of the Corporation
October 26, 2023	Appointment of Atty. Angelo Anthony Chua as Records Officer effective November 06, 2023
November 13, 2023	Approval of the Financial Statement of the Corporation for the 3rd Quarter ending September 30, 2023
November 13, 2023	The Board approved the appointment of Atty. Angelo Anthony Chua as Records Officer for AMLA of the Corporation on October 26, 2023. Due to unforeseen events, the Board of Directors was informed that Atty. Angelo Anthony Chua was unable to go on board.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 2, 2024.

By:

DIGNA ELIZABETH VENTURA
President

CHARLES STEWART LEE
Chairman of the Board

NEIL CHUA
Chief Financial Officer

CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of APR 0 4 2024, 2024, affiant(s) exhibiting to me their valid Identification cards as follows:

NAMES	VALID IDENTIFICATION
DIGNA ELIZABETH VENTURA	TIN: 938-315-211
CHARLES STEWART LEE	TIN: 278-053-354
CHRISTINE P. BASE	IBP Lifetime Member ID No. 08661/Albay Chapter
NEIL Y. CHUA	TIN:. 129-433-817

Doc. No. 186;
Page No. 039;
Book No. IX;
Series of 2024.

ATTY. SONIA S. CANONIZADO
Notary Public for Quezon City
Adm. Matter No. 018 (2023-2024)
Until December 31, 2024
No.19 Marunong Street,
Central District, Quezon City
Roll of Attorney No. 53968
PTR No. 5544652-1/2/2024 Quezon City
Lifetime IBP No. 06634
MCLE Compliance No. VII-0016515 / 4-14-2025

ANNEX A

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	4	1	1	5	9	3

COMPANY NAME

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	PSEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
pacisreyes@pacisreyes.com	(02) 8844-3906	0932-8555056

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month / Day)
92	July 6	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Christine P. Base	cpbase@legisforum.com	(02) 8844-3906	0922-8952184

CONTACT PERSON's ADDRESS

8F, Chatham House, 116 Valero St. Salcedo Village, Makati City

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

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

ANCHOR LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Anchor Land Holdings, Inc. and its subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, 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 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.

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

CHARLES STEWART SZE LEE
Chairman of the Board

STEVE LI
Vice Chairman of the Board/Chief Executive Officer

NEIL Y. CHUA
Treasurer

Signed this 26th day of March 2024.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

Opinion

We have audited the consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of Anchor Land Holdings, Inc. and Subsidiaries as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit 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 PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the consolidated financial statements are discussed in detail in Note 2. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; and (2) application of the output method as the measure of progress (percentage of completion or POC) in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, and age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers)

The disclosures related to the real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as notice of sales cancellations.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We inspected the certified POC reports prepared by the project engineers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

Other Information

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

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

In connection with our 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 of these consolidated financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

- 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 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082023, January 6, 2024, Makati City

March 25, 2024

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,164,633,504**	₱1,291,884,786
Receivables (Note 5)	**1,909,180,141**	1,763,835,262
Real estate for development and sale (Note 6)	**13,918,637,688**	11,849,733,498
Other current assets (Note 7)	**2,385,721,768**	2,576,399,323
	19,378,173,101	17,481,852,869
Noncurrent Assets		
Receivables - net of current portion (Note 5)	**1,331,173,731**	639,190,962
Property and equipment (Note 8)	**3,732,936,076**	3,551,689,998
Investment properties (Note 9)	**14,436,610,507**	16,605,151,587
Deferred tax assets - net (Note 18)	**184,427,125**	203,363,780
Other noncurrent assets (Note 10)	**415,154,952**	649,358,865
	20,100,302,391	21,648,755,192
	₱39,478,475,492	₱39,130,608,061

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 11)	**₱3,266,226,888**	₱4,914,613,630
Lease liabilities - current portion (Note 22)	**38,927,851**	44,254,782
Income tax payable	**221,232,659**	141,452,797
Loans payable - current portion (Note 12)	**5,093,942,433**	6,375,113,384
Customers' advances and deposits - current portion (Note 13)	**2,794,876,352**	3,203,608,812
	11,415,206,183	14,679,043,405
Noncurrent Liabilities		
Accounts and other payables - net of current portion (Note 11)	**1,033,728,016**	787,479,169
Lease liabilities - net of current portion (Note 22)	**114,659,165**	295,849,882
Loans payable - net of current portion (Note 12)	**16,590,353,542**	13,591,355,092
Customers' advances and deposits - net of current portion (Note 13)	**133,666,792**	196,037,973
Deferred tax liabilities - net (Note 18)	**359,453,799**	350,309,731
Pension liabilities (Note 17)	**85,176,407**	64,561,682
	18,317,037,721	15,285,593,529
	₱29,732,243,904	₱29,964,636,934

(Forward)

	December 31	
	2023	2022
Equity (Note 19)		
Equity attributable to equity holders of Anchor Land Holdings, Inc.		
Capital stock		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Other comprehensive income	**64,916,057**	70,628,933
Retained earnings		
Appropriated	**6,571,600,000**	6,372,200,000
Unappropriated	**1,090,360,247**	724,963,701
	9,746,231,588	9,187,147,918
Non-controlling interests	**–**	(21,176,791)
	9,746,231,588	9,165,971,127
	₱39,478,475,492	₱39,130,608,061

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Real estate sales (Note 21)	**₱3,203,854,980**	₱2,717,699,078	₱2,768,504,302
Rental income (Notes 9, 13, 21 and 22)	**1,224,463,522**	1,093,091,951	1,067,144,160
Management fee (Note 21)	**42,849,291**	34,702,625	33,344,842
Hotel operation (Note 21)*	**291,925,750**	79,784,426	–
Interest and other income (Notes 4, 5, 15 and 21)	**513,387,414**	554,750,392	505,559,988
	5,276,480,957	4,480,028,472	4,374,553,292
COSTS AND EXPENSES			
Real estate (Notes 6, 16 and 21)	**2,497,087,786**	2,311,905,168	2,598,803,247
Hotel operation (Notes 16 and 21)*	**207,314,320**	81,621,848	–
Selling and administrative (Notes 16 and 21)	**1,465,645,593**	1,281,004,660	1,205,843,097
Finance costs (Notes 12, 17, 21 and 22)	**249,485,266**	116,660,624	48,792,991
	4,419,532,965	3,791,192,300	3,853,439,335
INCOME BEFORE INCOME TAX	**856,947,992**	688,836,172	521,113,957
PROVISION FOR INCOME TAX (Note 18)	**236,063,411**	172,901,371	101,888,060
NET INCOME	**620,884,581**	515,934,801	419,225,897
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent years:			
Actuarial gain (loss) on pension liabilities (Note 17)	**(7,617,168)**	24,122,362	16,079,454
Income tax effect (Note 18)	**1,904,292**	(5,987,178)	(1,226,106)
	(5,712,876)	18,135,184	14,853,348
TOTAL COMPREHENSIVE INCOME	**₱615,171,705**	₱534,069,985	₱434,079,245
Net income (loss) attributable to:			
Equity holders of Anchor Land Holdings, Inc.	**₱623,729,936**	₱517,547,353	₱432,838,636
Non-controlling interests	**(2,845,355)**	(1,612,552)	(13,612,739)
	₱620,884,581	₱515,934,801	₱419,225,897
Total comprehensive income (loss) attributable to:			
Equity holders of Anchor Land Holdings, Inc.	**₱618,017,060**	₱535,682,537	₱447,691,984
Non-controlling interests	**(2,845,355)**	(1,612,552)	(13,612,739)
	₱615,171,705	₱534,069,985	₱434,079,245
Basic/Diluted Earnings Per Share (Note 23)	**₱0.57**	₱0.47	₱0.39

See accompanying Notes to Consolidated Financial Statements.
**The commercial operation of Hotel started on July 1, 2022.*

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent							
					Retained Earnings (Note 19)			
	Common Stock (Note 19)	Preferred Stock (Note 19)	Additional Paid-in Capital	Other Comprehensive Income	Appropriated	Unappropriated	Attributable to Non-controlling Interests	Total
At January 1, 2023	₱1,040,001,000	₱346,667,000	₱632,687,284	₱70,628,933	₱6,372,200,000	₱724,963,701	(₱21,176,791)	₱9,165,971,127
Net income	–	–	–	–	–	623,729,936	(2,845,355)	620,884,581
Other comprehensive income	–	–	–	(5,712,876)	–	–	–	(5,712,876)
Total comprehensive income	–	–	–	(5,712,876)	–	623,729,936	(2,845,355)	615,171,705
Disposal of subsidiaries (Note 1)	–	–	–	–	–	–	24,022,146	24,022,146
Dividends declared	–	–	–	–	–	(58,933,390)	–	(58,933,390)
Appropriated during the year	–	–	–	–	200,900,000	(200,900,000)	–	–
Release from appropriations	–	–	–	–	(1,500,000)	1,500,000	–	–
At December 31, 2023	₱1,040,001,000	₱346,667,000	₱632,687,284	₱64,916,057	₱6,571,600,000	₱1,090,360,247	₱–	₱9,746,231,588
At January 1, 2022	₱1,040,001,000	₱346,667,000	₱632,687,284	₱52,493,749	₱5,071,200,000	₱1,560,799,790	(₱24,314,503)	₱8,679,534,320
Net income	–	–	–	–	–	517,547,353	(1,612,552)	515,934,801
Other comprehensive income	–	–	–	18,135,184	–	–	–	18,135,184
Total comprehensive income	–	–	–	18,135,184	–	517,547,353	(1,612,552)	534,069,985
Change in non-controlling interests (Note 1)	–	–	–	–	–	(3,850,062)	4,750,264	900,202
Dividends declared	–	–	–	–	–	(48,533,380)	–	(48,533,380)
Appropriated during the year	–	–	–	–	1,751,000,000	(1,751,000,000)	–	–
Release from appropriations	–	–	–	–	(450,000,000)	450,000,000	–	–
At December 31, 2022	₱1,040,001,000	₱346,667,000	₱632,687,284	₱70,628,933	₱6,372,200,000	₱724,963,701	(₱21,176,791)	₱9,165,971,127
At January 1, 2021	₱1,040,001,000	₱346,667,000	₱632,687,284	₱37,640,401	₱4,570,000,000	₱1,677,694,534	(₱9,201,764)	₱8,295,488,455
Net income	–	–	–	–	–	432,838,636	(13,612,739)	419,225,897
Other comprehensive income	–	–	–	14,853,348	–	–	–	14,853,348
Total comprehensive income	–	–	–	14,853,348	–	432,838,636	(13,612,739)	434,079,245
Disposal of a subsidiary	–	–	–	–	–	–	(1,500,000)	(1,500,000)
Dividends declared	–	–	–	–	–	(48,533,380)	–	(48,533,380)
Appropriated during the year	–	–	–	–	551,200,000	(551,200,000)	–	–
Release from appropriations	–	–	–	–	(50,000,000)	50,000,000	–	–
At December 31, 2021	₱1,040,001,000	₱346,667,000	₱632,687,284	₱52,493,749	₱5,071,200,000	₱1,560,799,790	(₱24,314,503)	₱8,679,534,320

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱856,947,992**	₱688,836,172	₱521,113,957
Adjustments for:			
Depreciation and amortization (Notes 8, 9, 10 and 16)	**453,399,219**	336,895,647	296,318,103
Interest income (Note 15)	**(232,659,151)**	(240,429,181)	(386,866,434)
Finance costs (Notes 12, 17, 21 and 22)	**249,485,266**	116,660,624	48,792,991
Gain on sale of subsidiaries (Notes 1 and 15)	**(49,621,239)**	–	–
Pension costs (Note 17)	**8,298,828**	10,620,412	12,364,754
Loss on demolition (Notes 9 and 16)	–	–	108,796,357
Operating income before working capital changes	**1,285,850,915**	912,583,674	600,519,728
Decrease (increase) in:			
Receivables	**(322,296,964)**	1,444,802,465	1,482,569,915
Real estate for development and sale	**(2,114,506,830)**	(1,187,049,877)	(853,766,144)
Other assets	**144,946,974**	330,040,806	(226,394,071)
Increase (decrease) in:			
Accounts and other payables	**1,685,443,955**	1,483,722,387	294,626,148
Customers' advances and deposits	**(469,292,434)**	93,081,623	(178,119,190)
Net cash generated from operations	**210,145,616**	3,077,181,078	1,119,436,386
Interest received	**232,659,151**	240,429,181	386,866,434
Income taxes paid *(including creditable withholding taxes)*	**(411,987,441)**	(179,243,317)	(187,473,663)
Interest paid	**(187,737,156)**	(86,023,359)	(89,522,599)
Net cash provided by (used in) operating activities	**(156,919,830)**	3,052,343,583	1,229,306,558
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	**(173,710,660)**	(302,014,046)	(327,437,876)
Investment properties	**(1,334,889,617)**	(2,109,331,794)	(1,981,635,959)
Software and brand development costs	**–**	(785,110)	(621,275)
Disposal of subsidiaries, net of cash disposed of (Note 1)	**(15,461,197)**	–	–
Net cash used in investing activities	**(1,524,061,474)**	(2,412,130,950)	(2,309,695,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments	**8,084,555,566**	3,611,774,480	7,701,903,757
Payments of:			
Lease liabilities (Note 22)	**(69,773,839)**	(70,111,071)	(57,686,211)
Loans payable	**(6,402,118,315)**	(4,108,696,603)	(6,623,337,266)
Dividends (Note 19)	**(58,933,390)**	(48,533,380)	(48,533,380)
Net cash provided by (used in) financing activities (Note 24)	**1,553,730,022**	(615,566,574)	972,346,900
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(127,251,282)**	24,646,059	(108,041,652)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,291,884,786**	1,267,238,727	1,375,280,379
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,164,633,504**	₱1,291,884,786	₱1,267,238,727

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Corporate Information

Anchor Land Holdings, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 29, 2004. The Parent Company started its operations on November 25, 2005 and eventually traded its shares to the public in August 2007. The registered office address of the Parent Company is at 15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City.

Below are the Parent Company's subsidiaries with its respective percentage ownership in 2023 and 2022:

	2023		2022	
	Direct	**Indirect**	Direct	Indirect
Posh Properties Development Corporation (PPDC)	**100.00%**	–	100.00%	–
Basiclink Equity Investment Corp. (BEIC)[(a)]	–	**60.00%**	–	60.00%
Realty & Development Corporation of San Buenaventura [(b)]	–	**100.00%**	–	100.00%
Pasay Metro Center, Inc. [(b)]	–	**100.00%**	–	100.00%
Anchor Properties Corporation or APC (formerly Manila Towers Development Corporation)	**100.00%**	–	100.00%	–
Admiral Realty Company, Inc. (ARCI)	–	**100.00%**	–	100.00%
Gotamco Realty Investment Corporation (GRIC)	–	**100.00%**	–	100.00%
Irenealmeda Realty, Inc. [(b)]	–	**100.00%**	–	100.00%
Nusantara Holdings, Inc.	–	**100.00%**	–	100.00%
Fersan Realty Corporation (FRC)	–	**100.00%**	–	100.00%
One Binondo Prime Properties Corp. (OBPPC) [(c)]	–	**100.00%**	–	100.00%
Globeway Property Ventures, Inc. (GPVI) [(d)]	–	–	70.00%	–
Anchor Land Hotels & Resorts, Inc. (ALHRI)	**100.00%**	–	100.00%	–
Momentum Properties Management Corporation (MPMC)	**100.00%**	–	100.00%	–
Eisenglas Aluminum and Glass, Inc. (EAGI) [(b)]	–	**100.00%**	–	100.00%
Marathon Properties Management and Holdings, Corporation (MPMHC)	–	**100.00%**	–	100.00%
Anchor Land Global Corporation (ALGC)	**100.00%**	–	100.00%	–
1080 Soler Corp.	–	**100.00%**	–	100.00%
Frontier Harbor Property Development, Inc. (FHPDI) [(e)]	–	**3.00%**	–	60.00%
BEIC [(a)]	–	**40.00%**	–	40.00%
Teamex Properties Development Corporation (TPDC) [(c)]	–	**100.00%**	–	100.00%
Wework Realty Development Corporation (WRDC) [(c)]	–	**100.00%**	–	100.00%

[(a)] BEIC is a wholly owned subsidiary of the Parent Company through PPDC and ALGC which own percentage ownership of 60% and 40%, respectively, over BEIC.
[(b)] Ceased commercial operations.
[(c)] Has not yet started commercial operations.
[(d)] In 2023, ALHI sold 70% interest in GPVI resulting to a loss of control and deconsolidation of a subsidiary.
[(e)] In 2023, ALGC sold 57% interest in FHPDI resulting to a loss of control and deconsolidation of a subsidiary. Remaining interest in FHPDI was recorded under "Other Noncurrent Assets".

All of the Parent Company's subsidiaries were incorporated and domiciled in the Philippines.

The Parent Company and its subsidiaries (collectively called "the Group") have principal business interest in the development and sale of high-end residential condominium units and in the development and leasing of commercial, warehouse, residential units and office spaces. MPMC provides property management services. ALHRI was incorporated in June 2017 to engage in the Group's hotel and resort operations.

The following are the changes in the Group's structure in 2023 and 2022:

For the year-ended December 31, 2023:

- ALGC sold 57% of the voting shares of FHPDI. The remaining interest in FHPDI amounting to ₱0.08 million is presented under "Other noncurrent assets".

- ALHI sold 70% of the voting shares of GPVI.

  At the date of disposal, the carrying amounts of FHPDI and GPVI's net assets were as follows:

	FHPDI	GPVI
Assets		
Cash	₱7,372,365	₱11,701,337
Receivables	–	6,107,146
Other current assets	309,143,379	65,070,463
Investment properties (Note 9)	2,608,502,397	610,562,912
Deferred tax assets	501,962	36,143,022
Other noncurrent assets	144,864,310	8,917,300
	₱3,070,384,413	₱738,502,180
Liabilities		
Accounts and other payables	₱3,070,871,707	₱569,841,356
Customers' advances and deposits	–	1,811,207
Lease liability (Note 22)	–	236,318,203
	3,070,871,707	807,970,766
Net Liabilities	₱487,294	₱69,468,586

The aggregate consideration received consists of:

	FHPDI	GPVI
Cash consideration received	₱1,425,003	₱2,187,502
Retained interest	75,000	–
	1,500,003	2,187,502
Net Liabilities	487,294	69,468,586
NCI	(401,172)	(23,620,974)
Total Gain on Sale (Note 15)	₱1,586,125	₱48,035,114

Net cash outflow arising on disposal:

	FHPDI	GPVI
Cash consideration received	₱1,425,003	₱2,187,502
Less: cash in banks disposed	7,372,365	11,701,337
	₱5,947,362	₱9,513,835

The above transactions resulted in the loss of control and deconsolidation of FHPDI and GPVI.

For the year-ended December 31, 2022:
- MPMC acquired the 40% non-controlling interests (NCI) in EAGI. The acquisition resulted in an increase in the Group's ownership interest in EAGI from 60% to 100% and derecognition of NCI amounting to ₱4.71 million; and
- ALGC sold 40% of the voting shares of FHPDI. As the Group continued to exercise control over FHPDI, the partial disposal was accounted for as a transaction between owners in their capacity as owners, or an equity transaction, in accordance with PFRS 3, *Business Combinations*. The sale resulted in a decrease in the Group's ownership interest in FHPDI from 100% to 60% and recognition of NCI directly to equity amounting to ₱0.04 million.

The above transactions resulted in addition (reduction) to retained earnings amounting to (₱4.81 million) and ₱0.96 million, respectively.

Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 were approved and authorized for issuance by the Board of Directors (BOD) on March 25, 2024.

2. Summary of Material Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency and presentation currency under Philippine Financial Reporting Standards (PFRSs). All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption.

Statement of Compliance
The accompanying consolidated financial statements, are prepared in accordance with PFRSs, as modified by the application of the following reporting reliefs issued and approved by the Philippine SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic:

a. Deferral of the application of Philippine Interpretations Committee (PIC) Q&A No. 2018-12, *accounting for significant financing component* and the *exclusion of land in the calculation of percentage of completion (POC)*; and
b. Deferral of the application of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under Philippine Accounting Standards (PAS) 23*, Borrowing Cost.*

SEC Memorandum Circular No. 34-2020 further allowed the deferral of application of these accounting pronouncements for another three years, or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2.

PFRSs include PFRS, PAS and Interpretations issued by the PIC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, entities over which the Parent Company has control.

Specifically, the Parent Company controls an investee if and only if the Parent Company has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- Any contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and,
- The Parent Company's voting rights and potential voting rights.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to NCI, even if this results in the NCI having a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position.
- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in

accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9, *Financial Instruments* or, when appropriate, the cost on initial recognition of an investment in associate or joint venture.

- Recognizes the gain or loss of control attributable to the former controlling interest.

Non-controlling Interests
NCI represent the portion of income and expense and net assets in subsidiaries that are not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separate from the equity attributable to the equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the following new and amended PFRSs which were adopted beginning January 1, 2023. The adoption of these pronouncements did not have any significant impact to the Group's consolidated statements of financial position and performance unless otherwise indicated.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense).

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

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

  The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules.

Standards and Interpretation Issued but Not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of these pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

The SEC MC also provided the mandatory disclosure requirements should the Group decides to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
c. Qualitative discussion of the impact on the consolidated financial statements had the concerned application guidelines in the PIC Q&A been adopted.
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculations under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued PIC Q&A 2020-04 which provides additional guidance on determining whether the transaction price includes a significant financing component.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

- The exclusion of land in the determination of POC would reduce the POC of ongoing real estate projects resulting in a decrease in beginning retained earnings as well as a decrease in the revenue from real estate sales in 2023.

