C O V E R   S H E E T

SEC Registration Number

8	6	1	8	8						

COMPANY NAME

CITYLAND, INC.

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

3/F Cityland Condominium 10, Tower I, 156 H.V. Dela Costa Street, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
20-IS	MSRD	N/A

(Definiive Information Statement)

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ci_rg@cityland.net	**8-893-6060**	**0968-545-1452**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
28 (as of March 31, 2023)	**3rd Tuesday of June**	**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
RUDY GO	**cdc_rg@cityland.net**	**8-893-6060**	**0968-545-1452**

CONTACT PERSON'S ADDRESS

3/F Cityland Condominium 10 Tower II, 154 H. V. Dela Costa Street, 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.*

CITYLAND
INCORPORATED

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting (ASM) of **CITYLAND, INC.** will be held virtually or via remote communication on **June 20, 2023** at **4:00PM.**

The following shall be the agenda of the meeting:

A G E N D A

1. Call to Order
2. Approval of Minutes of previous Annual Stockholders' Meeting
3. President's Report
4. Election of Directors (including Independent Directors)
5. Appointment of the External Auditor
6. Confirmation of all acts of the Board of Directors for the period covering January 1, 2022 to December 31, 2022 adopted in the ordinary course of business, including but not limited to:
   a. Approval of investments;
   b. Treasury matters related to opening of accounts and bank transactions;
   c. Appointment of signatories and amendments thereof; and
   d. Approval of Annual Report and related Financial Statements
7. Other matters which may be raised by the body
8. Adjournment

For the purpose of the meeting, only stockholders of record as of May 19, 2023 are entitled to attend and vote in the said meeting.

In light of the COVID-19 pandemic, stockholders who intend to attend and participate in the virtual meeting whether through proxy or not shall first submit via email to ci_rg@cityland.net the scanned copy of the letter of intent to attend or to participate via proxy by remote communication. Once validated, a registered stockholder who will attend through proxy will receive via email the proxy form.

Validation of proxies shall be until 4:00PM of June 13, 2023. Registered stockholders will receive the meeting link and password two days before the ASM.

Only stockholders who have notified the Company of their intention to participate in the virtual meeting and have registered themselves or their proxies, will be included in the determination of a quorum.

We are not soliciting your proxy.

We encourage all registered stockholders to log onto the meeting link 15 minutes before the meeting starts, to avoid any technical difficulty. The meeting will start promptly at 4:00 in the afternoon.

The meeting shall be recorded in audio and video format and copies shall be kept by the Company.

Copies of the minutes of the Annual Stockholders' Meeting held last June 21, 2022 will be available upon request.

Makati City, May 5, 2023

FOR THE BOARD OF DIRECTORS

Jocelyn C. de Asis

JOCELYN C. DE ASIS
Corporate Secretary

EXPLANATION OF AGENDA ITEMS REQUIRING STOCKHOLDERS' APPROVAL

In accordance with *Article VII – Stockholders' Meeting* of the Company's Amended By-Laws, the annual meeting of the stockholders shall be held every 3rd Tuesday of June of each calendar year at four o'clock in the afternoon, when the Board of Directors shall be elected by plurality of votes by ballot system or viva voce. The 2023 Annual Stockholders' Meeting (hereinafter referred to as "ASM") shall be held on June 20, 2023.

Item 1: Call to Order

The Chairman of the Board of Directors will formally call the meeting to order.

Item 2: Approval of Minutes of previous Annual Stockholders' Meeting

Rationale: To obtain from the stockholders the approval of the minutes of the ASM held last June 21, 2022.

The Chairman will request the Secretary to read the minutes of the said meeting. The minutes of ASM held last June 21, 2022 are posted in the Company's website (http://cityland.net/). The minutes of the previous ASM are hereby presented to the stockholders for approval.

Item 3: President's Report

Rationale: To inform the stockholders of the Company's financial position and performance.

The Secretary will read the President's Report on the Company's financial position and performance as of and for the year ended December 31, 2022 including any future projects of the Company. The detailed discussion of the financial position and results of operations are presented in the Information Statement. The audited financial statements are duly submitted to the Securities and Exchange Commission and the Bureau of Internal Revenue.