The above would have impacted the consolidated cash flows from operations and cash flows from financing activities for all years presented.

On July 8, 2021, Philippine SEC issued SEC MC No. 14 - 2021 that provided accounting policy option of applying either full retrospective approach or modified retrospective approach when applying the above provisions of PIC Q&A 2018-12.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23, *Borrowing Costs,* considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC Agenda Decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 11, 2020, the Philippine SEC issued MC No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC Agenda Decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The Group opted to avail of the relief as provided by the SEC to defer the application of this interpretation. Had the Group adopted the IFRIC Agenda Decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. Adoption of the IFRIC Agenda Decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the consolidated cash flows from operations and cash flows from financing activities for all years presented.

  The Group may elect to apply the deferred provision above using full retrospective approach or modified retrospective approach as approved by Philippine SEC, through SEC MC No. 14 - 2021.

Summary of Material Accounting Policies
The following accounting policies were applied in the preparation of the Group's consolidated financial statements:

Current and Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is classified as current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months from the reporting date; or,
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least within 12 months from the reporting date.

A liability is classified as current when:
- it is expected to be settled within the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months from the reporting date; or,
- there is no unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

The Group classifies all other assets and liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets
   Initial recognition and measurement
   Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI (FVTOCI) and fair value through profit of loss (FVTPL).

   The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables, except for installment contracts receivable, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on revenue from contracts with customers.

   In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

   Day 1' difference
   Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset and liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the

instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

<u>Financial assets at amortized cost</u>
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables from real estate sales which are included in the installment contracts receivable, rental receivable, note receivable, due from condominium associations, other receivables, utility and security deposits and construction bond deposits.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statements of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are 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 EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group uses vintage analysis for installment contracts receivable and established provision matrix for the rest of the receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses external credit ratings of the banks to assess whether the financial instrument has significantly increased in credit risk and to estimate ECLs.

The key inputs in the model include the Group's definition of default and historical data of five years for the origination, maturity date and default date. The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include "Accounts and other payables (except "Other taxes payable")", "Lease liabilities", "Loans payable" and other liabilities that meet the above definition (other than liabilities covered by other accounting standards).

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

<u>Loans and borrowings</u>
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and

losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to accounts and other payables (excluding other taxes and statutory payables), lease liabilities and loans payable.

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

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

<u>Real Estate for Development and Sale</u>
Real estate for development and sale is constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and are measured at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to sell.

Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

<u>Advances to Contractors and Suppliers and Retention Payable</u>
Amounts paid to contractors and suppliers in advance are not part of real estate for development and sale but presented as “Advances to contractors and suppliers” under “Other current assets” and “Other noncurrent assets” in the consolidated statements of financial position.

Advances to contractors and suppliers is carried at cost less any impairment in value.

Advances to contractors and suppliers are classified based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. real estate for development and sale, investment properties and property and equipment).

Portion of the contractors’ progress billings which are withheld by the Group are presented as “Retention payable” under “Accounts and other payables” in the consolidated statements of financial position. These serve as security from the contractor should there be defects in the project and will be released after the satisfactory completion of the contractors’ work.

Creditable Withholding Tax

Creditable withholding tax pertains to the amounts withheld from income derived from real estate sales, leasing, property management and hotel operation which can be applied against income tax payable.

Value-added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.

Prepaid Expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments of rent, insurance premiums and real property taxes. These also include the deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Other Current Assets

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months.

Deposits on Real Estate Properties

Deposits on real estate properties represent the Group's advance payments to real estate property owners for the acquisition of real estate properties. Once the sale is consummated, these deposits will be applied against the selling price of the real estate property acquired.

Deposits on real estate properties is carried at cost less any impairment in value.

Deposits on real estate properties are classified as current or noncurrent based on the realization of such deposits determined with reference to the usage of the asset to which it is intended for (e.g. real estate for development and sale, investment properties or property and equipment).

Property and Equipment

The Group's property and equipment consist of hotel property, leasehold improvements, office equipment, furniture and fixtures, transportation vehicles and right-of-use assets that do not qualify as investment properties.

Property and equipment are carried at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation and amortization of property and equipment commences when the assets are available for use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	2 - 5
Furniture and fixtures	2 - 5
Transportation vehicles	3 - 5
Hotel property	50

Leasehold improvements are amortized on a straight-line basis over term of the lease or the EUL of the asset of 2 to 5 years.

The useful life and, depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization, and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Investment Properties

Investment properties comprise of properties which are held to earn rentals and properties under construction or redevelopment which will be held for rental upon completion as well as land currently held for undetermined use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of the replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at historical cost less provisions for depreciation and impairment. Accordingly, land is carried at cost less any impairment in value and building is carried at cost less depreciation and any impairment in value.

Construction-in-progress (CIP) is stated at cost. The initial costs of investment property consist of its construction costs, and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. CIP are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

For those right-of-use assets that qualify as investment properties, i.e., those land that are leased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Depreciation of investment properties are computed using the straight-line method over the EUL of the assets 20 to 50 years or lease term, whichever is lower. The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

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

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (i.e., deposits on real estate properties, advances to contractors and suppliers, property and equipment, investment properties including right-of-use assets and software and brand development cost) may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Advances and Deposits

Deposits from real estate buyers

Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in profit or loss once the revenue recognition threshold is met and the related obligations are fulfilled to the real estate buyers. This is treated as contract liabilities of the Group.

Deposits from lessees

Deposits from lessees include advance collections pertaining to the lease of commercial units of the Group. These collections are subsequently recognized as income under "Rental income" on a straight-line basis over the lease term.

Deposits from lessees also consist of collections from tenants for leasehold rights. Leasehold rights pertain to the right to lease the commercial space over a certain number of years.

Equity

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of share, a separate account is maintained for each class of share and the number of shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to additional paid-in capital. When the shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as deductions from equity (net of related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declarations.

Other Comprehensive Income

OCI are items of income and expense that are not recognized in for the period in accordance with PFRSs. The Group's OCI pertains to remeasurement gains and losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

Revenue Recognition

Revenue from Contract with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in majority of its revenue arrangements.

The disclosures of material accounting judgments and the use of estimates relating to revenue from contracts with customers are provided in Note 3.

Real Estate Sales
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

The Group derives its real estate revenue from sale of condominium units, commercial units and warehouses. Revenue from sales of completed real estate project is accounted using the full accrual method. Revenue from the sale of uncompleted real estate projects are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

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

If any of the criteria under the full accrual or POC method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are likewise considered as contract liabilities which is presented under the "Customers' advances and deposits" account in the consolidated statements of financial position.

Information about the Group's Performance Obligation
The Group entered into contract to sell with one identified performance obligation which is the sale of the condominium unit together with the services to transfer the title to the buyer for a corresponding contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. 1 to 7 years) at a fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

The Group provides a quality assurance warranty which is not treated as a separate performance obligation.

Rental Income
Rental income under cancellable leases on investment properties is recognized in profit or loss based on the terms of the lease as provided under the lease contract. Rental income under a noncancellable lease agreement is recognized as income on a straight-line basis over the lease term.

Hotel operation
Hotel revenues from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center, laundry service, communication service, transportation and parking, and spa services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Management Fee Income
Management fees consist of revenue arising from contracts of administering a property. The customers pay either a fixed amount or at amount stipulated in the agreement. The revenue is recognized when the related services are rendered.

Interest and other income
Interest is recognized as it accrues (using the EIR method, i.e., based on the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Other income includes service revenue and customer related fees such as penalties and surcharges and income from forfeited reservations and collections, which are recognized as they accrue, taking into account the provisions of the related contract.

Income from forfeitures (e.g. collections) is recognized upon default of potential buyers, subject to the provisions of Republic Act (RA) No. 6552, *Realty Installment Buyer Protection Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Costs and Expenses
Costs and expenses are recognized in the consolidated statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statements of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Cost of Real Estate Sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees, costs of land, land development costs, building costs, professional fees, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being

recognized as cost of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue.

Cost of Hotel Operation
Cost of hotel operation pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Selling and Administration Expenses
Selling expenses are costs incurred to sell real estate inventories, which includes advertising and promotions, among others. Administrative expenses constitute costs of administering the business. Except for commission (see disclosure in "Costs to obtain a contract" for the accounting of commission), selling and administrative expenses are recorded as incurred. These include cost of leasing services which mainly pertain to depreciation and amortization, taxes and licenses and utilities related to the Group's commercial projects.

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

<u>Contract Balances</u>
Installment Contract Receivable
An installment contract receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer. If the Group performs by transferring goods or services to a customer before the customer pays the equivalent amount of the agreed consideration or before payment is due, the unpaid amount is classified as installment contracts receivable.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized based on the revenue recognition accounting policy.

The contract liabilities includes excess of collections over the total recognized installment contracts receivable based on POC and collections from customers for which revenue recognition has not yet commenced.

Contract liabilities is shown as part of the "Customers' advances and deposits" account in the consolidated statements of financial position.

Costs to Obtain a Contract
The costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are

charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and administrative expenses" account under "Costs and expenses" in the consolidated statements of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract Fulfillment Assets
Contract fulfillment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which if met, result in capitalization (i) costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) costs are expected to be recovered. The assessment of this criteria requires the application of judgement particularly in determining whether costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

Amortization, Derecognition and Impairment of Contract Fulfillment Assets and Capitalized Costs to Obtain a Contract
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortizations of contract fulfilment assets and capitalized costs to obtain a contract are included in the "Real estate" and "Selling and administrative" accounts under "Costs and expenses" in the consolidated statements of comprehensive income.

A contract fulfillment asset or costs capitalized to obtain a contract is derecognized when it is disposed of or when no further economic benefits are expected to flow from its use or disposal. At each reporting date, the Group determines whether there is an indication that a contract fulfillment asset may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less those costs that relate to providing services under the contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price is removed when testing for impairment.

In case the relevant costs demonstrate indicators of impairment, judgement is required in ascertaining the future economic benefits from these contracts as sufficient to recover the relevant assets.

<u>Borrowing Costs</u>
As discussed above, the Group availed of the relief granted by SEC under MC No. 34-2020. Borrowing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in "Real estate for development and sale", "Property and equipment" and "Investment properties" accounts in the consolidated statements of financial position). Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

All other borrowing costs are expensed in the period in which they are incurred.

Debt Issuance Costs
Transaction costs incurred in connection with the availments of long-term debt are deferred and amortized using the EIR method over the term of the related loans.

Pension Liabilities
The Group has an unfunded, noncontributory defined benefit retirement plan covering all of its qualified employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation as of the reporting date.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Pension costs comprise the following:
- Service cost
- Interest on the pension liability
- Remeasurements of pension liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by independent qualified actuaries.

Interest on the pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the pension liability is recognized in the consolidated statements of comprehensive income as "Finance costs".

Remeasurements comprising of actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. In determining significant risks and benefits of ownership, the Group considers, among others, the significance of the lease term as compared with the EUL of the related asset. Rental income is recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

The Group requires its tenants to pay leasehold rights pertaining to the right to use the leased unit which is reported under "Customers' advances and deposits" in the consolidated statements of financial position. Upon commencement of the lease, these payments are recognized in the consolidated statements of comprehensive income under "Rental income" on a straight-line basis over the lease term.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to account for the net present value of obligation related to the periodic lease payments. Meanwhile, right-of-use assets are also recognized to represent the economic benefits received by the Group from the right to use the underlying assets.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

As at December 31, 2023 and 2022, the Group has no dilutive potential common shares.

Segment Reporting

The Group’s operating business are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that serves different markets. The Group’s operating business is composed of condominium sales, leasing, property management and hotel operation. Financial information on the Group's business segments are presented in Note 21.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.t

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Material Accounting Judgments and Use of Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 of the consolidated financial statements, requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

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.

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

Leases
The Group applied the following judgments that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of lease term of contracts with renewal options – Group as a lessee
The Group has several lease contracts that include extension options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive in exercising the option of renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Real estate revenue recognition

Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell is not signed by both parties, the other signed documentations such as purchase agreement and reservation application would contain all the criteria to qualify as contract with the customer under PFRS 15.

Management also considers the selling prices of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties in determining the transaction price.

Equity threshold
Part of the Group's assessment process before revenue recognition is to assess 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. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

Revenue recognition and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because:
(a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date.

The promised property covering specific condominium unit and/or parking slot is specifically identified in the contract. The Group is contractually restricted to sell the promised property to another buyer or to direct it for another use. In addition, the Group has the right to enforce payment from the buyer up to the performance completed to date.

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

The Group also determines the actual costs incurred to be recognized as cost of sales by estimating the unbilled costs of incurred on materials, labor and overhead.

Distinction between real estate for development and sale, property and equipment and investment properties
The Group determines whether a property qualifies as real estate for development and sale, property and equipment or investment properties by considering whether the property is occupied substantially for use by or in operations of the Group; for sale in the ordinary course of the business; or, held primarily to earn rental income and capital appreciation.

Real estate for development and sale comprise both condominium units for sale and land held for future development, which are properties that are held for sale in the ordinary course of the business. Principally, these are properties that the Group develops and intends to sell before or upon completion of construction.

Properties intended to earn rental and for capital appreciation are classified as investment properties while properties occupied by the Group are considered as property and equipment. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets and considers the following important indicators:
- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and,
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at December 31, 2023 and 2022, carrying values are as follows:

	2023	2022
Property and equipment (Note 8)	**₱3,732,936,076**	₱3,551,689,998
Investment properties (Note 9)	**14,436,610,507**	16,605,151,587
Advances to contractors and suppliers (Notes 7 and 10)	**1,009,430,909**	1,299,445,547
Deposits on real estate properties (Notes 7 and 10)	**57,390,800**	85,390,800
Software and brand development costs (Note 10)	**371,338**	1,429,300

Management assessed that there are no indicators of impairment for the Group's nonfinancial assets as at December 31, 2023 and 2022. Refer to discussion under estimates.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties
The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of PFRS 13, *Fair Value Measurement*. Investment properties are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 9.

Estimating NRV of real estate inventories
The Group reviews the NRV of real estate inventories, which are recorded under "Real estate for development and sale" in the consolidated statements of financial position, and compares it with the cost, since assets should not be carried in excess of amounts expected to be realized from sale. Real estate for development and sale are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions and having taken suitable external advice. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and an estimated time value of money to the date of completion.

The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. As at December 31, 2023 and 2022, the Group's real estate for development and sale which are carried at cost amounted to ₱13,918.64 million and ₱11,849.73 million, respectively (see Note 6).

Revenue recognition
The Group's revenue from real estate sales are recognized based on the POC method. POC is determined based on the physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and receivables.

Real estate sales amounted to ₱3,203.85 million, ₱2,717.70 million and ₱2,768.50 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 21).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of future taxable profit.

The deferred tax assets recognized as at December 31, 2023 and 2022 amounted to ₱451.68 million and ₱440.67 million, respectively. The Group's unrecognized deferred tax assets amounted to ₱38.88 million and ₱1.66 million as at December 31, 2023 and 2022, respectively (see Note 18).

Estimating pension cost and obligation
The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions which include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

As at December 31, 2023 and 2022, the present value of benefit obligation amounted to ₱85.18 million and ₱64.56 million, respectively. Pension cost amounted to ₱13.00 million, ₱14.34 million and ₱15.70 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 17).

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

As at December 31, 2023 and 2022, lease liabilities of the Group amounted to ₱153.59 million and ₱340.10 million, respectively (see Note 22).

4. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱1,321,500**	₱762,000
Cash in banks	**1,155,958,951**	1,284,007,200
Cash equivalents	**7,353,053**	7,115,586
	₱1,164,633,504	₱1,291,884,786

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents pertain to short-term bank deposits that earn interest at the prevailing short-term investment rates. Peso denominated placements have an interest rate of 4.75% and 1.50% as at December 31, 2023 and 2022, respectively. The carrying values of cash and cash equivalents approximate their fair values as of reporting date.

Interest income derived from cash in banks and cash equivalents amounted to ₱1.68 million, ₱1.48 million and ₱1.62 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 15).

5. Receivables

This account consists of:

	2023	2022
Installment contracts receivable - net of unamortized discount	**₱2,349,040,767**	₱2,059,548,897
Note receivable	**521,137,826**	–
Rental receivable	**245,696,958**	208,191,034
Advances to employees and agents	**38,654,609**	33,867,152
Due from condominium associations	**30,684,921**	29,493,674
Others	**72,342,142**	89,128,818
	3,257,557,223	2,420,229,575
Less allowance for impairment losses	**17,203,351**	17,203,351
	3,240,353,872	2,403,026,224
Less noncurrent portion of :		
Installment contracts receivable	**880,640,584**	639,190,962
Note receivable	**450,533,147**	–
	1,331,173,731	639,190,962
	₱1,909,180,141	₱1,763,835,262

Installment contracts receivable consist of receivables from the sale of real estate properties. These are collectible in equal monthly principal installments for a period of one to seven years depending on the agreement. Installment contracts receivable are generally noninterest-bearing. The corresponding titles to the condominium units sold under this arrangement are transferred to the buyer upon full payment of the contract price.

In 2023, the Group divested 70% of its voting shares in GPVI, resulting in the loss of control over GPVI and its subsequent deconsolidation from the Group's consolidated financial statements. As a result of this transaction, the receivable owed to ALHI by GPVI, which was previously eliminated in the consolidated financial statements, is subsequently presented as "Note receivable" in the 2023 consolidated financial statements.

GPVI and ALHI subsequently entered into a memorandum of agreement to settle the outstanding balance of ₱521.14 million over a period of six years. The repayment plan consists of equal quarterly installment payments, commencing on March 31, 2024, and carries an 8% annual interest rate. This note receivable is secured by a building designated as collateral along with the accompanying lease right over the land where the building is constructed (See Note 20).

Rental receivable pertain to receivables from the leasing operation of the Group including the effect of straight-lining. These receivables are noninterest-bearing and are collectible within the normal terms of less than 30 days.

Advances to employees and agents represent advances for operational purposes and discounts given to clients that are chargeable to agents which are noninterest-bearing and are expected to be liquidated or payable within one year.

Due from condominium associations pertains to utilities, janitorial, security and maintenance expenses paid by the Group on behalf of the condominium association and unpaid balances from management fees for administering properties. These are noninterest-bearing and are payable on demand.

Other receivables include utility charges to contractors, common usage service area charges to tenants, receivables from unit owners which pertains to transfer taxes and other charges initially paid by the Group in behalf of the unit owners and receivable from guests. These receivables are noninterest-bearing and are normally settled within one year.

As at December 31, 2023 and 2022, the allowance for impairment losses on its other receivables amounted to ₱17.20 million. No additional allowance was recognized in 2023 and 2022.

Unamortized discount on installment contracts receivable
In 2023 and 2022, noninterest-bearing installment contracts receivable with nominal amount of ₱3,412.50 million and ₱1,024.25 million, respectively, were initially recorded at fair value amounting to ₱2,932.86 million and ₱922.79 million, respectively. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments ranging from 4.12% to 6.94% in 2023 and 1.12% to 6.74% in 2022.

Movements in the unamortized discount on installment contracts receivable as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of period	**₱242,974,218**	₱380,464,506
Additions	**479,642,113**	101,463,391
Accretion (Note 15)	**(230,981,837)**	(238,953,679)
Balance at end of period	**₱491,634,494**	₱242,974,218

Receivable financing
The Group enters into various agreements with banks whereby the Group sold its installment contracts receivable with recourse. The Group still retains the sold receivables in the receivables account and records the proceeds from these sales as loans payable. The carrying value of installment contracts receivable sold amounted to ₱319.11 million and ₱615.64 million as at December 31, 2023 and 2022, respectively. These receivables are used as collateral to secure the corresponding loans payables obtained (see Note 12).

6. Real Estate for Development and Sale

This account consists of:

	2023	2022
Condominium units for sale	**₱11,983,813,714**	₱8,008,270,245
Land held for future development	**1,934,823,974**	3,841,463,253
	₱13,918,637,688	₱11,849,733,498

The rollforward of this account is as follows:

	2023	2022
Balance at beginning of period	**₱11,849,733,498**	₱8,745,706,850
Additions	**4,639,519,748**	3,508,476,821
Disposals - recognized as cost of real estate sales (Note 16)	**(2,497,087,786)**	(2,311,905,168)
Transfers from (to) investment properties (Note 9)	**(37,657,584)**	2,155,200,517
Transfer to property and equipment (Note 8)	**(35,870,188)**	(247,745,522)
Balance at end of period	**₱13,918,637,688**	₱11,849,733,498

Additions during the year pertain to capitalized construction costs, borrowing costs, and other land acquisition costs incurred on the Group's ongoing projects and land held for future development.

The cost transferred to investment properties amounting to ₱37.66 million in 2023 pertains to the commercial areas of Juan Luna Logistics Center while the cost transferred from investment properties amounting to ₱2,155.20 million in 2022 pertain to the land properties and ongoing building construction intended to be developed for sale. These constitute significant noncash transactions in the consolidated statements of cash flows (see Note 9).

The cost transferred to property and equipment amounting to ₱35.87 million and ₱247.75 million in 2023 and 2022, respectively, pertains to the portion of Admiral Grandsuites allocated for the operation of Admiral Hotel. This constitutes significant noncash transaction in the consolidated statements of cash flows (see Note 8).

Borrowings were used to finance the Group's ongoing projects. The related borrowing costs were capitalized as part of real estate for development and sale. The average capitalization rate used to determine the borrowings eligible for capitalization ranges from 6.01% to 7.02% and 6.06% to 6.52% in 2023 and 2022, respectively. Borrowing costs on loans payable capitalized as part of "Real estate for development and sale" amounted to ₱927.34 million and ₱671.04 million for the years ended December 31, 2023 and 2022, respectively (see Note 12).