Representatives of Sycip Gorres Velayo & Co., the Company's external auditor for the Year 2022, are invited in the ASM to respond to queries concerning the audited financial statements.

Item 4: Election of Directors (including Independent Directors)

Rationale: To give the stockholders the opportunity to elect the Company's Board of Directors in accordance with Section 23 of the Revised Corporation Code and the Company's Amended By-Laws.

In accordance with the Company's Amended By-Laws, the general management of the Corporation, shall be vested in a Board of eight (8) Directors, two (2) of whom shall be independent directors, who shall be stockholders and who shall be elected annually by the stockholders in accordance with law and who shall serve until their successors shall have been elected and duly qualified. Any vacancy in the Board of Directors other than by removal or expiration of term shall be filled by a majority vote of the remaining members of the board, if still constituting a quorum, and the directors or director so chosen shall serve for the unexpired term.

A nomination of independent directors shall be conducted by the Nomination Committee through the Corporate Governance Committee prior to the stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors.

The names of the individuals who have been duly nominated as members of the Board of Directors of the Company, including independent directors shall be presented during the ASM. The qualifications and profiles of the nominees are discussed in the Information Statement. The stockholders who nominated the independent directors and other members of the Board are also disclosed in the Information Statement.

Item 5: Appointment of the External Auditor

Rationale: To appoint external auditor who will provide an opinion as to the fairness of the financial statements of the Company and assess the adequacy of the internal controls implemented by the Company.

The Audit & Risk Committee will recommend to the Board of the Directors the appointment of external auditor who will provide an opinion on the fairness of the financial statements of the Company and assess the adequacy of internal controls implemented by the Company. The Audit & Risk Committee, in its meeting held on April 11, 2023, recommended to the Board of Directors the re-appointment of Sycip Gorres Velayo & Co. as the Company's external auditor for the calendar year 2023.

The re-appointment of Sycip Gorres Velayo & Co. was approved by the Board of Directors and shall be presented to the stockholders for approval.

Item 6: Confirmation of all acts of the Board of Directors for the period covering January 1, 2022 to December 31, 2022 adopted in the ordinary course of business

Rationale: To obtain from the stockholders confirmation of all the acts of the Board of Directors for the period covering January 1, 2022 through December 31, 2022.

Confirmation of all the acts of the Board of Directors will be requested from the stockholders. All significant transactions required to be submitted to the Securities and Exchange Commission through SEC Form 17-C can be accessed on the Company's website (http://cityland.net/).

Item 7: Other Matters which may be raised by the body

Rationale: To give the stockholders the opportunity to ask questions and raise concerns.

The Chairman will ask the stockholders if there are other matters which any stockholder would like to present in the ASM. Such item/s will be discussed in the 2023 ASM.

PROXY

The undersigned stockholder of CITYLAND, INC. (the Company) hereby appoints____________________ or in his absence, the Chairman of the meeting, as his/her/its attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company to be held on June 20, 2023 at 4:00 PM and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of Minutes of Previous Annual Stockholders' Meeting held on June 21, 2022
   ☐ Yes ☐ No ☐ Abstain

2. Approval of President's Report
   ☐ Yes ☐ No ☐ Abstain

3. Election of Directors (including Independent Directors)
   ☐ Vote for all nominees listed below:

Dr. Andrew I. Liuson	Peter S. Dee (Independent Director)
Grace C. Liuson	Bp. Eduardo C. Villanueva (Independent Director)
Helen C. Roxas	Benjamin I. Liuson
Josef C. Gohoc	Jefferson C. Roxas

   ☐ Withhold authority to vote for all nominees listed above

   ☐ Withhold authority to vote for the nominees listed below:

   ________________________ ________________________
   ________________________ ________________________
   ________________________ ________________________

4. Appointment of Sycip, Gorres, Velayo & Co. as External Auditor
   ☐ Yes ☐ No ☐ Abstain

5. Ratification and approval of all acts of the Board of Directors for the period covering January 1, 2022 to December 31, 2022 adopted in the ordinary course of business
   ☐ Yes ☐ No ☐ Abstain

6. Approval of Board Resolution dated May 8, 2023 regarding the declaration of 5% stock dividend
   ☐ Yes ☐ No ☐ Abstain

7. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

________________________ ____________________________________
Date Printed Name of Stockholder

____
Signature of Stockholder/ Authorized Signatory

Proxy solicitation is made by or on behalf of the Company. This proxy should be received by the Corporate Secretary on or before June 13, 2023, the deadline for submission of proxies. The said proxies will also be validated by the Corporate Secretary.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary's Certificate quoting the board resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [**x**] Definitive Information Statement

2. Name of the registrant as specified in its charter **Cityland, Inc.**

3. **Makati City, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **86188**

5. BIR Tax Identification Code **000-662-829**

6. **3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City** **1226**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 8-893-6060**

8. Date, time and place of the meeting of security holders

   Date - **June 20, 2023**
   Time - **4:00 PM**
   Place - **Virtually via ZOOM**

9. Approximate date on which the Information Statement is to be first sent or given to security holders : **May 29, 2023**

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

Title of Each Class	Number of Shares Outstanding
N/A	**N/A**

The Company's shares are not listed on Philippine Stock Exchange. However, it has SEC-registered commercial papers with outstanding amount of ₱320,950,000 as of March 31, 2023.

11. Are any or all of registrant's securities listed on a stock exchange?

    Yes [ ] No [**x**]

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

I. Date, time and place of meeting of security holders

Date	-	June 20, 2023
Time	-	4:00 PM
Place	-	Virtually via ZOOM
Principal Office	-	3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City, Philippines

In light of the COVID-19 global pandemic, there will be no physical venue allotted for stockholders to attend the Annual Stockholders' Meeting (ASM). Thus, the ASM will be held virtually via ZOOM. The presiding officer shall call and preside the ASM at Makati City, where principal office of the Corporation is located.

Approximate date on which the Information Statement is to be first sent or given to security holders **May 29, 2023**.

II. Dissenter's Right of Appraisal

Under the Section 80 of the Revised Corporation Code, any stockholder of a corporation shall have the right to dissent demand payment of the fair value of the shares only in the following instances:

a. In case an amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of the outstanding shares of any class, or of extending or shortening the term of corporate existence;
b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
c. In case of merger or consolidation; and
d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Section 81 of the Revised Corporation Code also mentioned how such right is exercised:

- The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

- If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

There are no matters or actions to be taken upon at the Annual Stockholders' Meeting of the Registrant which would fall under any of the foregoing instances of appraisal.

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

a. No person who has been a director or officer of the Registrant, nor a nominee for election as a director of the Registrant, nor any of their associates have a substantial interest in any matter to be acted upon at the Annual Stockholders' Meeting, other than the election of directors for the fiscal year 2023.

b. No director has informed the Registrant in writing that he intends to oppose any action to be taken at the Annual Stockholders' Meeting.

CONTROL AND COMPENSATION INFORMATION

IV. Voting Securities and Principal Holders Thereof

1. The Registrant has **149,811,657** unclassified common shares issued and outstanding (excluding treasury shares which total to **587,123**) as of **March 31, 2023**. Each common share shall be entitled to one vote with respect to all matters to be taken up during the Annual Stockholders' Meeting.

2. The record date for determining stockholders entitled to notice and to vote during the Annual Stockholders' Meeting and also to this Information Statement is on **May 19, 2023.**

3. In the election of directors, the number of votes to which each stockholder is entitled shall be equal to the number of shares he owns multiplied by the number of directors to be elected. All stockholders shall have cumulative voting rights. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

4. Security Ownership of Record and Beneficial Owner and Management

   a. Security Ownership of Record and Beneficial Owner owning more than 5% of the outstanding capital stock of the Registrant as of March 31, 2023:

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Unclassified Common Shares	Stephen C. Roxas	- same as record owner -	Filipino	42,077,126	28.20%
Unclassified Common Shares	The Good Seed Sower Foundation Inc.	Josef Gohoc, *President* Winefreda Go, *Treasurer* Johann Gohoc, *Corporate Secretary* Joel Gohoc, *Trustee* Emma Choa, *Trustee*	Filipino	22,379,564	15.00%
Unclassified Common Shares	Grace C. Liuson Director & Vice Chairman of the Board/Stockholder	- same as record owner -	Filipino	22,040,482	14.77%
Unclassified Common Shares	Dr. Andrew I. Liuson Director & Chairman of the Board/Stockholder	- same as record owner -	Filipino	20,345,119	13.63%

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Unclassified Common Shares	Lucy Fan Stockholder	- same as record owner -	American	13,563,404	9.09%
Unclassified Common Shares	Helen C. Roxas Stockholder	- same as record owner -	Filipino	13,563,404	9.09%

b. No change of control in the corporation has occurred since the beginning of its fiscal year.

c. Security Ownership of Management as of March 31, 2023:

Title of Class	Name of Beneficial Owner / Position	Nature of Ownership	No. of Shares Held	Citizenship	Percentage
DIRECTORS:					
Unclassified Common Shares	Dr. Andrew I. Liuson Director / Chairman of the Board	Direct	20,345,119	Filipino	13.63%
Unclassified Common Shares	Grace C. Liuson Director / Vice Chairman of the Board	Direct	22,040,482	Filipino	14.77%
Unclassified Common Shares	Josef C. Gohoc Director / President	Direct/Indirect	2,341,418	Filipino	1.57%
Unclassified Common Shares	Peter Dee Independent Director / Chairman – Audit & Risk Committee / Chairman – Corporate Governance Committee	Direct	50	Filipino	–
Unclassified Common Shares	Bp. Eduardo C. Villanueva Independent Director	Direct	10	Filipino	–
Unclassified Common Shares	Helen C. Roxas Director	Direct	13,563,404	Filipino	9.09%
Unclassified Common Shares	Benjamin I. Liuson Director	Direct	11	Filipino	–
Unclassified Common Shares	Jefferson C. Roxas Director	Direct/Indirect	154,243	Filipino	0.06%
Executive Officers:					
Unclassified Common Shares	Dr. Andrew I. Liuson Director / Chairman of the Board	Direct	–	Filipino	–
Unclassified Common Shares	Grace C. Liuson Director / Vice Chairman of the Board	Direct	–	Filipino	–
Unclassified Common Shares	Josef C. Gohoc Director / President	Direct/Indirect	–	Filipino	–
N/A	Emma A. Choa Executive Vice President / Treasurer	–	–	Filipino	–
N/A	Rudy Go Senior Vice President, Chief Financial Officer / Compliance Officer & Corporate Information Officer / Data Protection Officer	–	–	Filipino	–

Title of Class	Name of Beneficial Owner / Position	Nature of Ownership	No. of Shares Held	Citizenship	Percentage
N/A	Melita M. Revuelta Vice President & Assistant Corporate Secretary / Alternate Compliance Officer & Alternate Corporate Information Officer	–	–	Filipino	–
N/A	Melita L. Tan Vice President	–	–	Filipino	–
N/A	Romeo E. Ng Vice President	–	–	Filipino	–
N/A	Rosario D. Perez Vice President – Executive Affairs	–	–	Filipino	–
N/A	Winefreda R. Go Vice President - Purchasing Department	–	–	Filipino	–
N/A	Jocelyn C. De Asis Corporate Secretary	–	–	Filipino	–
N/A	Dorothy U. So Assistant Vice President - Head of Internal Audit Department	–	–	Filipino	–

d. The Board conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Board assessment helps the directors to thoroughly review their performance and understand their roles and responsibilities. The periodic review and assessment of the Board's performance as a body, the board committees, the individual directors, and the Chairman show how the aforementioned should perform their responsibilities effectively. In addition, it provides a means to assess a director's attendance at board and committee meetings, participation in the board room discussions and manner of voting on material issues.

e. The Corporation knows no person holding more than 5% of common shares under a voting trust or similar agreement.