The Group has not recognized any provisions for impairment as at December 31, 2023 and 2022.

As at December 31, 2023 and 2022, the carrying amount of real estate for development and sale used as collateral to secure the Group's bank loans amounted to ₱9,647.28 million and ₱8,482.06 million, respectively (see Note 12).

7. **Other Current Assets**

This account consist of:

	2023	2022
Advances to contractors and suppliers	**₱882,957,166**	₱979,196,530
Creditable withholding tax	**859,339,643**	610,295,720
Input VAT	**341,979,742**	641,085,849
Prepaid expenses	**267,230,869**	285,937,656
Deposits on real estate properties	**–**	28,000,000
Others	**34,214,348**	31,883,568
	₱2,385,721,768	₱2,576,399,323

Advances to contractors and suppliers represent advances and downpayments for the construction of real estate for development and sale that are recouped every progress billing payment depending on the POC.

Creditable withholding tax pertains mainly to the amounts withheld from income derived from real estate sales, leasing, property management and hotel operation. Creditable withholding tax will be applied against income tax due.

Input VAT represents taxes imposed to the Group for the land acquisitions, purchases of goods from its suppliers and availment of services from its contractors, as required by Philippine taxation laws and regulations. Any excess input VAT as at reporting period will be used as tax credits against future output VAT liabilities. Management has estimated that all input VAT is recoverable at its full amount.

Prepaid expenses include prepayments of rent, insurance premiums, real property taxes and costs to obtain contracts, i.e., commission that is related to the real estate sales and rental contracts.

The Group recognizes the commission of marketing agents as prepaid expense upon obtaining contracts with buyers, as required by PFRS 15. This is amortized or charged to expense in the period in which the related revenue is recognized as earned (based on POC). The related liability recognized related to the cost to obtain contracts are recorded in accrued commission (see Note 11).

The movements in prepaid commission as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of period	**₱188,905,287**	₱233,280,208
Additions	**126,307,881**	28,586,171
Amortization	**(121,743,842)**	(72,961,092)
Balance at end of period	**193,469,326**	188,905,287
Less noncurrent portion (Note 10)	**72,850,533**	80,218,148
	₱120,618,793	₱108,687,139

Deposits on real estate properties represent the current portion of the Group's advance payments to real estate property owners for future property acquisitions and is expected to be recovered upon consummation of the purchase transactions.

8. Property and Equipment

The movements in this account are as follows:

	2023						
	Hotel Property	**Leasehold Improvements**	**Office Equipment**	**Furniture and Fixtures**	**Transportation Vehicles**	**Right- of- Use Assets (Building)**	**Total**
Cost							
At January 1	**₱3,429,238,935**	**₱52,652,606**	**₱67,356,635**	**₱80,425,265**	**₱126,643,761**	**₱244,943,365**	**₱4,001,260,567**
Additions (Note 6)	**151,837,643**	**38,023,585**	**4,226,046**	**4,924,651**	**10,980,536**	**99,024,440**	**309,016,901**
At December 31	**3,581,076,578**	**90,676,191**	**71,582,681**	**85,349,916**	**137,624,297**	**343,967,805**	**4,310,277,468**
Accumulated Depreciation and Amortization							
At January 1	**20,347,271**	**39,659,584**	**63,216,501**	**65,344,345**	**111,825,591**	**149,177,277**	**449,570,569**
Depreciation and amortization (Note 16)	**56,679,749**	**7,396,421**	**2,259,402**	**7,305,646**	**11,412,173**	**42,717,432**	**127,770,823**
At December 31	**77,027,020**	**47,056,005**	**65,475,903**	**72,649,991**	**123,237,764**	**191,894,709**	**577,341,392**
Net Book Value	**₱3,504,049,558**	**₱43,620,186**	**₱6,106,778**	**₱12,699,925**	**₱14,386,533**	**₱152,073,096**	**₱3,732,936,076**

	2022						
	Hotel Property	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Vehicles	Right- of- Use Assets (Building)	Total
Cost							
At January 1	₱2,896,720,965	₱40,443,797	₱65,465,668	₱79,008,608	₱121,851,792	₱137,303,415	₱3,340,794,245
Additions (Note 6)	532,517,970	12,208,809	1,890,967	1,416,657	4,791,969	107,639,950	660,466,322
At December 31	3,429,238,935	52,652,606	67,356,635	80,425,265	126,643,761	244,943,365	4,001,260,567
Accumulated Depreciation and Amortization							
At January 1	–	39,133,084	60,714,723	59,089,836	98,576,844	103,433,798	360,948,285
Depreciation and amortization (Note 16)	20,347,271	526,500	2,501,778	6,254,509	13,248,747	45,743,479	88,622,284
At December 31	20,347,271	39,659,584	63,216,501	65,344,345	111,825,591	149,177,277	449,570,569
Net Book Value	₱3,408,891,664	₱12,993,022	₱4,140,134	₱15,080,920	₱14,818,170	₱95,766,088	₱3,551,689,998

The Group's hotel property pertains to the land and construction costs of Admiral Hotel. The carrying value of land included in the hotel property amounted to ₱340.75 million as at December 31, 2023 and 2022. Borrowings were used to finance the Group's ongoing construction of hotel property. The related borrowing costs were capitalized as part of property and equipment. The average capitalization rate used to determine the borrowings eligible for capitalization is 7.96% and 5.48% in 2023 and 2022, respectively. Total borrowing costs capitalized as part of hotel property amounted to ₱21.79 million and ₱98.80 million for the years ended December 31, 2023 and 2022, respectively (see Note 12).

Additions in 2023 and 2022 include transferred cost of ₱35.87 million and ₱247.75 million, respectively, related to the portion of Admiral Grandsuites allocated for the operation of Admiral Hotel. These constitute significant noncash transactions in the consolidated statements of cash flows (see Note 6).

The Group's transportation vehicles with a carrying value of ₱6.77 million and ₱5.29 million as at December 31, 2023 and 2022, respectively, were constituted as collateral under chattel mortgage to secure the Group's vehicle financing arrangement with various financial institutions (see Note 12).

As at December 31, 2023 and 2022, the carrying amount of property and equipment used to secure the Group's bank loans amounted to ₱3,504.05 million and nil, respectively (see Note 12).

9. Investment Properties

The movements in this account are as follows:

	2023					
	Commercial Projects		Construction in Progress		Right-Of-Use	
	Land	Building	Land	Building	Asset (Land)	Total
Cost						
At January 1	**₱3,145,074,896**	**₱10,030,342,839**	**₱2,562,914,961**	**₱2,045,528,010**	**₱222,287,791**	**₱18,006,148,497**
Additions	**–**	**100,135,682**	**659,058,697**	**578,242,701**	**–**	**1,337,437,080**
Deconsolidation of subsidiaries (Note 1)	**–**	**(611,102,395)**	**–**	**(2,608,502,397)**	**(222,287,791)**	**(3,441,892,583)**
Transfers (Note 6)	**–**	**37,657,584**	**–**	**–**	**–**	**37,657,584**
At December 31	**3,145,074,896**	**9,557,033,710**	**3,221,973,658**	**15,268,314**	**–**	**15,939,350,578**
Accumulated Depreciation and Amortization						
At January 1	**–**	**1,349,945,170**	**–**	**–**	**51,051,740**	**1,400,996,910**
Depreciation and amortization (Note 16)	**–**	**316,061,810**	**–**	**–**	**8,508,624**	**324,570,434**
Deconsolidation of subsidiaries (Note 1)	**–**	**(163,266,909)**	**–**	**–**	**(59,560,364)**	**(222,827,273)**
At December 31	**–**	**1,502,740,071**	**–**	**–**	**–**	**1,502,740,071**
Net Book Value	**₱3,145,074,896**	**₱8,054,293,639**	**₱3,221,973,658**	**₱15,268,314**	**₱–**	**₱14,436,610,507**

	2022					
	Commercial Projects		Construction in Progress		Right-Of-Use	
	Land	Building	Land	Building	Asset (Land)	Total
Cost						
At January 1	₱924,805,897	₱5,333,930,258	₱5,307,775,693	₱6,223,196,702	₱222,287,791	₱18,011,996,341
Additions	–	103,282,361	117,982,699	1,928,087,613	–	2,149,352,673
Reclassification	2,220,268,999	4,593,130,220	(2,220,268,999)	(4,593,130,220)	–	–
Transfers (Note 6)	–	–	(642,574,432)	(1,512,626,085)	–	(2,155,200,517)
At December 31	3,145,074,896	10,030,342,839	2,562,914,961	2,045,528,010	222,287,791	18,006,148,497
Accumulated Depreciation and Amortization						
At January 1	–	1,116,144,234	–	–	38,288,805	1,154,433,039
Depreciation and amortization (Note 16)	–	233,800,936	–	–	12,762,935	246,563,871
At December 31	–	1,349,945,170	–	–	51,051,740	1,400,996,910
Net Book Value	₱3,145,074,896	₱8,680,397,669	₱2,562,914,961	₱2,045,528,010	₱171,236,051	₱16,605,151,587

The construction of The Centrium was completed in 2022 which constitutes the transfer from construction in progress to commercial projects amounting to ₱6,813.40 million.

In 2021, relative to the land property transferred to real estate for development and sale, the Group decided to demolish One Shopping Center that resulted in the recognition of loss on demolition amounting to ₱108.80 million, equivalent to the carrying value of the demolished building (see Note 16). This constitutes significant noncash transactions in the consolidated statements of cash flows.

Borrowings were used to finance the Group's ongoing construction of investment properties. The related borrowing costs were capitalized as part of investment properties.

The average capitalization rate used to determine the borrowings eligible for capitalization ranges from 6.99% to 7.96% in 2023 and 5.25% to 5.82% in 2022. Total borrowing costs capitalized as part of investment properties amounted to ₱179.02 million and ₱349.73 million for the years ended December 31, 2023 and 2022, respectively (see Note 12).

For the years ended December 31, 2023, 2022 and 2021, rental income from these investment properties amounted to ₱1,224.46 million, ₱1,093.09 million and ₱1,067.14 million, respectively (see Note 22). Depreciation charged to operations for the years ended December 31, 2023, 2022 and 2021 amounted to ₱324.57 million, ₱246.56 million and ₱224.28 million respectively (see Note 16). Selling and administrative expenses, exclusive of depreciation, related to these investment properties amounted to ₱598.49 million, ₱463.19 million and ₱349.08 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The aggregate fair value of investment properties amounted to ₱30,373.07 million as at December 31, 2023, which were determined based on the most recent valuations performed by independent qualified appraisers. The appraisers are industry specialists in valuing these types of properties. The estimated fair value was determined using market data approach that considers the sale of similar or substitute properties and related market data. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value. The fair value measurement for the Group's investment properties has been categorized as Level 3 based on the inputs to the valuation techniques used.

As at December 31, 2023 and 2022, the carrying amount of investment properties used to secure the Group's bank loans amounted to ₱9,709.23 million and ₱9,842.29 million, respectively (see Note 12).

10. **Other Noncurrent Assets**

This account consists of:

	2023	2022
Utility and security deposits	**₱127,714,145**	₱97,885,423
Advances to contractors and suppliers (Note 7)	**126,473,743**	320,249,017
Prepaid expenses (Note 7)	**85,374,434**	105,265,948
Deposits on real estate properties (Note 7)	**57,390,800**	57,390,800
Construction bond deposits	**12,262,712**	16,762,712
Input VAT (Note 7)	**5,492,780**	50,375,665
Software and brand development costs	**371,338**	1,429,300
Others	**75,000**	–
	₱415,154,952	₱649,358,865

Utility and security deposits pertain to the initial set-up of services rendered by public utility companies and other various long-term deposits necessary for the construction and development of real estate projects.

Construction bond deposits pertain to the bond for the Group's project developments.

Software costs pertains to the capitalizable costs incurred in the design and implementation of a system. Brand development costs, on the other hand, pertain to the marketing designs that binds the identity of the group of hotels. Amortization of software and brand development cost for the years ended December 31, 2023, 2022 and 2021 amounted to ₱1.06 million, ₱1.71 million and ₱4.95 million, respectively (see Note 16).

11. Accounts and Other Payables

This account consists of:

	2023	2022
Trade payables:		
Payable to contractors and suppliers	**₱2,137,593,133**	₱1,800,773,692
Retention payable	**1,043,393,003**	1,007,946,465
Accrued expenses:		
Accrued commission	**423,651,097**	379,517,028
Accrued interest expense	**91,798,623**	58,544,079
Other accrued expenses	**50,068,477**	103,262,570
Rental deposit	**302,779,765**	235,407,922
Other taxes payable	**169,759,098**	236,223,308
Liabilities for purchased land	**30,420,000**	30,420,000
Non-trade payable	–	1,772,926,903
Others	**50,491,708**	77,070,832
	4,299,954,904	5,702,092,799
Less noncurrent portion of:		
Retention payable	**591,720,656**	458,024,288
Accrued commission	**170,173,273**	136,006,766
Rental deposit	**241,414,087**	163,028,115
Liabilities for purchased land	**30,420,000**	30,420,000
	1,033,728,016	787,479,169
	₱3,266,226,888	₱4,914,613,630

Payable to contractors and suppliers are attributable to construction costs incurred but not yet paid as of reporting date. These are noninterest-bearing and are normally settled within 30 to 120 days.

Retention payable pertains to the portion of contractors' progress billings which are withheld and will be released after the satisfactory completion of the contractors' work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract arrangements.

Accrued commission pertains to the recognized liability to the marketing agents upon obtaining the contracts with the buyers, as required by PFRS 15. The related assets are recorded in prepaid expenses (see Notes 7 and 10).

Accrued interest expense pertains to the incurred but unpaid interest which is normally settled within one to three months.

Other accrued expenses pertains to accruals related to the unbilled goods and services already delivered or rendered to the Group.

Rental deposit consists of security deposits on lease and utility deposit payable.

Other taxes payable consists of taxes withheld by the Group from employees, contractors and suppliers, which are payable within one year.

Liabilities for purchased land pertain to outstanding payables for land acquisitions. These constitute significant noncash transactions in the consolidated statements of cash flows. These liabilities are noninterest-bearing.

Non-trade payable pertains to advances received from minority shareholder of FHPDI for the project development. In 2023, non-trade payable was deconsolidated as a result of sale of shares in FHPDI (see Note 1).

Others consist of other non-trade payables and premium payable to SSS, Philhealth and Pag-ibig. These are normally settled within one year.

12. Loans Payable

This account consists of:

	Terms	**2023**	2022
Short-term bank loans	Within 1 year	**₱1,550,000,000**	₱2,020,000,000
Long-term loans:			
Bank loans	3 to 10 years	**19,815,049,688**	17,131,900,463
Receivable financing	1 to 7 years	**311,891,418**	808,372,209
Notes payable	5 years	**7,354,869**	6,195,804
		21,684,295,975	19,966,468,476
Less current portion		**5,093,942,433**	6,375,113,384
		₱16,590,353,542	₱13,591,355,092

Short-term Bank Loans

Short-term bank loans represent various secured promissory notes from local banks with annual interest rates of 6.75% to 7.13% and 5.75% to 6.88% as at December 31, 2023 and 2022, respectively. These loans are payable within one year from date of issuance.

These loans were secured with various properties owned by the Group which are located in Pasay City and Binondo, Manila. The aggregate carrying amount of these properties used as collateral amounted to ₱408.84 million and ₱418.07 million as at December 31, 2023 and 2022, respectively (see Notes 6 and 9).

Long-term Loans

Long-term bank loans

In December 2023, APC secured a seven-year loan facility amounting to ₱2,500.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,690.00 million as at December 31, 2023 with 7.60% interest rate per annum.

In September 2023, PPDC secured a five-year loan facility amounting to ₱800.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱400.00 million as at December 31, 2023 with 7.84% to 8.05% interest rate per annum.

In September 2023, APC restructured its 2018 loan facility with a bank, extending the maturity date until September 2029. As part of the restructuring, the facility amount increased by ₱1,600.00 million, resulting in a total facility amount of ₱6,265.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱500.00 million and ₱65.25 million as at December 31, 2023 and 2022, with interest rates ranging from 7.46% to 7.63% and 8.37% per annum, respectively.

In May 2022, PPDC secured a ten-year loan facility amounting to ₱2,500.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱2,375.00 million and ₱600.00 million as at December 31, 2023 and 2022, respectively, with interest rates ranging from 7.16% to 8.29% and 8.10% to 8.29% interest rate per annum, respectively.

In May 2022, PPDC restructured its 2017 loan facility amounting to ₱3,700.00 million, extending the maturity date until December 21, 2026. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱3,240.54 million and ₱1,770.27 million as at December 31, 2023 and 2022 with interest rate ranging from 7.01% to 8.07% per annum.

In February 2021, PPDC secured a five-year loan facility amounting to ₱1,100.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,000.00 million and ₱1,100.00 million as at December 31, 2023 and 2022, respectively, with 4.86% interest rate per annum.

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,100.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,100.00 million as at December 31, 2023 and 2022 with 5.00% interest rate per annum.

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,500.00 million. The facility is available in single drawdown. The outstanding balance of loan under this facility amounted to ₱1,421.25 million and ₱1,466.25 million as at December 31, 2023 and 2022, respectively, with 5.50% interest rate per annum.

In December 2020, GRIC restructured its 2015 loan facility with a bank amounting to ₱4,100.00 million, extending the maturity date by another two years until December 20, 2023. The facility is available in multiple drawdowns with interest rates ranging from 5.25% to 6.75% interest rates per annum. The outstanding balance of loan under this facility amounted to nil and ₱3,070.00 million as at December 31, 2023 and 2022, respectively.

In July 2020, GRIC secured a five-year loan facility from a local bank amounting to ₱450.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱430.00 million and ₱450.00 million as at December 31, 2023 and 2022, respectively, with 4.25% interest rate per annum.

In June 2019, GRIC secured a seven-year loan facility from a local bank amounting to ₱1,150.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,100.00 million and ₱1,125.00 million as at December 31, 2023 and 2022 with interest rates of 9.74% to 10.00% and 7.63% to 8.95% rate per annum, respectively.

In April 2019, GRIC secured a five-year loan facility from a local bank amounting to ₱1,040.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱800.00 million as at December 31, 2023 and 2022 with interest rates of 7.00% and 5.50% to 6.25% per annum, respectively.

In February 2019, APC secured a six-year and six-months loan facility from a local bank amounting to ₱1,970.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,870.00 million and ₱1,380.00 million as at December 31, 2023 and 2022, respectively, with interest rates ranging from 4.30% to 8.23% and 4.30% to 8.12% per annum, respectively.

In December 2018, GRIC secured three-year and five-year loan facilities from a local bank amounting to ₱1,620.00 million. The facilities are available in multiple drawdowns. The outstanding balance of loan under these facilities amounted to nil as at December 31, 2023 and 2022.

In December 2018, GRIC secured four-year and five-year loan facilities from a local bank amounting to ₱1,080.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to nil as at December 31, 2023 and 2022.

In December 2017, BEIC secured a seven-year loan facility from a local bank amounting to ₱450.00 million with 6.00% interest rate per annum. The outstanding balance of loan under this facility amounted to ₱427.50 million and ₱432.00 million as at December 31, 2023 and 2022.

In December 2015, PPDC secured a 10-year loan facility from a local bank amounting to ₱4,100.00 million. The facility is available in multiple drawdowns with interest rates of 5.50% per annum for the first five years and 5.75% per annum thereafter. The outstanding balance of loan under this facility amounted to ₱3,608.00 million and ₱3,854.00 million as at December 31, 2023 and 2022, respectively.

Unamortized issuance costs deducted from the above-mentioned long-term bank loans at December 31, 2023 and 2022 amounted to ₱147.24 million and ₱80.87 million, respectively.

The rollforward analyses of unamortized debt discount and issuance costs on long-term bank loans as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of period	**₱80,870,038**	₱92,889,674
Additions	**101,761,523**	20,251,271
Amortization	**(35,390,248)**	(32,270,907)
Balance at end of period	**₱147,241,313**	₱80,870,038

These term loans were secured with various land and buildings owned by the Group which are located in Pasay City, Binondo, Manila and Parañaque City, recorded under real estate for development and sale and investment properties. As at December 31, 2023 and 2022, these properties have an aggregate carrying value amounting to ₱22,451.72 million and ₱17,906.28 million, respectively (see Notes 6, 8 and 9).

Receivable financing
The loans payable on receivable financing as discussed in Note 5 arises from installment contracts receivable sold with recourse by the Group to various local banks with a total outstanding balance of ₱311.89 million and ₱808.37 million as at December 31, 2023 and 2022, respectively. These loans bear fixed interest rates ranging from 4.13% to 7.50% and 4.13% to 7.00% as at December 31, 2023 and 2022, respectively, payable on equal monthly installments for a period of 1 to 7 years depending on the terms of the installment contracts receivable.

Notes payable
Notes payable represents the car loans availed by the Group. Annual interest rates ranged from 4.20% to 4.72% and 3.90% to 4.72% as at December 31, 2023 and 2022, respectively. The Group's transportation vehicles with a carrying value of ₱6.77 million and ₱5.29 million as at December 31, 2023 and 2022, respectively, are held as collateral to secure the Group's notes payable (see Note 8).

Borrowing costs
Total borrowing costs arising from loans payable amounted to ₱1,348.67 million, ₱1,203.88 million and ₱1,232.40 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Total borrowing costs capitalized under real estate for development and sale, property and equipment and investment properties amounted to ₱1,128.15 million, ₱1,119.57 million and ₱1,211.37 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Notes 6, 8 and 9). Borrowing costs recognized in profit or loss under "Finance costs" in the consolidated statements of comprehensive income amounted to ₱220.52 million, ₱84.31 million and ₱21.03 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Total interest paid (including capitalized interest) for the years ended December 31, 2023, 2022 and 2021 amounted to ₱1,315.89 million, ₱1,205.59 million and ₱1,273.99 million, respectively.