V. Directors and Executive Officers

1. Identify Directors, including Independent Directors, and Executive Officers

The following are the Directors and Executive Officers of the Company for the year 2022 with updated information as of March 31, 2023:

Name	Citizenship	Position(S)	Period Of Service	Term Of Office	Age	Family Relationship
Dr. Andrew I. Liuson	Filipino	Director Chairman of the Board Vice Chairman of the Board	05/15/1979 To Present 02/01/2022 To Present 01/16/2008 To 01/31/2022	1	78	Husband of Grace C. Liuson; and brother of Benjamin I. Liuson
Grace C. Liuson	Filipino	Director Vice Chairman of the Board Deputy Vice Chairman of the Board	05/15/1979 To Present 02/01/2022 To Present 02/01/11 To 01/31/2022	1	77	Wife of Dr. Andrew I. Liuson; Sister-In-Law Of Helen C. Roxas & Benjamin I. Liuson; and

Name	Citizenship	Position(S)	Period Of Service	Term Of Office	Age	Family Relationship
						aunt of Josef C. Gohoc & Jefferson C. Roxas
Helen C. Roxas	Filipino	Director	05/15/1979 To Present	1	73	Sister-In-Law of Dr. Andrew I. Liuson & Grace C. Liuson; mother of Jefferson C. Roxas; and aunt of Josef C. Gohoc
Benjamin I. Liuson	Filipino	Director	11/19/2019 To Present	1	73	Brother Of Dr. Andrew I. Liuson; and Brother-In-Law of Grace C. Liuson
Josef C. Gohoc	Filipino	Director President	06/29/2007 To Present 02/01/2011 To Present	1	53	Nephew of Dr. Andrew I. Liuson, Grace C. Liuson & Helen C. Roxas; and cousin of Jefferson C. Roxas
Jefferson C. Roxas	Filipino	Director	12/07/2021 To Present	1	40	Nephew of Dr. Andrew I. Liuson Grace C. Liuson; son of Helen C. Roxas; and cousin of Josef C. Gohoc
Peter S. Dee	Filipino	Independent Director Chairman-Audit & Risk Committee Chairman-Corporate Governance Committee	12/20/2006 To Present 01/2007 To Present 07/27/2018 To Present	1	81	-
Bp. Eduardo C. Villanueva	Filipino	Independent Director	09/23/2022 To Present	1	76	-
Emma A. Choa	Filipino	Executive Vice President	01/01/2015 To Present	1	62	-
		Treasurer	02/01/2011 To Present	1		
Rudy Go	Filipino	Senior Vice President/Chief Financial Officer/ Compliance Officer & Corporate Information Officer	01/01/2015 To Present	1	63	-
		Data Protection	08/29/2017 To Present			

Name	Citizenship	Position(S)	Period Of Service	Term Of Office	Age	Family Relationship
		Officer				
		Investor Relations Officer	06/16/2021 To Present			
Melita M. Revuelta	Filipino	Vice President & Assistant Corporate Secretary	01/16/2008 To Present	1	64	-
		Alternate Compliance Officer & Alternate Corporate Information Officer	01/01/2015 To Present			
Melita L. Tan	Filipino	Vice President	02/21/2004 To Present	1	62	-
Romeo E. Ng	Filipino	Vice President	01/10/2005 To Present	1	61	-
Rosario D. Perez	Filipino	Vice President- Executive Affairs	02/09/2017 To Present	1	63	-
Winefreda R. Go	Filipino	Vice President- Purchasing Department	01/05/2018 To Present	1	64	-
Dorothy U. So	Filipino	Assistant Vice President- Head of Internal Audit Dept.	07/2001 To Present	1	64	-
Jocelyn C. De Asis	Filipino	Corporate Secretary	04/05/2021 To Present	1	53	-

There were no directors who resigned or declined to stand for re-election to the Board of Directors since the last date of the last annual meeting of security holders because of a disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices.

The following are the present and positions for the past five years of the Directors and Executive Officers in other institutions as of March 31, 2023:

A) DR. ANDREW I. LIUSON

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Director Chairman of the Board	Sept. 25, 1979 Dec. 13, 2017
City & Land Developers, Incorporated	Director Vice Chairman of the Board	June 28, 1988 Sept. 5, 2022
Febias College of Bible	Chairman	-
International Graduate School of Leadership	Chairman	-
Makati Gospel Church	President/Trustee	-
Past positions in other institutions:		
Cityland Development Corporation	Vice Chairman of the Board	Jan. 16, 2008 to Dec. 12, 2017
City & Land Developers, Incorporated	Chairman of the Board Acting Vice Chairman of the Board Vice Chairman of the Board	Aug. 25, 2020 to Sept. 4, 2022 Jan. 16, 2020 to Aug. 24, 2020 Jan. 16, 2008 to Jan. 15, 2020
Cityplans, Incorporated	Director Chairman of the Board	Oct. 27, 1988 to Mar. 8, 2022 Sept. 25, 2006 to Mar. 8, 2022
Philippine Council of Evangelical Churches	Chairman	July 2015 to July 8, 2021

B) GRACE C. LIUSON

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Director Vice Chairman of the Board	Sept. 25, 1979 Jan. 5, 2018
City & Land Developers, Incorporated	Director Deputy Vice Chairman of the Board	June 28, 1988 Sept. 5, 2022
Youth Gospel Center in the Philippines	Treasurer/Trustee	-
Makati Gospel Church	Treasurer/Trustee	-
Past positions in other institutions:		
Cityland Development Corporation	Deputy Vice Chairman of the Board	Feb. 1, 2011 to Jan. 4, 2018
City & Land Developers, Incorporated	Vice Chairman of the Board Deputy Vice Chairman of the Board	Aug. 25, 2020 to Sept. 4, 2022 Feb. 1, 2011 to Aug. 24, 2020
Cityplans, Incorporated	Director Executive Vice President/Treasurer	Oct. 27, 1988 to Mar. 8, 2022 Sept. 25, 2006 to Mar. 8, 2022

C) HELEN C. ROXAS

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Director	Sept. 25, 1979
City & Land Developers, Incorporated	Director	June 28, 1988
Good Tidings Foundation Inc.	Treasurer	1992
Center for Community Transformation	Trustee	-
CCT Kaibigan Ministry	Corporate Secretary	-
Cityads, Incorporated	Director	-
Credit & Land Holding, Inc.	Director	-
Jefcon Incorporated	President	-
Obadiah Incorporated	President	-
Christian Executives Inc.	Treasurer	-
Past positions in other institutions:		
Cityplans, Incorporated	Director	Oct. 27, 1988 to Mar. 8, 2022
MGC New Life Christian Academy	Trustee	2015 to May 2020

D) BENJAMIN I. LIUSON

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Director	June 6, 2019
City & Land Developers, Incorporated	Director	June 11, 2019
The Generics Pharmacy, Inc.	Chairman	2020
TGP Pharma Inc.	Chairman	2020
CL Realty Development Inc.	President	1989
Romans 828 Land, Inc.	President	2010
Silverwind Alloy Castings Inc.	Director	1989
Drugmakers Lab Inc.	Director	2012
Febias College of Bible	Trustee	2001
Center for Community Transformation, Inc.	Trustee	2001
Gospel Operation Phil. Inc.	Trustee	2011
Bless Foundation Inc.	Trustee	2014
Global Filipino Movement, Inc.	Trustee	2013
Makati Gospel Church	Trustee	1990
Jedidiah Inc.	President	1996
Keziah Inc.	President	1996
Past positions in other institutions:		
The Generics Pharmacy, Inc.	Vice Chairman	2016 to 2020

E) JOSEF C. GOHOC

Name of Office	Position	Date Assumed

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Director President	Jan. 4, 2011 Feb. 1, 2011
City & Land Developers, Incorporated	Director President	Jan. 4, 2011 Feb. 1, 2011
Cityplans, Incorporated	Director/Chairman of the Board	Mar. 8, 2022
Asian Business Solutions, Inc.	Director	1996
Philippine Trading & Investment Corporation	Director	1997
Atlas Agricultural & Mercantile Development Corp.	Director	1997
Febias College of Bible	Board of Trustee	2015
International Graduate School of Leadership	Board of Trustee	-
The Good Seed Sower Foundation, Inc.	Board of Trustee/President	May 28, 2021