13. Customers' Advances and Deposits

This account consists of:

	2023	2022
Deposits from real estate buyers	**₱2,679,636,741**	₱3,082,251,013
Deposits from lessees	**248,906,403**	317,395,772
	2,928,543,144	3,399,646,785
Less noncurrent portion of deposits from lessees	**133,666,792**	196,037,973
	₱2,794,876,352	₱3,203,608,812

Deposits from real estate buyers
Deposits from real estate buyers includes excess of collections over the total recognized installment contracts receivable based on POC. These also includes collections from customers for which revenue recognition has not yet commenced. These deposits will be recognized as revenue in the consolidated statements of comprehensive income in accordance with the Group's revenue recognition policy.

Deposits from lessees
The Group requires some tenants to pay leasehold rights pertaining to the right to use the leased unit. Deposits from lessees also include advance rental collections that will be applied to rentals depending on the terms of the contract. These payments are recognized in the consolidated statements of comprehensive income as rental income on a straight-line basis over the lease term.

The rental income on leasehold rights amounted to ₱62.75 million, ₱63.50 million and ₱65.76 million for the years ended December 31, 2023, 2022 and 2021, respectively.

14. Related Party Transactions

The Parent Company, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements. Outstanding balances between companies within the Group are unsecured, interest-free and settlement occurs in cash. Related party transactions (RPT) and balances were eliminated in the consolidated financial statements.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

The Parent Company has an approval requirement such that material RPT shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements.

Key management compensation
The key management personnel of the Group include directors, executives and senior management. Compensation and benefits of key management personnel for the years ended December 31, 2023, 2022 and 2021 follow:

	2023	2022	2021
Short-term employee benefits	**₱73,294,999**	₱67,057,062	₱69,925,322
Post-employment benefits	**5,364,852**	6,243,749	6,578,301
	₱78,659,851	₱73,300,811	₱76,503,623

15. Interest and Other Income

	2023	2022	2021
Interest income from:			
Amortization of discount on installment contracts receivable (Note 5)	**₱230,981,837**	₱238,953,679	₱385,245,456
Cash and cash equivalents (Note 4)	**1,677,314**	1,475,502	1,620,978
Gain on sale of subsidiaries (Note 1)	**49,621,239**	–	–
Other income	**231,107,024**	314,321,211	118,693,554
	₱513,387,414	₱554,750,392	₱505,559,988

Other income includes income from forfeitures from cancelled sales and leases, as well as penalties and other surcharges billed against defaulted installment contracts receivable, among others. Income from forfeitures mainly arises from cancellation of reservation fees, amortization payments, deposits and advance rentals net of recovered costs and the balances of buyers and tenants. Other income also includes administrative fees and expenses charged on account of the agents, service fees and other items considered as not material.

Other income from cancelled sales and lease contracts amounted to ₱59.55 million, ₱87.28 million and ₱28.79 million for the years ended December 31, 2023, 2022 and 2021, respectively.

16. Costs and Expenses

Cost of real estate sales

Cost includes acquisition cost of land, construction costs and capitalized borrowing costs. Cost of real estate sales recognized for the years ended December 31, 2023, 2022 and 2021 amounted to ₱2,497.09 million, ₱2,311.91 million and ₱2,598.80 million, respectively.

Cost of hotel operation

	2023	2022*
Food and beverage	**₱61,007,540**	₱38,029,323
Depreciation and amortization (Note 8)	**50,652,430**	13,453,322
Salaries, wages and employee benefits	**49,232,200**	19,497,499
Contracted services	**20,051,226**	10,339,066
Others	**26,370,924**	302,638
	₱207,314,320	₱81,621,848

** The commercial operation of Hotel started on July 1, 2022.*

Other costs of hotel operation includes cost of laundry, music and entertainment and operating supplies.

Selling and administrative expenses

	2023	2022	2021
Depreciation and amortization (Notes 8, 9 and 10)	**₱402,746,789**	₱323,442,325	₱296,318,103
Salaries, wages and employee benefits (Notes 14 and 17)	**316,789,473**	285,883,875	279,420,221
Sales and marketing	**211,411,273**	133,035,080	123,494,410
Utilities	**186,352,394**	161,870,915	126,617,991
Taxes and licenses	**174,214,214**	209,576,647	136,131,498
Professional fees	**45,187,870**	42,547,733	42,597,796
Membership dues	**41,020,499**	36,406,329	31,858,280
Supplies	**23,119,180**	23,756,700	14,959,111
Insurance	**22,303,619**	17,069,723	12,698,447
Transportation and travel	**9,734,071**	6,438,909	4,602,419
Rental (Note 22)	**6,191,511**	5,646,390	7,503,916
Representation and entertainment	**5,074,467**	12,537,815	6,036,425
Loss on demolition (Note 9)	**–**	–	108,796,357
Others	**21,500,233**	22,792,219	14,808,123
	₱1,465,645,593	₱1,281,004,660	₱1,205,843,097

17. **Pension Plan**

The Group has an unfunded, noncontributory defined benefit plan covering all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with RA No. 7641, *Retirement Pay Law*. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the retirement benefit obligation.

The components of the Group's pension costs (included in "Salaries, wages and employee benefits" under "Selling and administrative expenses" and in "Finance costs") are as follows:

	2023	2022	2021
Current service cost	**₱8,298,828**	₱10,620,412	₱12,364,754
Interest cost on benefit obligation	**4,698,729**	3,723,910	3,336,511
	₱12,997,557	₱14,344,322	₱15,701,265

Movements in the present value of defined benefit obligations (DBO) as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of period	**₱64,561,682**	₱74,339,722
Net benefit cost in profit or loss		
Current service cost	**8,298,828**	10,620,412
Interest cost	**4,698,729**	3,723,910
	12,997,557	14,344,322
Remeasurements in OCI		
Actuarial changes arising from experience adjustments	**(1,569,032)**	(6,588,602)
Actuarial changes arising from changes in financial assumptions	**9,186,200**	(17,533,760)
	7,617,168	(24,122,362)
Balance at end of period	**₱85,176,407**	₱64,561,682

The principal assumptions used to determine pension benefits of the Group are as follows:

	2023	2022
Discount rate	**6.12% to 6.14%**	7.23% to 7.28%
Salary increase rate	**5.00%**	5.00%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The average duration of the DBO as of the reporting date is 7.70 to 10.40 years and 7.60 to 10.30 years in 2023 and 2022, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting date, assuming all other assumptions are held constant. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

		Increase (decrease) in DBO	
	Increase (decrease)	**2023**	2022
Discount rates	+150 basis points	**(₱11,619,065)**	(₱8,756,487)
	-150 basis points	**14,579,176**	10,896,475
Future salary increases	+150 basis points	**14,520,867**	10,985,587
	-150 basis points	**(11,881,786)**	(9,042,713)

The maturity analysis of the undiscounted benefit payments follows:

	2023	2022
Less than 1 year	**₱5,724,655**	₱4,676,777
More than 1 year to 2 years	**639,632**	1,208,524
More than 2 years to 4 years	**3,817,977**	615,030
More than 4 years	**116,110,919**	115,091,274

18. **Income Tax**

	2023	2022	2021
Current:			
RCIT	**₱242,294,891**	₱121,538,490	₱70,562,886
MCIT	**98,740**	1,437,016	3,504,726
Final	**329,749**	296,355	306,191
	242,723,380	123,271,861	74,373,803
Deferred	**(6,659,969)**	49,629,510	27,514,257
	₱236,063,411	₱172,901,371	₱101,888,060

Details of NOLCO that can be claimed as deduction from future taxable profit and MCIT that can be claimed as tax credits against income tax liabilities are as follows:

<u>NOLCO</u> Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱79,433,213	₱25,689,338	₱53,743,875	2025
2021	134,299,667	80,648,656	53,651,011	2026
2022	174,618,312	824,153	173,794,159	2025
2023	170,856,805	–	170,856,805	2026
	₱559,207,997	₱107,162,147	₱452,045,850	

The Group has incurred NOLCO in taxable years 2021 and 2020, which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

MCIT Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱662,946	₱662,946	₱–	2023
2021	1,222	–	1,222	2024
2022	1,437,016	1,404,597	32,419	2025
2023	98,740	–	98,740	2026
	₱2,199,924	₱2,067,543	₱132,381	

Net deferred tax assets of the Group as at December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax assets on:		
Lease liabilities	**₱106,026,757**	₱144,288,019
NOLCO	**73,763,375**	86,861,401
Pension liabilities recognized in profit or loss	**42,932,787**	39,683,398
Difference between tax and book basis of accounting for real estate and leasing transactions	**14,924,612**	16,192,731
Allowance on impairment losses	**4,300,838**	4,300,838
Commissions expense per books in excess of actual commissions paid	**2,326,774**	2,533,310
Unamortized discount on installment contracts receivable	**803,168**	24,491
MCIT	**127,659**	158,441
	245,205,970	294,042,629
Deferred tax liabilities on:		
Right-of-use assets	**37,586,050**	65,846,793
Pension liabilities recognized in OCI	**21,638,686**	23,542,978
Difference between tax and book basis of accounting for real estate and leasing transactions	**1,245,664**	1,102,829
Actual commissions paid in excess of commissions expense per books	**212,324**	–
Unamortized discount on loans payable	**96,121**	186,249
	60,778,845	90,678,849
	₱184,427,125	₱203,363,780

Net deferred tax liabilities of the Group as at December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax assets on:		
Unamortized discount on installment contracts receivable	**₱122,105,456**	₱59,342,466
Commissions expense per books in excess of actual commissions paid	**57,888,818**	42,273,362
Difference between tax and book basis of accounting for real estate and leasing transactions	**26,036,779**	33,842,332
Lease liabilities	**444,195**	904,738
NOLCO	**–**	8,991,338
MCIT	**–**	1,277,486
	206,475,248	146,631,722
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate and leasing transactions	**523,856,434**	466,537,124
Unamortized discount on loans payable	**36,714,207**	20,031,260
Actual commissions paid in excess of commissions expense per books	**4,926,182**	9,469,328
Right-of-use assets	**432,224**	903,741
	565,929,047	496,941,453
	₱359,453,799	₱350,309,731

The Group has deductible temporary differences for which deferred tax assets have not been recognized since management assessed that no sufficient taxable income is available in the future to allow all or part of deferred tax assets on certain temporary differences to be realized and/or utilized.

NOLCO and MCIT for which no deferred tax assets were recognized amounted to ₱157.00 million and ₱5.68 million as at December 31, 2023 and 2022, respectively.

Statutory reconciliation
The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2023	2022	2021
Statutory income tax rate	**25.00%**	25.00%	25.00%
Tax effect of:			
Nondeductible expenses	**0.12**	0.67	0.62
Nontaxable income	**(1.45)**	–	–
Changes in unrecognized deferred tax assets	**4.42**	1.07	0.04
Interest income subject to final tax	**(0.01)**	(0.01)	(0.08)
Impact of CREATE law	**–**	–	(5.67)
Others	**(0.53)**	1.63	(0.36)
Effective income tax rate	**27.55%**	25.10%	19.55%

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act
On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives system. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax laws pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25%. However, for entities with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is further reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Improperly accumulated earnings tax of 10% is repealed.

Applying the provisions of the CREATE Act, the Group have been subjected to the lower tax rate of 25% to 20% (itemized deduction) of taxable income. Lower tax rate of 1% MCIT of gross income effective July 1, 2020 until June 30, 2023. Starting July 1, 2023, MCIT rate was reverted back to 2% of gross income.

The Group recognized one-time impact of CREATE in the consolidated statement of comprehensive income for the year ended December 31, 2021 amounting to ₱29.53 million and ₱2.79 million for provision for income tax (current and deferred) and remeasurement loss on defined benefit obligation, respectively. Deferred tax assets-net also decreased by ₱14.95 million as at December 31, 2021 due to the lower tax rate.

19. **Equity**

Capital Stock
The details of the Parent Company's capital stock which consists of common and preferred shares follow:

Common shares
Details of the Parent Company's common shares as at December 31, 2023 and 2022 are as follows:

Authorized shares	3,500,000,000
Par value per share	₱1.00
Issued and outstanding shares	1,040,001,000

On November 8, 2013, the Philippine SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each to ₱3.50 billion divided into 3.50 billion shares with par value of ₱1.00 each.

On June 15, 2012, the SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱1.00 billion divided into 1.00 billion shares with par value of ₱1.00 each to ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each.

On August 8, 2007, the Parent Company launched its Initial Public Offering where a total of 86,667,000 common shares were offered at an offering price of ₱8.93 per share. The registration statement was approved on July 30, 2007.

The Parent Company has 92 and 90 existing shareholders as of December 31, 2023 and 2022, respectively.

Preferred shares
The preferred shares are voting, nonparticipating, nonredeemable and are entitled to 8% cumulative dividends. Details of the Parent Company's preferred shares as at December 31, 2023 and 2022 are as follows:

Authorized shares	1,300,000,000
Par value per share	₱1.00
Issued and outstanding shares	346,667,000

On September 15, 2011, the Parent Company conducted stock rights offering of up to ₱346.67 million on the 8%, voting, preferred shares on a pre-emptive basis to holders of common shares of the Parent Company as of September 15, 2011 at an offer price of ₱1.00 per preferred share. Subsequently, on January 20, 2012, the SEC approved the increase in authorized capital stock relating to the creation of preferred shares.

<u>Cash Dividends</u>
On March 25, 2024, the Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.04 per issued and outstanding common share.

The record date is June 6, 2024 and payment date is on July 3, 2024.

On May 3, 2023, Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.03 per issued and outstanding common share.

The record date is June 11, 2023 and dividends amounting to ₱58.93 million were paid on June 16, 2023.

On April 21, 2022, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is June 17, 2022 and dividends amounting to ₱48.53 million were paid on June 28, 2022.

On April 7, 2021, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is May 27, 2021 and dividends amounting to ₱48.53 million were paid on June 17, 2021.

Retained Earnings

The Parent Company's retained earnings available for dividend distribution amounted to ₱1.29 billion and ₱1.00 billion as at December 31, 2023 and 2022, respectively. The undistributed and unappropriated earnings from subsidiaries amounting to ₱491.77 million and ₱323.55 million as at December 31, 2023 and 2022, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

On December 19, 2023, retained earnings amounting to ₱50.00 million, ₱150.00 million and ₱0.90 million were appropriated for the project development of One Legacy Grandsuites and One Financial Center and for the expansion of operation of MPMC, respectively. These appropriations are expected to be released on or before December 31, 2025 and 2026. The BOD also approved the extension of release of the 2016 retained earnings amounting to ₱750.00 million for operations of The Centrium on or before December 31, 2025. Appropriated retained earnings for the expansion of MPMHC operation amounting to ₱1.50 million was released from appropriation in 2023.

On December 16, 2022, retained earnings amounting to ₱1,000.00 million, ₱200.00 million, ₱400.00 million, ₱100.00 million, ₱50.00 million and ₱1.00 million were appropriated for the project investment and working capital support of Admiral Hotel and the project development of the Panorama Manila, Copeton Baysuites, One Financial Center and One Legacy projects and for the expansion of operation of MPMHC, respectively. These appropriations are expected to be released on or before December 31, 2025, 2026 and 2027. The BOD also approved the extension of release of the 2017, 2018 and 2019 retained earnings amounting to ₱1,500.00 million, ₱100.00 million and ₱50.00 million for Copeton Baysuites, Admiral Hotel and 8 Alonzo, respectively, on or before December 31, 2025.

On March 18, 2022, appropriated retained earnings for the project development of The Centrium amounting to ₱450.00 million were released from appropriation.

On December 20, 2021, the BOD approved the appropriation of retained earnings amounting to ₱400.00 million and ₱150.00 million for the project development of Copeton Baysuites and One Legacy, respectively. These appropriations are expected to be released on or before December 31, 2024 and December 31, 2026, respectively. Appropriated retained earnings for the project development of 8 Alonzo amounting to ₱50.00 million in 2017 were released from appropriation in 2021.

In 2021, the Group acquired MPMHC with appropriated retained earnings of ₱1.20 million as at December 31, 2021. These appropriated retained earnings have been set aside for future expansion of operations within the next five years.

On November 26, 2020, ₱100.00 million out of ₱400.00 million appropriated retained earnings for Cosmo Suites was released and the remaining ₱300.00 million was extended on or before December 31, 2026.

On December 10, 2020, ₱300.00 million and ₱100.00 million appropriated retained earnings for 202 Peaklane and 8 Alonzo, respectively were extended for release on or before December 31, 2024.

On December 10, 2019, retained earnings amounting to ₱650.00 million, ₱300.00 million, ₱200.00 million, ₱150.00 million and ₱70.00 million were appropriated for the project development of the Panorama Manila, Copeton Baysuites, Cornell Parksuites, One Financial Center and One Legacy projects, respectively. These appropriations are expected to be released on December 31, 2023, 2025 and 2026. Appropriated retained earnings for the development of Admiral Hotel working capital amounting to ₱200.00 million were released from appropriation in 2019. Extension of release of the 2018, 2016 and 2015 retained earnings amounting to ₱1,200.00 million, ₱750.00 million and ₱450.00 million for Copeton Baysuites and The Centrium, respectively, on or before December 31, 2023.

In 2018, retained earnings amounting to ₱100.00 million and ₱50.00 million were appropriated for the project development of hotel projects and 8 Alonzo project, respectively. These appropriations are expected to be released gradually until 2023.

In 2017, retained earnings amounting to ₱1,200.00 million, ₱400.00 million and ₱50.00 million were appropriated for the project development of Copeton Baysuites, Cosmo Suites, and 8 Alonzo project, respectively. These appropriations are expected to be released gradually until 2023. Further, the 2014 appropriation for Admiral Hotel amounting to ₱200.00 million was extended for release until 2019.

In 2016, retained earnings amounting to ₱750.00 million and ₱250.00 million were appropriated for the project development of The Centrium and 202 Peaklane, respectively. These appropriations are expected to be released gradually until 2020 and 2021, respectively.

In 2015, retained earnings amounting to ₱450.00 million and ₱50.00 million were appropriated for the project development of The Centrium and 202 Peaklane, respectively. These appropriations are expected to be released gradually until 2020.

<u>Capital Management</u>
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The following table shows the components of what the Group considers its capital as at December 31, 2023 and 2022:

	2023	2022
Capital stock:		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Retained earnings	**7,661,960,247**	7,097,163,701
	₱9,681,315,531	₱9,116,518,985

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes accounts and other payables, interest-bearing loans and borrowings, and customers' advances and deposits, less cash and cash equivalents. Capital pertains to equity attributable to the equity holders of the parent, excluding OCI.

	2023	2022
Accounts and other payables	**₱4,299,954,904**	₱5,702,092,799
Lease liabilities	**153,587,016**	340,104,664
Loans payable	**21,684,295,975**	19,966,468,476
Customers' advances and deposits	**2,928,543,144**	3,399,646,785
	29,066,381,039	29,408,312,724
Less cash and cash equivalents	**(1,164,633,504)**	(1,291,884,786)
Net debt	**27,901,747,535**	28,116,427,938
Capital (excluding OCI)	**9,681,315,531**	9,116,518,985
Total capital and net debt	**₱37,583,063,066**	₱37,232,946,923
Gearing ratio	**74%**	76%

No changes were made in the Group's objectives, policies or processes during the years ended December 31, 2023 and 2022.

20. Financial Instruments

Fair Value Information

The carrying amounts of the Group's financial assets (i.e., cash and cash equivalents, due from condominium associations, other receivables, and deposits) and financial liabilities (i.e., accounts and other payables and loans payable) approximate their fair values either due to their short-term maturities or re-pricing features of the interest they carry except for the following financial asset as at December 31, 2023 and 2022:

	2023		2022	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Installment contracts receivable	**₱2,349,040,767**	**₱2,297,323,288**	₱2,059,548,897	₱2,395,781,049
Note receivable	**521,137,826**	**553,925,096**	–	–
	₱2,870,178,593	**₱2,851,248,384**	₱2,059,548,897	₱2,395,781,049

Financial assets

The fair value of installment contracts receivable and note receivable, which is based on the level 3 valuation technique, is computed using discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date based on the remaining terms to maturity. The discount rates used ranged from 5.12% to 6.00% and 3.92% to 6.56% as at December 31, 2023 and 2022, respectively, for installment contracts receivable. Note receivable used discount rates ranging from 5.12% to 5.97% as at December 31, 2023. By using the discounted value of future cash flows, a higher interest rate would yield a lower fair value.

Fair Value Hierarchy

The Group has no financial instruments carried at fair value as at December 31, 2023 and 2022.

There were no assets or liabilities whose fair value is disclosed using Level 1 and Level 2 valuation techniques.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Objectives and Policies
The Group's principal financial instruments comprise of cash and cash equivalents, receivables, deposits, accounts and other payables, and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations.

The significant risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The exposures to these risks and how they arise, as well as the Group's objectives, policies and processes for managing the risks and the methods used to measure the risks did not change from prior years.

The main objectives of the Group's financial risk management are as follows:
- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and,
- to provide a degree of certainty about costs.

The BOD reviews and agrees on policies for managing each of these risks.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either: the inability to sell financial assets quickly at their fair values; the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Group manages liquidity risk to ensure the continuity of operations and to maintain financial flexibility. The Group's strategy includes proactive approach to cash flow management, whereby the Group conducts comprehensive cash flow forecasting exercises to assess its cash position, debt maturity profile, and overall liquidity position.

In line with this objective, the Group maintains a prudent level of financial assets, carefully planned to finance its ongoing operations and to mitigate the impact of potential cash flow fluctuations. Furthermore, the Group actively manages its capital expenditures, operating expenses, and working capital requirements to ensure they are adequately funded through a combination of cash collections and utilization of available undrawn credit facilities. These liquidity buffers serve as safeguards against unforeseen events or disruptions in cash inflows. The Group also conducts regular reviews of its financial liabilities, obligations, and bank loans maturity profile to ensure the availability of funding through an appropriate mix of credit facilities with financial institutions.

The Group's approach to liquidity risk management, supported by strategic cash flow forecasting and conservative financial practices, maintains the Group's financial stability. By closely monitoring these factors, the Group mitigates potential liquidity risks and optimizes its financial structure while ensuring operational continuity.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at December 31, 2023 and 2022:

	2023			
	Within 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Accounts and other payables:				
Payable to contractors and suppliers	**₱2,137,593,133**	**₱–**	**₱–**	**₱2,137,593,133**
Retention payable	**451,672,347**	**591,720,656**	**–**	**1,043,393,003**
Accrued expenses*	**290,734,703**	**97,868,432**	**–**	**388,603,135**
Rental deposits	**61,365,678**	**239,412,614**	**2,001,473**	**302,779,765**
Others**	**47,510,914**	**–**	**–**	**47,510,914**
Lease liabilities***	**48,028,890**	**126,829,091**	**–**	**174,857,981**
Loans payable***	**6,473,642,037**	**16,432,657,454**	**3,939,791,363**	**26,846,090,854**
Total Financial Liabilities	**₱9,510,547,702**	**₱17,488,488,247**	**₱3,941,792,836**	**₱30,940,828,785**

**Excludes cost to obtain new contracts*
***Others exclude statutory payables*
****Includes future interest payment*

	2022			
	Within 1 year	1 to 5 years	More than 5 years	Total
Accounts and other payables:				
Payable to contractors and suppliers	₱1,800,773,692	₱–	₱–	₱1,800,773,692
Retention payable	549,922,177	458,024,288	–	1,007,946,465
Non-trade payable	1,772,926,903	–	–	1,772,926,903
Accrued expenses*	310,805,978	69,367,662	–	380,173,640
Rental deposits	72,379,807	160,636,793	2,391,322	235,407,922
Others**	74,843,076	–	–	74,843,076
Lease liabilities***	54,566,591	190,023,704	240,912,602	485,502,897
Loans payable***	7,459,403,717	15,010,280,451	618,194,545	23,087,878,713
Total Financial Liabilities	₱12,095,621,941	₱15,888,332,898	₱861,498,469	₱28,845,453,308

**Excludes cost to obtain new contracts*
***Others exclude statutory payables*
****Includes future interest payment*

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risks are primarily attributable to installment contracts receivable, rental receivable and other financial assets. The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to a manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management unit conducts a credit investigation and evaluation of each buyer to establish creditworthiness.

Installment Contracts Receivable - Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for real estate receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject condominium units in case of refusal by the buyer to pay the due installment contracts receivable on time. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

Rental Receivable – Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are being aged and analyzed on a continuous basis to minimize credit risk.

Note Receivable –The credit risk pertaining to the note receivable is mitigated through collateralization facilitated by the Memorandum of Agreement between ALHI and GPVI on September 28, 2023. Pursuant to the terms outlined in the agreement, a building situated in Parañaque City, with a total floor area of approximately 20,744 square meters, is designated as collateral. In the event of non-payment for three consecutive quarterly amortizations, the borrower is obligated to assign to the Group the ownership of the collateralized building, along with the accompanying lease right over the land where the building is constructed. This collateral arrangement serves as a safeguard against potential default scenarios.

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

As at December 31, 2023 and 2022, the Group's maximum exposure to credit risk without considering the effects of collaterals and other credit enhancements follows:

	2023	2022
Cash in banks and cash equivalents	**₱1,163,312,004**	₱1,291,122,786
Receivables and contract assets:		
Installment contracts receivable	**2,349,040,767**	2,059,548,897
Note receivable	**521,137,826**	–
Rental receivable	**245,696,958**	208,191,034
Due from condominium associations	**30,684,921**	29,493,674
Others	**55,138,791**	76,108,589
Deposits	**158,274,225**	139,464,074
	₱4,523,285,492	₱3,803,929,054

The subjected condominium units for sale are held as collateral for all installment contracts receivable. The maximum exposure to credit risk, before considering credit enhancement, from the Group's installment contracts receivable amounted to ₱2,349.04 million and ₱2,059.55 million as at December 31, 2023 and 2022, respectively. The fair value of the related collaterals amounted to ₱11,339.62 million and ₱14,985.80 million as at December 31, 2023 and 2022, respectively resulting to zero net exposure amounts as at December 31, 2023 and 2022. The basis for the fair value of the collaterals is the current selling price of the condominium units.

The collections of advance rentals and security deposits amounted to ₱551.69 million and ₱610.37 million as at December 31, 2023 and 2022, respectively, were higher than rental receivable resulting to zero net exposure as at December 31, 2023 and 2022.

The maximum exposure to credit risk from the Group's note receivable amounted to ₱521.14 million as at December 31, 2023, before consideration of the credit enhancement. After consideration of the fair value of the related collateral amounting to ₱1,372.00 million, the net exposure amounts as at December 31, 2023 resulted to zero. The basis for the fair value of the collateral is latest appraisal valuation report.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

As at December 31, 2023 and 2022, the credit quality per class of financial assets are as follows:

	2023			
	Neither Past Due nor Impaired			
	Grade A	**Past Due But Not Impaired**	**Individually Impaired**	**Total**
Cash in banks and cash equivalents	**₱1,163,312,004**	**₱–**	**₱–**	**₱1,163,312,004**
Receivables:				
Installment contracts receivable	**2,326,713,089**	**22,327,678**	**–**	**2,349,040,767**
Note receivable	**521,137,826**	**–**	**–**	**521,137,826**
Rental receivable	**229,038,887**	**16,658,071**	**–**	**245,696,958**
Due from condominium associations	**30,684,921**	**–**	**–**	**30,684,921**
Others	**41,454,229**	**13,684,562**	**17,203,351**	**72,342,142**
Deposits	**158,274,225**	**–**	**–**	**158,274,225**
Total	**₱4,470,615,181**	**₱52,670,311**	**₱17,203,351**	**₱4,540,488,843**

	2022			
	Neither Past Due nor Impaired			
	Grade A	Past Due But Not Impaired	Individually Impaired	Total
Cash in banks and cash equivalents	₱1,291,122,786	₱–	₱–	₱1,291,122,786
Receivables:				
Installment contracts receivable	2,039,748,508	19,800,389	–	2,059,548,897
Rental receivable	183,998,729	24,192,305	–	208,191,034
Due from condominium associations	29,493,674	–	–	29,493,674
Others	66,458,058	5,467,409	17,203,351	89,128,818
Deposits	139,464,074	–	–	139,464,074
Total	₱3,750,285,829	₱49,460,103	₱17,203,351	₱3,816,949,283

The credit quality of the financial assets and contract assets was determined as follows:

Cash in banks and cash equivalents are considered Grade A due to the counterparties' low probability of insolvency. The Group transacts only with institutions or banks which have demonstrated financial soundness for several years.

Grade A installment contracts receivable are considered to be of high value where the counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms. The Group assessed that there are no financial assets that will fall under this category as the Group transacts with recognized third parties.

Rental receivable, due from condominium associations, note receivable, other receivables and deposits are considered as Grade A. The credit quality rating of Grade A pertains to receivables with no defaults in payment. The Group determines financial assets as impaired when the probability of recoverability is remote and in consideration of the lapse in the period which the asset is expected to be recovered. As at December 31, 2023 and 2022, the aging analysis of the Group's past due but not impaired installment contracts receivable, rental receivable and other receivables follows:

	Neither Past due nor impaired	**Past due but not impaired**					**Impaired**	**Total**
		30 days	**30-60 days**	**61-90 days**	**More than 90 days**	**Total**		
2023								
Installment contracts receivable	**₱2,326,713,089**	**₱4,109,342**	**₱1,880,194**	**₱448,956**	**₱15,889,186**	**₱22,327,678**	**₱–**	**₱2,349,040,767**
Rental receivable	**229,038,887**	**4,864,422**	**2,968,708**	**1,085,308**	**7,739,633**	**16,658,071**	**–**	**245,696,958**
Notes receivable	**521,137,826**	**–**	**–**	**–**	**–**	**–**	**–**	**521,137,826**
Other receivables	**41,454,229**	**11,148,447**	**1,894,754**	**263,740**	**377,621**	**13,684,562**	**17,203,351**	**72,342,142**
2022								
Installment contracts receivable	₱2,039,748,508	₱10,207,767	₱1,219,474	₱1,953,737	₱ 6,419,411	₱19,800,389	₱–	₱2,059,548,897
Rental receivable	183,998,729	3,370,219	2,521,138	2,255,996	16,044,952	24,192,305	–	208,191,034
Other receivables	66,458,058	5,449,450	17,959	–	–	5,467,409	17,203,351	89,128,818

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The table below demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2023 and 2022, with all variables held constant (through the impact on floating rate borrowings):

	Effect on income before income tax			
	Increase (decrease)			
	December 31, 2023		December 31, 2022	
Change in basis points	**+ 100 basis points**	**-100 basis points**	+ 100 basis points	-100 basis points
Floating rate borrowings*	**(₱37.12)**	**₱37.12**	(₱47.53)	₱47.53

**in millions*

21. **Segment Information**

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The Group considers the following as its reportable segments:

- Condominium sales - development of high-end condominium units for sale to third parties
- Leasing - commercial units and shopping centers for lease to third parties
- Property management - facilities management and consultancy services covering condominium and building administration
- Hotel operation - management of hotel business operations

The Chief Executive Officer (CEO) has been identified as the chief operating decision-maker (CODM). The CODM reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report results based on geographical segments because the Group operates only in the Philippines.

The CEO separately monitors the operating results of the Group's business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The financial information about the operations of the reportable segments:

	Year-ended December 31, 2023					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	**₱3,203,854,980**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,203,854,980**
Rental income	**–**	**1,403,812,250**	**–**	**–**	**(179,348,728)**	**1,224,463,522**
Management fee	**–**	**–**	**64,353,086**	**–**	**(21,503,795)**	**42,849,291**
Hotel operation	**–**	**–**	**–**	**291,925,750**	**–**	**291,925,750**
Interest and other income	**333,635,249**	**178,120,571**	**383,164**	**1,248,430**	**–**	**513,387,414**
	3,537,490,229	**1,581,932,821**	**64,736,250**	**293,174,180**	**(200,852,523)**	**5,276,480,957**
COSTS AND EXPENSES						
Cost of condominium units	**₱2,497,087,786**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,497,087,786**
Hotel operation	**–**	**–**	**–**	**207,314,320**	**–**	**207,314,320**
Selling and administrative	**490,272,391**	**923,059,099**	**57,767,056**	**195,399,570**	**(200,852,523)**	**1,465,645,593**
	2,987,360,177	**923,059,099**	**57,767,056**	**402,713,890**	**(200,852,523)**	**4,170,047,699**
Earnings before interest and taxes	**550,130,052**	**658,873,722**	**6,969,194**	**(109,539,710)**	**–**	**1,106,433,258**
Finance costs	**103,000,682**	**146,250,869**	**233,715**	**–**	**–**	**249,485,266**
Income before tax	**₱447,129,370**	**₱512,622,853**	**₱6,735,479**	**(₱109,539,710)**	**₱–**	**₱856,947,992**

	As at December 31, 2023					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
ASSETS						
Cash and cash equivalents	**₱839,599,630**	**₱240,268,841**	**₱16,262,030**	**₱68,503,003**	**₱–**	**₱1,164,633,504**
Receivables	**2,438,435,267**	**774,688,580**	**14,814,198**	**20,376,591**	**(7,960,764)**	**3,240,353,872**
Real estate for development and sale	**13,918,637,688**	**–**	**–**	**–**	**–**	**13,918,637,688**
Other current assets	**2,071,798,121**	**259,749,372**	**10,839,524**	**43,334,751**	**–**	**2,385,721,768**
Property and equipment	**227,177,913**	**51,968**	**–**	**3,505,706,195**	**–**	**3,732,936,076**
Investment properties	**–**	**14,436,610,507**	**–**	**–**	**–**	**14,436,610,507**
Other noncurrent assets	**212,141,283**	**202,857,682**	**–**	**155,987**	**–**	**415,154,952**
	₱19,707,789,902	**₱15,914,226,950**	**₱41,915,752**	**₱3,638,076,527**	**(₱7,960,764)**	**₱39,294,048,367**
LIABILITIES						
Accounts and other payables	**₱3,715,592,108**	**₱528,691,284**	**₱ 6,830,972**	**₱56,801,304**	**(₱7,960,764)**	**₱4,299,954,904**
Lease liabilities	**153,587,016**	**–**	**–**	**–**	**–**	**153,587,016**
Customers' advances and deposits	**2,668,205,341**	**248,906,403**	**10,085,460**	**1,345,940**	**–**	**2,928,543,144**
Loans payable	**15,368,150,322**	**6,316,145,653**	**–**	**–**	**–**	**21,684,295,975**
	₱21,905,534,787	**₱7,093,743,340**	**₱16,916,432**	**₱58,147,244**	**(₱7,960,764)**	**₱29,066,381,039**

	Year-ended December 31, 2022					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	₱2,717,699,078	₱–	₱–	₱–	₱–	₱2,717,699,078
Rental income	–	1,212,772,222	–	–	(119,680,271)	1,093,091,951
Management fee	–	–	61,176,991	–	(26,474,366)	34,702,625
Hotel operation	–	–	–	79,784,426	–	79,784,426
Interest and other income	369,015,831	184,813,655	383,300	537,606	–	554,750,392
	3,086,714,909	1,397,585,877	61,560,291	80,322,032	(146,154,637)	4,480,028,472
COSTS AND EXPENSES						
Cost of condominium units	₱2,311,905,168	₱–	₱–	₱–	₱–	₱2,311,905,168
Hotel operation	–	–	–	81,621,848	–	81,621,848
Selling and administrative	387,424,903	872,088,864	52,481,727	115,163,803	(146,154,637)	1,281,004,660
	2,699,330,071	872,088,864	52,481,727	196,785,651	(146,154,637)	3,674,531,676
Earnings before interest and taxes	387,384,838	525,497,013	9,078,564	(116,463,619)	–	805,496,796
Finance costs	57,507,398	58,986,942	127,239	39,045	–	116,660,624
Income before tax	₱329,877,440	₱466,510,071	₱8,951,325	(116,502,664)	₱–	₱688,836,172

	As at December 31, 2022					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
ASSETS						
Cash and cash equivalents	₱884,630,385	₱355,745,758	₱25,480,758	₱26,027,885	₱–	₱1,291,884,786
Receivables	2,131,677,051	259,324,850	12,557,624	7,692,048	(8,225,349)	2,403,026,224
Real estate for development and sale	11,849,733,498	–	–	–	–	11,849,733,498
Other current assets	2,003,310,510	542,356,355	10,518,655	20,213,803	–	2,576,399,323
Property and equipment	142,249,627	18,131	1,078	3,409,421,162	–	3,551,689,998
Investment properties	–	16,605,151,587	–	–	–	16,605,151,587
Other noncurrent assets	183,501,683	465,165,220	–	691,962	–	649,358,865
	₱17,195,102,754	₱18,227,761,901	₱48,558,115	₱3,464,046,860	(₱8,225,349)	₱38,927,244,281
LIABILITIES						
Accounts and other payables	3,032,630,082	2,616,551,828	4,888,692	56,247,546	(8,225,349)	5,702,092,799
Lease liabilities	98,973,598	241,131,066	–	–	–	340,104,664
Customers' advances and deposits	3,090,418,791	306,948,898	985,156	1,293,940	–	3,399,646,785
Loans payable	17,028,139,272	2,938,329,204	–	–	–	19,966,468,476
	₱23,250,161,743	₱6,102,960,996	₱5,873,848	₱57,541,486	(₱8,225,349)	₱29,408,312,724

	Year-ended December 31, 2021					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	₱2,768,504,302	₱–	₱–	₱–	₱–	₱2,768,504,302
Rental income	–	1,067,144,160	–	–	–	1,067,144,160
Management fee	–	–	52,603,306	–	(19,258,464)	33,344,842
Interest and other income	332,077,914	172,472,340	961,046	48,688	–	505,559,988
	3,100,582,216	1,239,616,500	53,564,352	48,688	(19,258,464)	4,374,553,292
COSTS AND EXPENSES						
Cost of condominium units	₱ 2,598,803,247	₱–	₱–	₱–	₱–	₱2,598,803,247
Selling and administrative	447,875,346	675,368,589	49,730,505	52,127,121	(19,258,464)	1,205,843,097
	3,046,678,593	675,368,589	49,730,505	52,127,121	(19,258,464)	3,804,646,344
Earnings before interest and taxes	53,903,623	564,247,911	3,833,847	(52,078,433)	–	569,906,948
Finance costs	16,392,070	32,300,770	100,151	–	–	48,792,991
Income before tax	₱37,511,553	₱531,947,141	₱3,733,696	(52,078,433)	₱–	₱521,113,957

	As at December 31, 2021					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
ASSETS						
Cash and cash equivalents	₱872,822,802	₱377,853,985	₱4,818,325	₱11,743,615	₱–	₱1,267,238,727
Receivables	3,577,687,587	255,958,237	13,127,498	55,365	–	3,846,828,687
Real estate for development and sale	8,745,706,850	–	–	–	–	8,745,706,850
Other current assets	1,955,229,961	385,541,267	878,589	10,997,279	–	2,352,647,096
Property and equipment	81,185,372	5,157	17,849	2,898,637,582	–	2,979,845,960
Investment properties	–	16,857,563,302	–	–	–	16,857,563,302
Other noncurrent assets	199,844,588	891,005,172	–	1,311,206	–	1,092,160,966
	₱15,432,477,160	₱18,767,927,120	₱18,842,261	₱2,922,745,047	₱–	₱37,141,991,588
LIABILITIES						
Accounts and other payables	3,140,263,068	910,123,372	8,113,007	134,752,855	–	4,193,252,302
Lease liabilities	33,630,361	246,711,827	–	–	–	280,342,188
Customers' advances and deposits	2,882,096,068	422,986,264	1,482,830	–	–	3,306,565,162
Loans payable	10,612,603,251	9,818,516,441	–	–	–	20,431,119,692
	₱16,668,592,748	₱11,398,337,904	₱9,595,837	₱134,752,855	₱–	₱28,211,279,344

Intercompany revenue amounted to ₱200.85 million, ₱146.15 million and ₱19.26 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Capital expenditures with an aggregate amount of ₱6,250.10 million, ₱6,070.55 million, ₱5,868.13 million for the years ended December 31, 2023, 2022 and 2021, respectively, consists of condominium project costs, construction and acquisition cost of investment properties and hotel property, and land acquisitions costs.

Disaggregation of Revenue Information

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different revenue streams and geographical location within the Philippines. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Real estate sales and service income

a. Major revenue streams

Real estate sale pertains only to the sale of high-rise condominium units. This sale is revenue from contract with customer recognized over time and generated in the Luzon and Mindanao area.

Rental income is mainly derived from rental of malls, warehouse spaces and other commercial facilities.

Management fee, which is recognized over time, represents the service fee for administering the condominiums.

Hotel operation pertains to room rentals, food and beverage sales, and other ancillary services.

Set out below is the reconciliation of contracts with customers with the amounts disclosed above:

			2023		
	Condominium Sales	**Leasing**	**Hotel operation**	**Property Management**	**Total**
Sales to external customers	**₱3,203,854,980**	**₱1,224,463,522**	**₱291,925,750**	**₱42,849,291**	**₱4,763,093,543**
Inter-segment sales	**–**	**179,348,728**	**–**	**21,503,795**	**200,852,523**
Total	**3,203,854,980**	**1,403,812,250**	**291,925,750**	**64,353,086**	**4,963,946,066**
Inter-segment eliminations	**–**	**(179,348,728)**	**–**	**(21,503,795)**	**(200,852,523)**
Total revenue from contract with customers	**₱3,203,854,980**	**₱1,224,463,522**	**₱291,925,750**	**₱42,849,291**	**₱4,763,093,543**

			2022		
	Condominium Sales	Leasing	Hotel operation	Property Management	Total
Sales to external customers	₱2,717,699,078	₱1,093,091,951	₱79,784,426	₱34,702,625	₱3,925,278,080
Inter-segment sales	–	119,680,271	–	26,474,366	146,154,637
Total	2,717,699,078	1,212,772,222	79,784,426	61,176,991	4,071,432,717
Inter-segment eliminations	–	(119,680,271)	–	(26,474,366)	(146,154,637)
Total revenue from contract with customers	₱2,717,699,078	₱1,093,091,951	₱79,784,426	₱34,702,625	₱3,925,278,080

		2021		
	Condominium Sales	Leasing	Property Management	Total
Sales to external customers	₱2,768,504,302	₱1,067,144,160	₱33,344,842	₱3,868,993,304
Inter-segment sales	–	–	19,258,464	19,258,464
Total	2,768,504,302	1,067,144,160	52,603,306	3,888,251,768
Inter-segment eliminations	–	–	(19,258,464)	(19,258,464)
Total revenue from contract with customers	₱2,768,504,302	₱1,067,144,160	₱33,344,842	₱3,868,993,304

Hotel operation
Disaggregation of each source of revenue from contracts with customers is presented below:

	2023	2022*
Food and beverage	**₱164,808,754**	₱51,521,120
Room accommodation	**120,596,583**	27,371,727
Others	**6,520,413**	891,579
	₱291,925,750	₱79,784,426

** The commercial operation of Hotel started on July 1, 2022.*

The Group recognizes revenue from room accommodation and services of other operating department of the hotel over time while revenue from sale of food and beverage, souvenirs and others are recognized at a point in time.

The Group has no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

Set out below is the amount of revenue recognized from the following:

	2023	2022
Amounts included in contract liabilities at the beginning of the period	**₱1,486,951,387**	₱956,542,440

<u>*Performance obligations*</u>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satifisfied) as at December 31, 2023 and 2022 are as follows:

	2023	2022
Within one year	**₱3,506,462,550**	₱2,176,413,346
More than one year	**1,748,843,043**	2,953,774,929
	₱5,255,305,593	₱5,130,188,275

The remaining performance obligations are expected to be recognized through continuous development of the Group's real estate for development and sale projects.

22. **Commitments**

<u>Lease Commitments</u>

Leases - Group as Lessor
The Group entered into noncancellable lease agreements with third parties covering its investment property portfolio. These leases generally provide for a fixed monthly rental on the Group's warehouse, commercial units, and office spaces. Rent income amounted to ₱1,224.46 million, ₱1,093.09 million and ₱1,067.14 million for the years ended December 31, 2023, 2022 and 2021, respectively. Interest expense relating to the accretion of security deposit payable amounted to ₱2.47 million, ₱2.41 million and ₱2.35 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Future minimum rental receivable under the noncancellable operating lease as at December 31, 2023 and 2022 are as follows:

	2023	2022
One year	**₱887,881,152**	₱732,018,216
After one year but not beyond five years	**1,535,491,189**	1,613,438,129
Beyond five years	**60,187,634**	–
	₱2,483,559,975	₱2,345,456,345

Leases - Group as Lessee
The Group has entered into noncancellable lease agreements for the rental of its offices and showroom for a period of one to five years and exhibit booths for a period of one to three months. The lease is renewable upon mutual consent of the contracting parties.

The following are the amounts recognized in consolidated statements of comprehensive income:

	2023	2022	2021
Amortization expense of right-of-use assets (Notes 8 and 9)	**₱51,226,056**	₱58,506,415	₱47,494,855
Interest expense on lease liabilities	**20,549,954**	22,233,597	19,687,563
Rental expense (Note 16)	**6,191,511**	5,646,390	7,503,916
Total	**₱77,967,521**	₱86,386,402	₱74,686,334

Rental expense recognized pertains to lease agreements related to short-term leases and leases of low-value assets.

The movements in the lease liabilities as at December 31, 2023 and 2022 are presented below:

	2023	2022
Beginning balance	**₱340,104,664**	₱280,342,188
Additions	**99,024,440**	107,639,950
Interest expense	**20,549,954**	22,233,597
Payments	**(69,773,839)**	(70,111,071)
Deconsolidation of a subsidiary (Note 1)	**(236,318,203)**	–
	153,587,016	340,104,664
Less noncurrent portion of lease liabilities	**114,659,165**	295,849,882
	₱38,927,851	₱44,254,782

The Group has certain lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business need. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments as at December 31, 2023 and 2022, relating to period following the exercise date of extension options that are not included in the lease term:

	2023	2022
Less than one year	**₱–**	₱19,826,799
After one year but not more than five years	**69,682,126**	72,131,502
More than five years	**199,420,342**	116,310,628
	₱269,102,468	₱208,268,929

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Less than one year	**₱48,028,890**	₱54,566,591
After one year but not more than five years	**126,829,091**	190,023,704
More than five years	**–**	240,912,602
	₱174,857,981	₱485,502,897

23. Earnings Per Share

Basic/diluted EPS amounts attributable to equity holders of the Parent Company for the years ended December 31, 2023, 2022 and 2021 follow:

	2023	**2022**	2021
Net income attributable to equity holders of Anchor Land Holdings, Inc.	**₱623,729,936**	**₱517,547,353**	₱432,838,636
Less dividends on preferred shares (Note 19)	**27,733,360**	**27,733,360**	27,733,360
Net income attributable to equity holders of Anchor Land Holdings, Inc. for basic and diluted EPS	**595,996,576**	**489,813,993**	405,105,276
Weighted average number of common shares for basic and diluted EPS	**1,040,001,000**	**1,040,001,000**	1,040,001,000
Basic/diluted EPS	**₱0.57**	**₱0.47**	₱0.39

The Parent Company does not have potentially dilutive common shares for years ended December 31, 2023, 2022 and 2021.

24. Changes in Liabilities Arising from Financing Activities

	January 1, 2023	**Noncash transactions**	**Net cash flows**	**December 31, 2023**
Loans payable	**₱19,966,468,476**	**₱35,390,248**	**₱1,682,437,251**	**₱21,684,295,975**
Lease liabilities	**340,104,664**	**(116,743,809)**	**(69,773,839)**	**153,587,016**
Dividends payable	**–**	**58,933,390**	**(58,933,390)**	**–**
Total liabilities arising from financing activities	**₱20,306,573,140**	**(₱22,420,171)**	**₱1,553,730,022**	**₱21,837,882,991**

	January 1, 2022	Noncash transactions	Net cash flows	December 31, 2022
Loans payable	₱20,431,119,692	₱32,270,907	(₱496,922,123)	₱19,966,468,476
Lease liabilities	280,342,188	129,873,547	(70,111,071)	340,104,664
Dividends payable	–	48,533,380	(48,533,380)	–
Total liabilities arising from financing activities	₱20,711,461,880	₱210,677,834	(₱615,566,574)	₱20,306,573,140

	January 1, 2021	Additions/ Accretion of interest	Net cash flows	December 31, 2021
Loans payable	₱19,310,647,503	₱41,905,698	₱1,078,566,491	₱20,431,119,692
Lease liabilities	319,021,807	19,006,592	(57,686,211)	280,342,188
Dividends payable	–	48,533,380	(48,533,380)	–
Total liabilities arising from financing activities	₱19,629,669,310	₱109,445,670	₱972,346,900	₱20,711,461,880

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 25, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's Management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-110-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082023, January 6, 2024, Makati City

March 25, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 25, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, 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 SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 10082023, January 6, 2024, Makati City

March 25, 2024

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2023

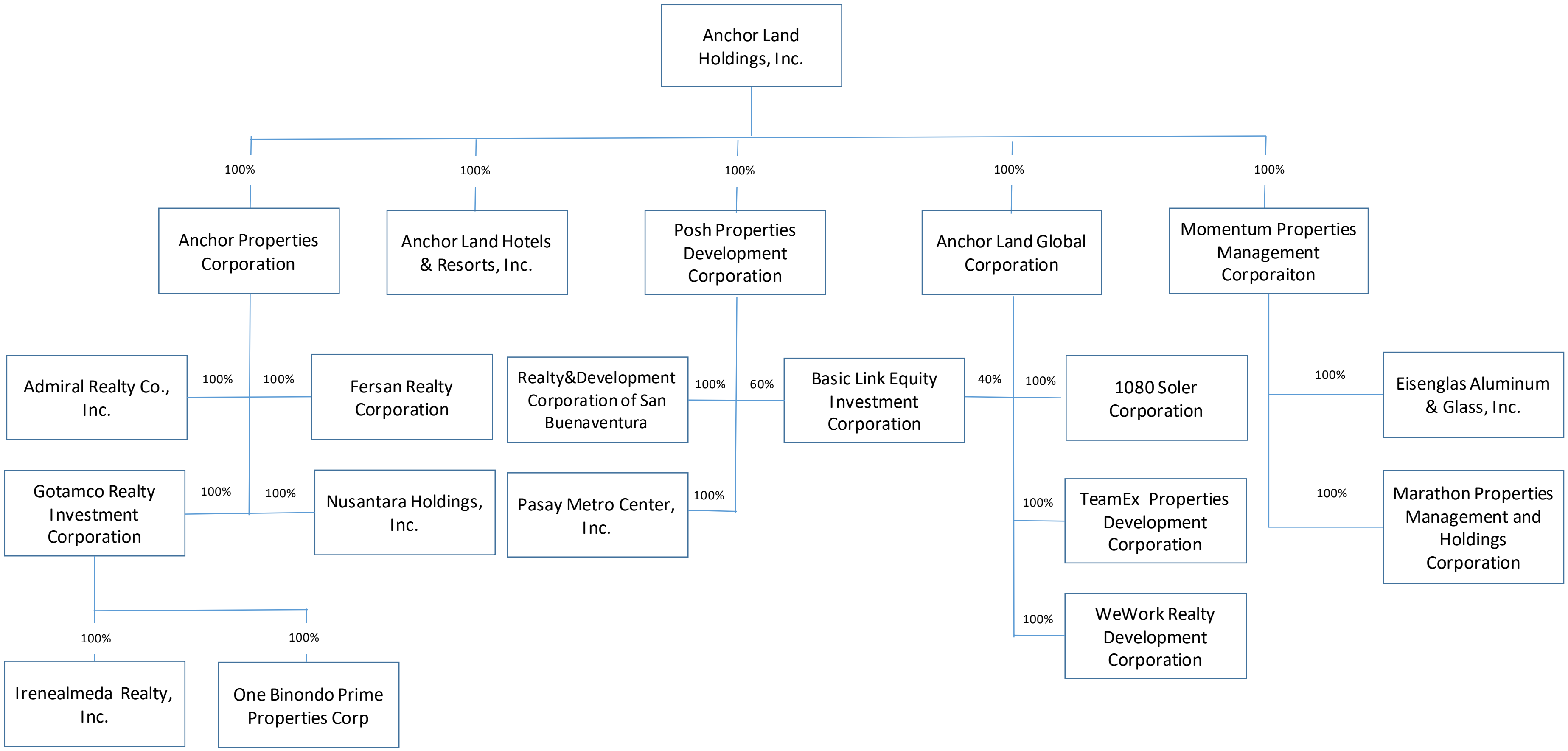
ANCHOR LAND HOLDINGS, INC.

ANNEX A – RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of the reporting period		**₱1,000,144,035**
Add: Category A (Items that are directly credited to Unappropriated Retained Earnings)		–
Less: Category B (Items that are directly debited to Unappropriated Retained Earnings)		
Dividend declaration during the reporting period		(58,933,390)
Unappropriated Retained Earnings, as adjusted		**941,210,645**
Add: Net Income for the current year	373,083,024	
Less: Category C.1 (Unrealized income recognized in profit or loss during the reporting period – net of tax)	–	
Add: Category C.2 (Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period – net of tax)	–	
Add: Category C.3 (Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period – net of tax)	–	
Adjusted Net Income/ Loss	373,083,024	**373,083,024**
Add: Category D (Non-actual losses recognized in profit or loss during the reporting period – net of tax)		
Add/Less: Category E (Adjustments related to relief granted by the SEC and BSP)		–
Add/Less: Category F (Other items that should be excluded from the determination of the amount of available for dividends distribution)		–
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		(20,014,428)
Total Unappropriated Retained Earnings, end of the reporting period available for dividend		**₱1,294,279,241**

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

ANNEX B – MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, ASSOCIATES, WHEREVER LOCATED OR REGISTERED DECEMBER 31, 2023



ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE A – FINANCIAL ASSETS
AS OF DECEMBER 31, 2023

Financial assets	Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Not Applicable					

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
AS OF DECEMBER 31, 2023

Name	Balance at beginning of period	Additions	Amounts collected	Current	Non-current	Balance at end of period
Not Applicable						

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE C – AMOUNTS RECEIVABLE FROM/PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

	Amounts payable by Subsidiaries to Parent Company							
	Receivable balance per Parent Company							
Name of subsidiary	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period	Payable balance per subsidiary	Current	Non-current
Posh Properties Development Corporation	₱27,226,722	₱8,111,071	₱–	₱–	₱35,337,793	₱35,337,793	₱35,337,793	₱–
Globeway Property Ventures, Inc.	328,110,176	–	(328,110,176)	–	–	–	–	–
Anchor Properties Corporation	862,587,083	–	(862,587,083)	–	–	–	–	–
1080 Soler Corp.	220,275,172	–	(3,465,150)	–	216,810,022	216,810,022	216,810,022	–
Admiral Realty Co., Inc.	1,417,222,165	852,675,748	–	–	2,269,897,913	2,269,897,913	2,269,897,913	–
Momentum Properties Management Corporation	51,207,130	–	(17,396,729)	–	33,810,401	33,810,401	33,810,401	–
Anchor Land Global Corporation	71,278,543	–	(71,278,543)	–	–	–	–	–
Frontier Harbor Property Development, Inc.	–	–	–	–	–	–	–	–
Basiclink Equity Investment Corp.	–	627,918	–	–	627,918	627,918	627,918	–
Anchor Land Hotels & Resorts, Inc.	109,368,432	206,748,083	–	–	316,116,515	316,116,515	316,116,515	–
Realty & Development Corporation of San Buenaventura	32,800	–	–	–	32,800	32,800	32,800	–
Wework Realty Development Corp.	3,925,354	61,437	–	–	3,986,791	3,986,791	3,986,791	–
Fersan Realty Corp.	2,368,681	759,376	–	–	3,128,057	3,128,057	3,128,057	–
Marathon Properties Management and Holdings Corporation	705	–	(705)	–	–	–	–	–
TeamEx Properties Development Corp.	500	–	(500)	–	–	–	–	–
	₱3,093,603,463	₱1,068,983,633	(₱1,282,838,886)	₱–	₱2,879,748,210	₱2,879,748,210	₱2,879,748,210	₱–

Name of subsidiary	Amounts payable by Parent Company to Subsidiaries							
	Payable balance per Parent Company					Receivable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts paid	Amounts written off	Balance at end period			
Anchor Properties Corporation	₱–	₱213,212,329	₱–	₱–	₱213,212,329	₱213,212,329	₱213,212,329	₱–
Marathon Properties Management and Holdings Corporation	–	17,826,691	–	–	17,826,691	17,826,691	17,826,691	–
	₱–	₱231,039,020	₱–	₱–	₱231,039,020	₱231,039,020	₱231,039,020	₱–

Name of subsidiary	Amounts payable by Subsidiaries to Posh Properties Development Corporation (PPDC)							
	Receivable balance per PPDC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱493,632,061	₱2,261,074,557	₱–	₱–	₱2,754,706,618	₱2,754,706,618	₱2,754,706,618	₱–
Anchor Land Hotels & Resorts, Inc.	205,586,315	46,377	–	–	205,632,692	205,632,692	205,632,692	–
Anchor Properties Corporation	443,354,045	–	(423,287,517)	–	20,066,528	20,066,528	20,066,528	–
Globeway Property Ventures, Inc.	222,892,702	–	(222,892,702)	–	–	–	–	–
Eisenglas Aluminum and Glass, Inc.	11,742,101	–	–	–	11,742,101	11,742,101	11,742,101	–
Realty & Development Corporation of San Buenaventura	3,000	–	–	–	3,000	3,000	3,000	–
Marathon Properties Management and Holdings Corporation	–	1,877,375	–	–	1,877,375	1,877,375	1,877,375	–
Gotamco Realty Investment Corporation	–	882,128,108	–	–	882,128,108	882,128,108	882,128,108	
	₱1,377,210,224	₱3,145,126,417	(₱646,180,219)	₱–	₱3,876,156,422	₱3,876,156,422	₱3,876,156,422	₱–

Name of subsidiary	Amounts payable by Subsidiaries to Anchor Properties Corporation (APC)							
	Receivable balance per APC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱–	₱1,069,277	₱–	₱–	₱1,069,277	₱1,069,277	₱1,069,277	₱–
Gotamco Realty Investment Corporation	–	41,940,822	–	–	41,940,822	41,940,822	41,940,822	–
Nusantara Holdings, Inc.	–	–	–	–	–	–	–	–
Fersan Realty Corp.	–	–	–	–	–	–	–	–
	₱–	₱43,010,099	₱–	₱–	₱43,010,099	₱43,010,099	₱43,010,099	₱–

Name of subsidiary	Amounts payable by Subsidiaries to Gotamco Realty Investment Corporation (GRIC)							
	Receivable balance per GRIC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱1,642,367,354	₱–	(₱ 1,642,367,354)	₱–	₱–	₱–	₱–	₱–
Anchor Properties Corporation	44,136,416	–	(44,136,416)	–	–	–	–	–
Anchor Land Hotels & Resorts, Inc.	48,500,325	–	–	–	48,500,325	48,500,325	48,500,325	–
Globeway Property Ventures, Inc.	13,012,163	–	(13,012,163)	–	–	–	–	–
1080 Soler Corp.	3,273,760	–	–	–	3,273,760	3,273,760	3,273,760	–
Frontier Harbor Property Development, Inc.	–	–	–	–	–	–	–	–
Nusantara Holdings, Inc.	–	–	–	–	–	–	–	–
TeamEx Properties Development Corp.	6,023,683	61,748	–	–	6,085,431	6,085,431	6,085,431	–
Momentum Properties Management Corporation	1,244,046	–	(1,244,046)	–	–	–	–	–
Anchor Land Global Corporation	387,362,539	–	(308,568,213)	–	78,794,326	78,794,326	78,794,326	–
One Binondo Prime Properties Corp.	2,500,000	1,027,589	–	–	3,527,589	3,527,589	3,527,589	–
	₱2,148,420,286	₱1,089,337	(₱2,009,328,192)	₱–	₱140,181,431	₱140,181,431	₱140,181,431	₱–

Name of subsidiary	Amounts payable by Subsidiaries to Momentum Properties Management Corporation (MPMC)							
	Receivable balance per MPMC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Eisenglas Aluminum and Glass, Inc.	₱4,815,891	₱415,500	₱–	₱–	₱5,231,391	₱5,231,391	₱5,231,391	₱–

Name of subsidiary	Amounts payable by Subsidiary to Basiclink Equity Investment Corp. (BEIC)							
	Receivable balance per BEIC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱18,328,525	₱7,122,571	₱–	₱–	₱25,451,096	₱25,451,096	₱25,451,096	₱–
1080 Soler Corp.	3,932,411	–	(3,000,000)	–	932,411	932,411	932,411	–
	₱22,260,936	₱7,122,571	(₱3,000,000)	₱–	₱26,383,507	₱26,383,507	₱26,383,507	₱–

Name of subsidiary	Amounts payable by Subsidiaries to Irenealmeda Realty, Inc. (IRI)							
	Receivable balance per IRI					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Gotamco Realty Investment Corporation	₱1,939,380	₱–	(₱63,706)	₱–	₱1,875,674	₱1,875,674	₱1,875,674	₱–

Name of subsidiary	Amounts payable by Subsidiaries to Anchor Land Global Corporation. (ALGC)							
	Receivable balance per ALGC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Frontier Harbor Property Development, Inc.	₱374,996,426	₱	(₱374,996,426)	₱–	₱–	₱–	₱–	₱–

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE D – LONG TERM DEBT
AS OF DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-Term Debt" in related Statement of Financial Position	Interest rates	No. of periodic installment	Maturity date
Long-term loans	₱19,815,049,688	₱3,278,552,276	₱16,536,497,412	4.25% to 10.00%	Various	(Various from) June 2024 to July 2032
Receivable financing	311,891,418	262,558,013	49,333,405	4.13% to 7.50%	Various	(Various from) December 2023 to December 2024
Notes payable	7,354,869	2,817,181	4,537,688	4.20% to 4.72%	60	(Various from) May 2024 to July 2028

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED PARTIES)
AS OF DECEMBER 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Not Applicable		

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
AS OF DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
Not Applicable				

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK
AS OF DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	3,500,000,000	1,040,001,000	–	–	171,914,193	N/A
Preferred	1,300,000,000	346,667,000	–	–	52,101,900	N/A

ANCHOR LAND HOLDINGS, INC.
SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS
As of and for the years ended December 31, 2023 and 2022

	Formula	2023	2022
Current ratio	Total Current Assets / Total Current Liabilities	**1.70**	1.19
Acid test ratio	Total Current Assets (excluding inventory) / Total Current Liabilities	**0.48**	0.38
Solvency Ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) / Short-term and Long-term Debt	**8.37%**	6.05%
Debt to equity ratio	Total Liabilities / Total Equity	**3.05**	3.27
Asset to equity ratio	Total Assets / Total Equity	**4.05**	4.27
Interest rate coverage ratio	EBITDA / Interest expense (including capitalized portion)	**1.81**	1.47
Return on assets	Net Income attributable to the holders of Parent Company / Total Assets	**1.58%**	1.32%
Net profit margin	Net Income attributable to the holders of Parent Company / Total Revenue	**11.82%**	11.55%
Return on equity	Net Income attributable to the holders of Parent Company / Total Equity	**6.40%**	5.65%
Book value per share	Equity attributable to common share holders / Number of outstanding shares	**₱9.04**	₱8.48

ANNEX B

Sustainability Report

Contextual Information

Company Details	
Name of Organization	Anchor Land Holdings, Inc. ("Anchor Land")
Location of Headquarters	15th Floor L.V. Locsin Building, 6752 Ayala Ave. corner Makati Ave., Makati City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Key operating subsidiaries: 1. Anchor Properties Corporation 2. Posh Properties Development Corporation 3. Gotamco Realty Investment Corporation 4. Nusantara Holdings, Inc. 5. Admiral Realty Company, Inc. 6. Momentum Properties Management Corporation 7. 1080 Soler Corp. 8. Basiclink Equity Investment Corp. 9. Anchor Land Hotels & Resorts, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Anchor Land is a holding company with affiliate and subsidiary companies that engage in real estate development activities. The company began with the development of residential condominiums, and expanded its portfolio to include logistics hubs, hotels, offices, and dormitories.
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	Atty. Christine P Base Compliance Information Officer

Materiality Process

The Disclosure Topics in the template provided by the Securities and Exchange Commission (SEC), attached to its Memorandum Circular No. 4 Series of 2019 as Annex "A" of the Guidelines, are largely based on the GRI framework. The Project Team has thus decided to use such Disclosure Topics in this report, instead of the actual GRI items.

The materiality, or the impact, of each Disclosure Topic to the economy, environment, and society is evaluated keeping in mind **(1)** the U.N. Sustainable Development Goals (SDG) to which the Disclosure Topic contributes and **(2)** the degree to which Anchor Land generates the impact and/or the impact's relevance to its stakeholders.

Quoting a section on **GRI 101: Foundation 2016**, under **1.3 Materiality**:

> Relevant topics, which potentially merit inclusion in the report, are those that can reasonably be considered important for reflecting the organization's economic, environmental, and social impacts, or influencing the decisions of stakeholders. In this context, 'impact' refers to the effect an organization has on the economy, the environment, and/or society (positive or negative). A topic can be relevant – and so potentially material – based on only one of these dimensions.

Since all material impacts lead to the 17 U.N. Sustainable Development Goals (SDGs), considered herein as an ultimate and universal set of targets for sustainability, the Project Team has decided to make the U.N. SDGs incident to materiality.

With respect to the degree to which Anchor Land generates the impact and/or the impact's relevance to its stakeholders, each Disclosure Topic is rated either as **High** wherein the company immediately causes the impact; **Medium** wherein the company influences, but not causes, the impact; and **Low to Not Applicable**. In all 3 ratings, the company's stakeholders are considered, if a particular item affects their decisions and/or interests. Those rated as **High** or **Medium** are considered material in this report.

In **GRI 101: Foundation 2016**, under **1.1 Stakeholder Inclusiveness**:

> Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the reporting organization's activities, products, or services; or whose actions can reasonably be expected to affect the ability of the organization to implement its strategies or achieve its objectives.

Stakeholders can therefore be thought of as parties that are affected by the impact and/or those that affect the organization that generates the impact. Depending on the item, the company's stakeholders can mean its employees, suppliers, customers, Government, the community, and so forth.

The following table is a summary of the result of the Materiality Process:

Disclosure Topic	Relevant U.N. SDG	Degree of Impact and/or Relevance to Stakeholders
Economic		
Economic Performance		
Direct Economic Value Generated and Distributed	**SDG #8** Decent Work and Economic Growth	**High**
Climate-Related Risks and Opportunities	**SDG #13** Climate Action	**Medium**
Procurement Practices		
Proportion of spending on local suppliers	**SDG #12** Responsible Consumption and Production	**High**
Anti-Corruption		
Training on Anti-Corruption Policies and Procedures	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Incidents of Corruption	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Environment		
Resource Management		
Energy	**SDG #7** Affordable and Clean Energy	**Medium**
Water	**SDG #6** Clean Water and Sanitation	**Medium**
Materials	**SDG #12** Responsible Consumption and Production	**High**
Ecosystem and Biodiversity		
Watersheds	**SDG #14** Life below Water **SDG #15** Life on Land	**Low to Not Applicable** Anchor Land does not have projects that affect watersheds.
Marine	**SDG #14** Life below Water	**Medium**
IUCN[1]/KBA[2]	**SDG #14** Life below Water **SDG #15** Life on Land	**Low to Not Applicable** Anchor Land does not have projects that endanger animals.
Environmental Impact		
Air Emission		
GHG	**SDG #3** Good Health and Well-Being **SDG #13** Climate Action	**Medium**

NOx, Sox, PM	**SDG #3** Good Health and Well-Being **SDG #13** Climate Action	**Medium**
Solid and Hazardous Waste	**SDG #3** Good Health and Well-Being	**Medium**
Effluents	**SDG #14** Life below Water	**Medium**
Environmental Compliance	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Social		
Employee Management		
Employee Hiring and Benefits	**SDG #8** Decent Work and Economic Growth	**High**
Employee Training and Development	**SDG #4** Quality Education	**High**
Labor-Management Relations	**SDG #8** Decent Work and Economic Growth	**High**
Diversity, Equal Opportunity, and Anti-Discrimination	**SDG #5** Gender Equality **SDG #10** Reduced Inequalities	**High**
Workplace Conditions, Labor Standards, and Human Rights		
Occupational Health and Safety	**SDG #3** Good Health and Well-Being	**High**
Labor Standards and Human Rights	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Supply Chain Management	**SDG #16** Peace, Justice, and Strong Institutions	**High**
Relationship with Community		
Significant Impacts on Local Communities	**SDG #10** Reduced Inequalities	**High**
Customer Management		
Customer Satisfaction	No U.N. SDG found to be directly applicable.	**High**
Health and Safety	**SDG #3** Good Health and Well-Being	**High**
Marketing and Labelling	No U.N. SDG found to be directly applicable.	**High**
Customer Privacy	No U.N. SDG found to be directly applicable.	**High**

Data Security	No U.N. SDG found to be directly applicable.	**High**

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed (in Millions)

Disclosure	Amount	Units
Direct economic value generated (revenue)	4,480	PhP
Direct economic value distributed:		
a. Operating costs	2,640	PhP
b. Employee wages and benefits	286	PhP
c. Payments to suppliers, other operating costs	539	PhP
d. Dividends given to stockholders and interest payments to loan providers	165	PhP
e. Taxes given to government	333	PhP
f. Investments to community (e.g., donations, CSR)	-	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** These financial results impact the local economy in which the company is domiciled. The local economy includes employment, investment activities, tax payments, and community assistance, all of which are factors in U.N. SDG # 8: Decent Work and Economic Growth. • **Where the Impact Occurs:** In the course of the company's business. • **The Organization's Involvement:** Directly.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Third-Party Suppliers / Service Providers / Contractors. o Investors. o Government. o Community.	Anchor Land aims to consistently manage properly the company's financial well-being, build sustainable communities, and create more products and services. It continues to do this by creating a niche, serving the under-served market, which led to its ever-increasing portfolio of projects. Its compliances with the Local government Ordinances is of high importance to the company, particularly on tax related responsibilities.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Mismanagement of company economics can result to insolvency / illiquidity or worse, bankruptcy.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** Investors.	● Anchor Land shall remain true to its proven formula, which allows it to sustain its growing portfolio from residential developments to logistics hubs, hotels and offices, dormitories and maintain the check and balances approach in its management Ensure proper investment of the money of the investors by placing the same in the development of projects and its formula in ensuring the sales of the of the project even before the final completion of the same.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
While staying true to a proven formula is paramount, the company also does not want to outdate its product offerings. The company should therefore keep an eye out for new market segments that it can enter through its strong market research and feedback mechanism.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** Investors.	Anchor Land can explore entering into new real estate market segments. (Options withheld, in the interest of confidentiality.)

Climate-Related Risks and Opportunities

Governance Disclose the organization's governance around climate-related risks and opportunities	Anchor Land supports the management of risks and opportunities related to climate change. It has remained compliant with various laws and regulations that encourage the protection of the environment, including The Climate Change Act of 2009, Philippine Clean Air Act of 1999, Toxic and Hazardous Substances and Nuclear Wastes Control Act of 1990 and The Philippine Clean Water Act of 2004. The company's Management remains mindful of climate change's potential impacts to its projects, for instance, by constructing its projects based on changing weather patterns or by reducing the projects' carbon emission. In so doing, the company has

	created opportunities by always being on the lookout for new technologies that would adapt to climate change, like technologies that reduce energy and water consumption.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Managing these risks and opportunities positively impacts the organization. On top of being more up-to-date on new energy-efficient or water-efficient technologies, climate-related risks and opportunities influence the design of its projects. The Centrium, the company's LEED pre-certified Gold project, for instance, helps in reducing carbon footprint through use of natural light, which in turn reduces energy consumption.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	A few items Anchor Land has started to implement: • Implementation of LEED requirements for its projects to contribute to the reduction of carbon emission through climate-friendly design; and • Identification of project development stages where the most energy and water are consumed in order to properly manage these stages, and in return, reduce or improve consumption of energy.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Anchor Land has started to secure 3rd-party certification on green building, such as the USGBC. The Centrium is LEED pre-certified Gold.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Impact: Procuring from local suppliers provides for sustainable sourcing capability* which ultimately impacts the local economy. *In <u>U.N. SDG # 12: Responsible Consumption and Production</u>.
Where the Impact Occurs: During commissioning of 3rd-Party Suppliers / Service Providers.
The Organization's Involvement: Directly.</td><td>Stakeholders that Cause / Influence the Impact: Procurement Team.
Stakeholders Affected by the Impact:
3rd-Party Suppliers / Service-Providers.
Community.</td><td>Anchor Land supports the local economy by sourcing products and talents from local suppliers. It maintains long-term relationship with partners that share the same passion for excellence and provides opportunities to new consultants with specific technical expertise/skills to help the company offer quality projects and unique solutions to its clientele. This in turn sustains local economy and make it more robust.</td></tr>
<tr><th>What are the Risk/s Identified?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Local suppliers may be more profit-driven than quality-driven. Local suppliers also need more resources to cope with the current economic growth to recover from the loss due to pandemic.</td><td>Stakeholders that Cause / Influence the Impact: Procurement Team.
Stakeholders Affected by the Impact: 3rd-Party Suppliers / Service-Providers.</td><td>Anchor Land shall continue to work with local suppliers and help them grow their respective businesses, thereby improving the quality of their goods / services. Anchor Land also procures from reputable suppliers, and those who invest in their own companies' growth for the improvement of the economy.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>There is an opportunity to "train" the suppliers to become world class, by imparting to them the company's commitment to quality. There is also an opportunity to promote and assist local manufacturer and suppliers by procuring from them or allow them to procure materials of not too expensive without compromising the quality and durability</td><td>Stakeholders that Cause / Influence the Impact: Procurement Team.
Stakeholders Affected by the Impact: 3rd-Party Suppliers / Service-Providers.</td><td>Anchor Land, by virtue of close Management involvement in the projects, are training the suppliers to better themselves in terms of quality. Working with local suppliers also help them grow in their respective industries. To lead the supplier to look into the quality of materials without need to spend beyond the allocated budget.</td></tr>
</table>

Anti-Corruption

Training on Anti-Corruption Policies and Procedures

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Corruption creates an imbalance in resource allocation, which eventually creates a shadow economy. Ultimately, it impacts the local economy and compromises the company's contribution to U.N. SDG # 16: Peace, Justice, and Strong Institutions, since it also implies non-compliance with laws and regulations. • **Where the Impact Occurs:** Can occur during transactions with Business Partners, Government, and with 3rd-Party Suppliers / Service Providers. • **The Organization's Involvement:** Directly.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Business Partners. o Government. o 3rd-Party Suppliers / Contractors.	Anchor Land strictly upholds its Conflict of Interests Policy, Whistleblowing Policy and Insider Trading Policy and complies with national laws and regulations on anti-corruption, including the Anti-Money Laundering Act as amended. These policies encourage all employees to report any form of fraud or illegal activities committed by another employee regardless of rank. All employees and interfacing parties are made aware of such a policy at the outset. Copies of the above-mentioned policies may be found in the company website at https://anchorland.com.ph/company-policies/
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Giving / receiving personal gifts or favors can lead to	• **Stakeholders that Cause / Influence the**	Anchor Land prohibits employees from giving / receiving personal gifts

unfair business practices and unhealthy competition among suppliers.	**Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Business Partners. o Government. o 3rd-Party Suppliers / Contractors.	or favors. For suppliers who are in good faith insist the giving of gifts, they are allowed to do so only during Christmas, and the same is directly given to the HR Department, who is in-charge in the preparation of Christmas raffles for all the employees. No gifts is accepted that is particularly given to any officers or Director, should there be any, it will automatically be mixed to the gifts for raffle to the employees company wide.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can strengthen its existing policies by furthering its culture of integrity at work.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** The organization's employees.	Anchor Land regularly reviews its anti-corruption policies to ensure their relevance and constantly reminds its employees on anti-corruption policies. Anchor Land also maintains a professional atmosphere in all its dealings with business partners, government, contractors and clients.

Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Corruption creates an imbalance in resource allocation, which eventually creates a shadow economy. Ultimately, it impacts the local economy and compromises the	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Business Partners. o Government.	Anchor Land strictly upholds its Conflict of Interests Policy, Whistleblowing Policy and Insider Trading Policy and complies with national laws and regulations on anti-corruption, including the Anti-Money Laundering Act as amended.

company's contribution to <u>U.N. SDG # 16: Peace, Justice, and Strong Institutions</u>, since it also implies non-compliance with laws and regulations. • **Where the Impact Occurs:** Can occur during transactions with Business Partners, Government, and with 3rd-Party Suppliers / Service Providers. • **The Organization's Involvement:** Directly.	o 3rd-Party Suppliers / Contractors.	These policies encourage all employees to report any form of fraud or illegal activities committed by another employee regardless of rank. All employees and interfacing parties are made aware of such a policy at the outset. Copies of the above-mentioned policies may be found in the company website at <u>https://anchorland.com.ph/company-policies/</u>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Giving / receiving personal gifts or favors can lead to unfair business practices and unhealthy competition among suppliers.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** o Business Partners. o Government. o 3rd-Party Suppliers / Contractors.	Anchor Land prohibits employees from giving / receiving personal gifts or favors.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can strengthen its existing policies by furthering its culture of integrity at work.	• **Stakeholders that Cause / Influence the Impact:** The organization itself. • **Stakeholders Affected by the Impact:** The organization's employees.	Anchor Land regularly reviews its anti-corruption policies to ensure their relevance and constantly reminds its employees on anti-corruption policies. The Company also has an open door policy wherein any employee may discuss any concern it has with HR or Management. Anchor Land also maintains a professional atmosphere in all its dealings with business partners, government, and contractors.

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	3,623.89	GJ
Energy consumption (diesel)	14,665.50	GJ
Energy consumption (electricity)	14,452,609.54	kWh

Reduction of Energy Consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	5,180.00	GJ
Energy reduction (electricity)	(275,488.37)	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** In particular, use of fossil fuels such as gas and diesel increases carbon emission, ultimately leading to climate change. It is also adverse to U.N. SDG # 7: Affordable and Clean Energy, since such energy sources are not considered clean and environmental. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land regularly monitors its energy usage on a monthly basis and finds ways to reduce its energy consumption. The increase of consumption for this year viz-a-vis to the consumption for 2023 is primarily due to the full blown resumption of normal operations in the Company's commercial establishments brought about by the complete operation of business.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Fossil fuels can run out and are thus not sustainable in the short-term. In the long-term, carbon emission which changes climate patterns can cause unpredictable events such as hurricanes and rising sea levels.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land uses experiential data to determine the project stages with high energy consumption levels, in order to address those stages accordingly.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies that can improve the company's energy efficiency are available.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land is always on the lookout for new technologies that can save on energy consumption. For example, in Centrium, an LEED pre-certified Gold property, Anchor Land uses an energy-saving materials, equipment, and design that promote use of natural light.

Water Consumption within the Organization

Disclosure	Quantity	Units
Water withdrawal	15,660.00	Cubic Meters
Water consumption	734,079.15	Cubic Meters
Water recycled and re-used	10.00	Cubic Meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Increased water consumption can hasten the current national threat of water shortage. If consumption becomes inefficient, it also contradicts U.N. SDG # 6: Clean Water and Sanitation. • **Where the Impact Occurs:** During construction and property management.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land regularly monitors its water usage on a monthly basis and finds ways to reduce its water consumption.

• **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Freshwater can run out. And water scarcity poses tremendous risk, primarily on health.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land uses experiential data to determine project stages with high water consumption levels, in order to address those stages accordingly. Prospectively, Anchor Land has to improve further its water recycling capability, in order to remain sustainable.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies for improving the company's water consumption levels are available – wastewater recycling, for example.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land is always on the lookout for new technologies that can improve its water consumption levels. For example, in Centrium, an LEED pre-certified Gold property, Anchor Land uses designs and fixtures that promote efficient usage of water.

Materials Used by the Organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	3,200.00	kg/liters
• non-renewable	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0%	%

**The company currently does not have an efficient way of tracking materials by weight or volume, and whether recycled materials are used as inputs in the organization's products. Nonetheless, the company intends to put in place a good metric for subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Use of renewable materials and recycling can positively impact the environment and provide for a more efficient management of resources, aligned with U.N. SDG # 12: Responsible Consumption and Production. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Prospectively, Anchor Land intends to institutionalize recycling within the organization, particularly on Construction and Property Management (i.e., the direct contributors to its primary product). Anchor Land currently finds reputable contractors that purchases scrap metal in order to reduce wastage while ensuring that the excess materials will still be put to good use.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Materials are finite resources which can run out. However, recycled materials may impart a low-quality impression to customers.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** o Customers / Clients. o Community.	Anchor Land has ventured into an LEED project that promotes correct usage of materials during construction. In Centrium, for example, Anchor Land strictly collects and stores its recyclables, so it can prospectively track the reuse of its construction materials.

		On the other hand, Anchor Land shall need to educate its clients on the benefits of recycling.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can turn recycling into a marketing campaign, in pursuit of educating its clients.	• **Stakeholders that Cause / Influence the Impact:** Marketing Team. • **Stakeholders Affected by the Impact:** Customers / Clients.	Anchor Land can prospectively turn itself into a steward of recycling. On top of recycling's positive impact to the company's economic sustainability, it also helps the environment in that it pre-supposes reduced use of materials.

Ecosystems and Biodiversity (whether in Upland/Watershed or Coastal/Marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	• Anchor Skysuites • Oxford Parksuites • One Soler • Princeview Parksuites • Anchor Grandsuites • Admiral Baysuites/Grandsuites/Hotel • MayFair Tower • Juan Luna Logistics • 8 Alonzo Parksuites • One Financial Center • One Legacy Grandsuites • Cornell Parksuites • Copeton Baysuites • Solemare Parksuites • Monarch Parksuites	
Habitats protected and restored	N.A.	Hectares
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	N.A.	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Projects located near (or has access to) bodies of water can cause	• **Stakeholders that Cause / Influence the Impact:**	Anchor Land properly maintains its sewage systems in order to ensure that the

water pollution which can then impact marine biodiversity (U.N. SDG # 14: Life Below Water). • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	projects do not compromise marine life.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Laguna Lake, in particular, is an important fishery and source of irrigation. It is therefore unsustainable to compromise it, as it poses risk to food source.	• **Stakeholders that Cause / Influence the Impact:** ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land ensures that water treatment and sewage facilities are in place to protect natural waterways near the project.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to formalize this into a campaign that raises awareness on protecting marine biodiversity.	• **Stakeholders that Cause / Influence the Impact:** Public Relations Team. • **Stakeholders Affected by the Impact:** Community.	Anchor Land includes in its Corporate Social Responsibility (CSR) Programs the continued awareness on environmental protection. It can prospectively plan on creating a CSR program specifically for protecting marine biodiversity for a major body of water like Laguna Lake.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	-	Tonnes
Energy indirect (Scope 2) GHG Emissions	-	Tonnes
Emissions of ozone-depleting substances (ODS)	-	Tonnes

**The company currently does not have reliable means of tracking its GHG emission inventory. The company intends to develop a way to measure emissions in order to present more comprehensive subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Greenhouse Gas impacts air quality and contributes to global warming, thus is related to both U.N. SDG # 3: Good Health and Well-Being and # 13: Climate Action. • **Where the Impact Occurs:** In buildings during energy generation, particularly through use of fossil fuels. **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land intends to institutionalize reliable means of tracking its GHG inventory in order to properly manage it.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
In the short-term, compromising breathable air quality is a heath concern. In the long-term, global warming poses immeasurable sustainability risk to ecosystems and societies.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	In particular, Anchor Land needs to further manage its use of fossil fuel by finding ways to consume less energy and exploring alternative means of energy generation.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies that can improve the company's energy efficiency and serve as alternate energy source are available.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land continues to study available technologies in the market to reduce its energy consumption, for instance, the use of e-vehicles.

Air Pollutants

Disclosure	Quantity	Units
NOx	3,946.99	Kg
SOx	508.63	Kg
Persistent organic pollutants (POPs)	-	Kg
Volatile organic compounds (VOCs)	0.16	Kg
Hazardous air pollutants (HAPs)	-	Kg
Particulate matter (PM)	0.14	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** NOx and SOx emissions impact air quality, first and foremost, and contributes to global warming in the longer term. It covers both <u>U.N. SDG # 3: Good Health and Well-Being</u> and <u># 13: Climate Action</u>. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land regularly monitors air quality in its construction sites and in properties that it manages, as a matter of practice. Emission air impacts are being monitored by Environment Management Bureau, ALHI and its subsidiaries are compliant with the required emission test regularly, this is proven by the issuance of Certificate to operate in favor of the subsidiaries of ALHI.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Compromised air quality caused by deteriorating machines and equipment carries health hazards.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land constantly monitors and maintains machines and equipment used in its properties.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies and more modern machines that cause less emissions and air pollutants can be explored.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land can invest in more modern, less maintainable, and better quality machines. Anchor Land also ensures continuous compliance with

		ECC requirements on the prevention of air pollution. For example, in The Centrium, an LEED pre-certified Gold property, Anchor Land uses low-emitting materials and thermal comfort designs while tracking air quality performance.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	2,081,450.05	kg
Reusable	53,586.00	kg
Recyclable	440,319.60	kg
Composted	59,500.00	kg
Incinerated	68,000.00	kg
Residuals/Landfilled	273,140.00	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Improper disposal of solid waste causes soil, water, and air contamination, which in turn impacts health (U.N. SDG # 3: Good Health and Well-Being). • **Where the Impact Occurs:** Mostly during construction. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly requires the General Contractor to properly manage their waste generation and disposal during construction.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Construction waste, if left unchecked, can pose hazard to health and then the environment.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly monitors the implementation of the General Contractor's waste management plan. The General Contractor is required to prepare such plan and provide the proper facility to implement it.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is an opportunity to be LEED-compliant for this item. LEED has a Construction Waste Management Plan that provides a specific set of guidelines to properly manage waste.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land shall continue to evaluate the use of LEED guidelines for its projects. Anchor Land also ensures continuous compliance with ECC requirements on proper disposal of waste.

<u>Hazardous Waste</u>

Disclosure	Quantity	Units
Total weight of hazardous waste generated	61,034.00	kg
Total weight of hazardous waste transported	10,622.00	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Improper disposal of hazardous waste impacts health (<u>U.N. SDG # 3: Good Health and Well-Being</u>). • **Where the Impact Occurs:** Mostly during construction. • **The Organization's Involvement:** Indirectly through 3rd-party contractors.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly requires the General Contractor to properly manage their waste generation and disposal during construction. In this report, the hazardous waste included busted light bulbs and used oil. The amount of waste transported covers only the waste accumulated for the year 2023 and were all properly hauled.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
If improperly disposed, hazardous waste causes severe impact to health – cancer, for one.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land strictly monitors the implementation of the General Contractor's waste management plan. The General Contractor is required to prepare such plan and provide the proper facility to implement it.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is an opportunity to be LEED-compliant for this item. LEED has a Construction Waste Management Plan that provides a specific set of guidelines to properly manage waste.	• **Stakeholders that Cause / Influence the Impact:** o Construction Team. o 3rd-Party Contractors. • **Stakeholders Affected by the Impact:** Community.	Anchor Land shall continue to evaluate the use of LEED guidelines for its projects. Anchor Land also ensures continuous compliance with ECC requirements on proper disposal of waste.

<u>Effluents</u>

Disclosure	Quantity	Units
Total volume of water discharges	221,312.92	Cubic Meters
Percent of wastewater recycled	10.00	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** If untreated, effluents can be a hazard to marine life (<u>U.N. SDG # 14: Life below Water</u>). • **Where the Impact Occurs:** During construction and project management. • **The Organization's Involvement:** Indirectly through 3rd-party contractors and residents / tenants.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land follows a set of guidelines on proper management of effluents and discharge. The Company ensures that its projects are compliant with the set rules and regulations of the various government agencies like the Department of Environment and Natural Resources with regard to water discharges and effluence. Prospectively, Anchor Land has to come up with a mechanism for recycling wastewater. As a side effect, recycling also improves the company's water efficiency.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Untreated wastewater is a hazard to marine life. In the longer term, it can adversely affect food source.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land conducts periodic monitoring and maintenance of its sewage treatment plants.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to formalize the management of effluents, through re-use of existing guidelines such as DENR Administrative Order (DAO) 2016-08.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Residents / Tenants. • **Stakeholders Affected by the Impact:** Community.	Anchor Land ensures that all properties comply with DENR Administrative Order (DAO) 2016-08, the country's water quality and effluent guidelines. Anchor Land also ensures continuous compliance with ECC requirements on the management of effluents.

Environmental Compliance

Non-Compliance with Environmental Laws and Regulations

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
• **Impact:** Non-compliance with environmental laws and regulations directly impacts the general environment, as such laws exist for the environment's	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors.	For the last year performance, there was no occurrence of any instance of failing tests with regard to waste water management. This shows the close monitoring of the

protection. As an aside, it also compromises the company's contribution to U.N. SDG # 16: Peace, Justice, and Stong Institutions. • **Where the Impact Occurs:** During construction and property management. • **The Organization's Involvement:** Direct Involvement.	o Government, particularly DENR. • **Stakeholders Affected by the Impact:** Community.	Managing Head of DENR Compliances on the project discharges and activities. With the last year performance. Anchor Land manifested its strict enforcement of regulations to ensure that its projects comply with all applicable laws and regulations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and regulations can damage an area's biodiversity.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Government, particularly DENR. • **Stakeholders Affected by the Impact:** Community.	Anchor Land remains mindful of the communities into which it enters. In particular, it never intends to cause environmental disruption in the communities. Prior to the inception of the project until its completion it secure the necessary environmental permits and the periodical compliances based on the progress of the construction are being complied with. It maintains good relationship with all appropriate government agencies in all locations of its projects.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to improve relationship with the relevant government agency, for closer guidance on laws and regulations.	• **Stakeholders that Cause / Influence the Impact:** o Construction / Property Management Teams. o 3rd-Party Contractors. o Government, particularly DENR. • **Stakeholders Affected by the Impact:** Community.	Anchor Land already maintains good relationship with the proper government agencies, such as DENR, through the Corporate Affairs Team. The property management teams also faithfully comply with the requirements mandated by the ECC and the DENR for the environment's protection.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total number of employees	502	#
a. Number of female employees	259	#
b. Number of male employees	243	#
Attrition rate	30.33%	Rate
Ratio of lowest paid employee against minimum wage	0%	Ratio

List of Benefits	Y/N	% of Female Employees Who Availed for the Year	% of Male Employees Who Availed for the Year
SSS			
SSS Sickness	Yes	2.32%	1.65%
SSS Maternity	Yes	2.32%	0.00%
SSS Loan	Yes	17.76%	7.41%
SSS Calamity Loan	Yes	0.39%	0.41%
Philhealth			
Hospitalization/ In-patient & Out Patient	Yes	24.32%	16.87%
Pag-Ibig			
Pag-Ibig Loan Multi-Purpose	Yes	16.99%	18.41%
Pag-Ibig Loan Calamity	Yes	0.00%	0.82%
Parental Leaves	Yes	3.09%	2.88%
Vacation Leaves	Yes	73.75%	81.48%
Sick Leaves	Yes	73.75%	81.48%
Others: Bereavement Assistance	Yes	2.32%	1.23%
Others: Calamity Assistance	Yes	0.39%	0.41%
Medical benefits (aside from PhilHealth)	Yes	88.42%	88.48%
Housing assistance (aside from Pag-Ibig)	No	n/a	n/a
Retirement fund (aside from SSS)	No	n/a	n/a

Further education support	No	n/a	n/a
Company stock options	No	n/a	n/a
Telecommuting	No	0%	0%
Flexible-working Hours	Yes	21.24%	28.81%
(Others)	No	n/a	n/a

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** A motivated and productive workforce positively impacts the company's growth, thereby contributing to U.N. SDG # 8: Decent Work and Economic Growth. • **Where the Impact Occurs:** During employees' tenure in the company. • **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	Anchor Land provides competitive compensation and benefits to its employees**.**
What are the Risk/s Identified?	Management Approach
Despite the competitive compensation and benefits, employees may still look for employment elsewhere for better opportunities or career growth. Essentially, an increase in the attrition rate is a risk.	Anchor Land conducts an Annual Performance Assessment for each employee to provide them feedback on their performance and to establish future goals. This also serves as the basis for salary increases, bonuses, and/or promotions. For existing employees, it also conducts Exit Interviews.
What are the Opportunity/ies Identified?	Management Approach
The company can explore a retention program for employees, especially those with good talent.	Study to improve existing compensation packages and benefits and continuously train everyone to be better performers.

Disclosure	**Quantity**	**Units**
Total training hours provided to employees	246	Hours
a. Female employees	168	Hours
b. Male employees	78	Hours
Average training hours provided to employees		
a. Female employees	3.00	hours/employee
b. Male employees	3.00	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** A skilled workforce, ultimately contributing to U.N. SDG # 4: Quality Education. • **Where the Impact Occurs:** During the employees' tenure in the company.	Anchor Land values the continuing education of its employees, as it ultimately contributes to the company's successful implementation of its mission and vision, as well as improves the skill set and supplements the achievements of its employees, thereby increasing their worth.

• **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	
What are the Risk/s Identified?	Management Approach
Lack of proper training causes poor delivery, dated skills, and lack of growth for the employee. Training therefore is more sustainable and contributes greatly to the employees' skills and performance which would ultimately benefit the company.	Create a 3-year training program to address soft skills of high potential for future leadership requirements of the Company.
What are the Opportunity/ies Identified?	Management Approach
A training program tailored for each department/employee is in order.	Anchor Land needs to institutionalize training as part of its corporate culture.

Labor Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** A venue for discussing employee concerns, compensation and benefits included, impacts productivity and attrition and ultimately, U.N. SDG # 8: Decent Work and Economic Growth. • **Where the Impact Occurs:** During employees' tenure in the company. • **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	Anchor Land does not have a Collective Bargaining Agreement with its employees. In place of which, employees are made aware at the outset that they may raise any concern with their immediate head and/or the Human Resources.
What are the Risk/s Identified?	Management Approach
The lack of a formal organization or venue for employees to bring up their concerns may be a concern for some looking for employment.	Anchor Land maintains a culture wherein employees can freely raise their grievances.
What are the Opportunity/ies Identified?	Management Approach
In place of a CBA or a union, the company may appoint a dedicated point person or a committee to which employees can bring up their concerns.	Anchor Land can explore appointing an employee relations officer or committee in the Human Resources Department.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	3.09%	%
% of male workers in the workforce	0.82%	%
Number of employees from indigenous communities and/or vulnerable sectors*	10	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Diversity in the workforce positively impacts the general community. It contributes to U.N. SDP #5 Gender Equality and #10 Reduced Inequality. • **Where the Impact Occurs:** During employees' tenure in the company. • **The Organization's Involvement:** Directly through Management, in coordination with Human Resources.	Anchor Land hires based on qualifications and not on gender, race, or age. It has a non-discriminatory hiring and onboarding process, providing equal opportunity to everyone.
What are the Risk/s Identified?	Management Approach
Lack of diversity can mean a very linear and singular source of ideas. Moreover, bias may prevent the company from hiring the person with the best fit for a position.	Anchor Land's hiring process and recognition program are based on qualifications and performance.
What are the Opportunity/ies Identified?	Management Approach
A more formal diversity program can be explored.	Anchor Land can explore creating a more robust policy that encourages it to hire an even more diverse set of people.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	100%*	Man-hours
No. of work-related injuries	0*	#
No. of work-related fatalities	0*	#
No. of work-related ill-health	0*	#
No. of safety drills	3	2-3 hours

*Pertains to employees under the company's direct employ only, until the company puts in place a reliable means of tracking second-order employees (e.g., those employed by 3rd-party contractors).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Minimizes loss (or compromise) of life, thereby contributing to U.N. SDP #3: Good Health and Well-Being. • **Where the Impact Occurs:** In the course of the company's business. • **The Organization's Involvement:** Directly.	Anchor Land promotes the well-being and safety of its employees by means of relevant policies on safety and health protocols.
What are the Risk/s Identified?	Management Approach
Loss (or compromise) of life, particularly in the course of physical work such as construction, is the ultimate risk.	While Anchor Land does not have authority and control over construction workers as they are not directly under its employ, Anchor Land requires the General Contractors to strictly comply with Occupational Safety and Health Standards to ensure the protection of the workers in its projects.
What are the Opportunity/ies Identified?	Management Approach
A more formal program for the health and safety of workers, from employees to second-order workers (e.g., employees of General Contractors)	Anchor Land can explore making the relevant policies even more comprehensive.

Labor Laws and Human Rights

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

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

Topic	Y/N	If Yes, Cite Reference in the Company Policy
Forced Labor	No	No written policy, but explicitly disallowed. All employees voluntarily applied to the Company and went through the proper hiring process.
Child Labor	No	No written policy, but explicitly disallowed. There has been no instance where the Company hired a minor.
Human Rights	Yes	Sexual Harassment Workplace Policy Program; HIV AIDS Workplace Policy Program; Hepatitis B Workplace Policy Program; Tuberculosis Workplace Policy Program Copies of the policies are available at https://www.anchorland.com.ph/company-policies/

*Anchor Land complies with all applicable laws and regulations in relation to forced and child labor, despite not having written policies that prohibit them. Anchor Land is against forced or child labor and ensures that the company, as well as its partner contractors, do not practice such.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Compliance with labor laws and protection of human rights impact employees and the general communities' well-being, both legally and morally. Related to U.N. SDG # 16: Peace, Justice, and Strong Institutions. • **Where the Impact Occurs:** In the course of the company's business. • **The Organization's Involvement:** Directly.	Anchor Land ensures its commitment to upholding human rights through the different company policies in place to provide a safe, healthy, and discrimination-free work environment. Any illegal practice, such as child labor and forced labor, is completely unacceptable.
What are the Risk/s Identified?	Management Approach
External parties such as suppliers, contractors, or third-party providers may not have the same level of commitment to abide by labor laws and human rights legislation and regulations.	Anchor Land ensures to engage only those external parties with the same level of commitment to uphold labor laws and human rights by conducting due diligence or background checks.
What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to formalize further the company's upholding of labor laws and human rights, for instance, by creating an even more robust set of policies and guidelines.	Anchor Land can explore making the relevant policies even more comprehensive.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: The Company's Supplier Accreditation Policy has been drafted and is for approval by the Board of Directors.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, Cite Reference in the Company Policy
Environmental performance	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Forced labor	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Child labor	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Human rights	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.

Bribery and corruption	Yes	Conflict of Interests Policy Policy on Material Related Party Transactions Copies of the policies are available at https://anchorland.com.ph/company-policies/)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Requiring that suppliers have a good history of abiding by these laws and regulations ensures their propriety and integrity. Ultimately, it contributes to U.N. SDG # 16: Peace, Justice, and Strong Institution. • **Where the Impact Occurs:** During procurement. • **The Organization's Involvement:** Directly through the Procurement Team.	Anchor Land ensures that all suppliers undergo accreditation and that they submit all legal documents pertaining to their operations prior to submitting their bids or proposals.
What are the Risk/s Identified?	Management Approach
There is a negative social effect of being in association with defaulting suppliers.	Anchor Land conducts factory / shop visits during supplier accreditation, to get a sense of their propriety in their business practices, then validates the same during their delivery of their product / service.
What are the Opportunity/ies Identified?	Management Approach
A more formal and comprehensive policy on vendor accreditation is in order.	Anchor Land is already in the process of fine-tuning the policy for vendor management.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impact on local communities (exclude CSR projects; this has to be business operations)	Construction of Footbridge and to be donated to the City Local Government of Manila: linking the site of the Project, Juan Luna Logistics to a road across the Estero de la Reyna an existing road of the City of Manila. This will provide the pedestrian as safe passageway when crossing the Estero dela Reyna. Construction of Footbridge and to be donated to the City Local Government of Manila : linking the project, Anchor Grandsuites, to road across Estero de Magdalena. ALHI intends to construct a bridge and develop the roadway linking the project to the road situated at Alvarado Street across the Estero de Magdalena.
Location	City of Manila
Vulnerable groups (if applicable)*	The employment of Class D and E, among others
Does the particular operation have impacts on indigenous people (Y/N)?	No
Collective or individual rights that have been identified that or particular concern for the community	To provide pedestrians a safe passageway when crossing the Estero dela Reyna and Estero de Magdalena.
Mitigating measures (if negative) or enhancement measures (if positive)	Enhancement measure: The project shall have a commercial segment which will further improve employment in the local community.

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

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: Not Applicable. The Company has no projects that have involved or affected any IP groups or communities.

Disclosure	Quantity	Units
FPIC process is still undergoing	N.A.	#
CP secured	N.A.	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Anchor Land project developments do not affect any indigenous people/community.	N.A.
What are the Risk/s Identified?	**Management Approach**
No risks are involved or identified with regard to indigenous people/community.	N.A.
What are the Opportunity/ies Identified?	**Management Approach**
Anchor Land intends to protect and secure the informed consent of indigenous people/community in the event it has a project that will involve them.	N.A.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a Third Party Conduct the Customer Satisfaction Study? (Y/N)
Customer Satisfaction	No measurement has been established.*	No

*Anchor Land provides customer feedback through various platforms. However, the company is still in the process of putting-up a capability to properly quantify and monitor the satisfaction of its buyers / lessees, in pursuit of having a metric ready in the subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Measuring customer satisfaction impacts how the company properly addresses customer concerns and improves the products and services being offered. • **Where the Impact Occurs:** From selling, to turnover, to product use. • **The Organization's Involvement:** Directly through Sales / Turnover / Customer Service / Property Management Teams.	Anchor Land has a central channel for all types of concerns of its clientele. Its Customer Service team promptly evaluates and resolves customer concerns. All these contribute to customer satisfaction.
What are the Risk/s Identified?	**Management Approach**
Customer dissatisfaction, whether founded or not, can adversely affect the company's social value. Compromise of which can then adversely affect the company's long-term sustainability.	Anchor Land has a tracker in place for all feedback provided by its customers, which includes both their concerns and what they like about the company's products and services. The company, on the other hand, still needs to roll out a survey to quantify and gauge its

	customers' satisfaction, and to better manage customers' feedback.
What are the Opportunity/ies Identified?	Management Approach
An improved and quantifiable customer complaints and feedback mechanism to ensure customer satisfaction.	Since it maintains a tracker for customer feedback, Anchor Land can further explore implementing a customer satisfaction survey to further improve products and services and provide over-all customer satisfaction measurement.

Health and Safety

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Minimizes loss (or compromise) of life, thereby contributing to U.N. SDP #3: Good Health and Well-Being. • **Where the Impact Occurs:** From construction to property management • **The Organization's Involvement:** Directly.	Anchor Land mindfully and carefully plans and executes its units / commercial areas for the residents' / tenants' health and safety. For example, each unit is equipped with fire extinguisher, which is regularly replaced. All property management offices have their own first aid kits in case of any medical emergency within the property.
What are the Risk/s Identified?	Management Approach
Customers' perception of compromised health and safety can adversely affect the sustainability of the company's business.	Anchor Land sees to it that its units / commercial areas do not pose any health and safety hazards by putting up warnings and making available safety-related items.
What are the Opportunity/ies Identified?	Management Approach
The company can turn its high performance on health and safety into a marketing campaign.	Anchor Land can add "healthy and safe" developments as part of its corporate image.

Marketing and Labelling

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Inaccurate marketing adversely affects clients' trust. • **Where the Impact Occurs:** From marketing to unit construction / delivery. • **The Organization's Involvement:** Directly through Marketing, Construction, and all teams in between	Anchor Land ensures that its Marketing correctly represents its products and that the contractors immediately rectifies the issues raised by customers, if any.
What are the Risk/s Identified?	Management Approach
Aside from social sustainability risks related to trust, inaccurate marketing can cause deferred unit acceptance, repair costs, and possible buy-back.	Anchor Land can improve the alignment between what is being communicated by its Marketing Team and what is being delivered by the project delivery team, no matter how minor.
What are the Opportunity/ies Identified?	Management Approach
Better alignment from marketing to construction.	Anchor Land can explore setting up a task force team composed of Marketing, Design, and Construction representatives, to ensure alignment on the products.

Customer Privacy

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Any unwarranted use/disclosure of customer information may negatively affect both the customer and the company. • **Where the Impact Occurs:** Anywhere in the organization. • **The Organization's Involvement:** Directly.	Anchor Land values the privacy and confidentiality of the personal data of its clients, customers, employees, partners and other stakeholders. Anchor Land commits itself to implement policies, practices and processes in compliance with the Data Privacy Act (DPA),

	National Privacy Commission (NPC) issuances, and other related laws. • Anchor Land has appointed a Data Privacy Officer in accordance with the Data Privacy Law of the Philippines, • And reports data breaches through an Annual Security Incident Report submitted to the NPC.
What are the Risk/s Identified?	Management Approach
Employees' lack of awareness regarding data privacy and security may hinder company's effort to be fully compliant with data privacy laws.	Anchor Land created a privacy policy, which informs clients, customers, employees, partners, and other stakeholders on what personal data we collect, how we collect, use, disclose, process, protect and retain personal data in our possession.
What are the Opportunity/ies Identified?	Management Approach
Strengthening data privacy and security awareness among the company's clients, customers, employees, partners, and other stakeholders.	Anchor Land implements an internal communication campaign, which raises awareness of the importance of privacy and security through internal communications, events, and activities.

Data Security

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

*There was no Data breach committed/reported for the covered period.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
• **Impact:** Any unwarranted use/disclosure of customer information may negatively affect both the customer and the company. • **Where the Impact Occurs:** Anywhere in the organization. • **The Organization's Involvement:** Directly.	Anchor Land uses secure servers, firewall, encryptions, and other security controls. Only qualified authorized personnel are given access to process personal data. Third-party personnel or organization commissioned to process personal information is required to execute non-disclosure/confidentiality agreement and observe our privacy policy.
What are the Risk/s Identified?	Management Approach
Considering the ever-changing digital landscape, there is a possibility of more sophisticated cyber-attacks against the company.	Anchor Land continuously monitors changes, amendments of the DPA, issuances of the NPC and other related laws, and best practices related to data protection.

What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to improve cyber-security program of the company to equip itself with better capability of managing possible cyber-security threats.	Anchor Land can roll out a cyber-security awareness and training for its employees, especially to its IT personnel.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
The Centrium LEED Pre-Certified Gold	SDG # 9: Affordable and Clean Energy The Centrium uses an energy-saving technology that promotes use of natural light.	All hazards mentioned in the Disclosure Topics related to construction and use of real estate projects, particularly the loss of life resulting from construction.	The Company conducts site visits, strict monitoring and audit to ensure presence of the necessary safety officers that does strict implementation of the Safety and Health Standards.
Central Link Commercial Mixed-Use Project	SDG # 1: No Poverty and SDG # 8: Decent Work and Economic Growth The project can potentially generate many jobs, particularly for Paranaque City citizens.	All hazards mentioned in the Disclosure Topics related to construction and use of real estate projects, particularly the loss of life resulting from construction.	The Company conducts site visits, strict monitoring and audit to ensure presence of the necessary safety officers who conduct strict implementation of the Safety and Health Standards.