F) JEFFERSON C. ROXAS

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Director	Dec. 7, 2021
City & Land Developers, Incorporated	Director	Dec. 7, 2021
Cityplans, Incorporated	Director/President	Mar. 8, 2022
Vision Properties Development Corporation	Partner	2010

G) PETER S. DEE

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Alpolac, Inc.	Director	1994
China Banking Corporation	Director	1977
CBC Properties & Computer Center, Inc.	Director/President	1984
Cityland Development Corporation	Independent Director Chairman-Audit & Risk Committee	Oct. 1979 Aug. 2002
City & Land Developers, Incorporated	Independent Director/Chairman-Audit & Risk Committee	Nov. 22, 2004
Commonwealth Foods, Inc.	Director	May 2013
GDSK Development Corporation	Director	1990
Makati Curbs Holdings Corporation	Director	2012
Great Expectation Holdings, Inc.	Director/Chairman/President	Oct. 2012
The Big D Holdings Corporation	Director/Chairman/President	Apr. 2013
Past positions in other institutions:		
Cityplans, Incorporated	Independent Director Chairman-Compensation Committee/ Chairman-Audit Committee/Member-Nomination and Election Committee	July 17, 1990 to Mar. 8, 2022 2002 to Mar. 8, 2022
CBC Insurance Broker Inc.	Chairman of the Board	-
Can Lacquer, Inc.	Director	-
GPL Holdings, Inc.	Director	-
KK Converters Co. Ltd.	Director	-
MSD Company Inc.	Director	-
Prochem, Inc.	Director	-
Sinclair (Phils.) Inc.	Director	-
Sol Mar Y Tierra Resources	Director	-
Silver Falcon Insurance Agency	Director	-
Banker's Association of the Philippines	Director	-
China Banking Corp.	President & CEO	-
CBC Forex Corporation	Director/Chairman of the Board	-

Name of Office	Position	Date Assumed
Asean Finance Corporation Limited	Director	-
Hydee Management & Resources Corporation	Director	-
Kemwerke, Inc.	Director	-

H) BP. EDUARDO C. VILLANUEVA

Name of Office	Position	Date Assumed
Present positions in other institutions:		
House of Representatives	Deputy Speaker for Good Governance & Moral Uprightness of the Philippine Congress	July 2019
	Representative, Citizens' Battle Against Corruption (CIBAC) party-list	
Jesus Is Lord Church Worldwide	Founder/President & Spiritual Director	2002
Jesus Is Lord Colleges Foundation (JILCF), Inc.	Chancellor	1984
Jesus the Healer Foundation, Inc.	President	June 1990
Pilipinas kay Jesus Movement Foundation, Inc.	Chairman Emeritus	Mar. 1990
PJM Foundation, Inc.	Chairman Emeritus	Feb. 1995
Bangon Pilipinas National Renewal Movement (ARISE PHILIPPINES)	Chairman/President	2004
Asia for Christ Movement (AFCM)	President	2011
Agape Foods Corporation	Director	2019
JV ZOE Agape, Inc.	Director	2019
Cityland Development Corporation	Independent Director	Mar. 10, 2021
Past positions in other institutions:		
Agape Foods Corporation	Chairman & President	1997 to 2018
JV ZOE Agape, Inc.	Chairman & President/CEO	2012 to 2018

I) EMMA C. CHOA

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Executive Vice President	Jan. 1, 2015
	Treasurer	Feb. 1, 2011
City & Land Developers, Incorporated	Director	Aug. 25, 2020
	Executive Vice President	Jan. 1, 2015
	Treasurer	Feb. 1, 2011
Cityplans, Incorporated	Director	Mar. 8, 2022
WorldNet Information and Services, Inc.	Treasurer	-
The Good Seed Sower Foundation, Inc.	Board of Trustee	May 28, 2021

J) RUDY GO

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Senior Vice President/Chief Financial Officer/Compliance Officer & Corporate Information Officer	Jan. 1, 2015
	Data Protection Officer	Aug. 29, 2017
	Investor Relations Officer	June 6, 2018
City & Land Developers, Incorporated	Senior Vice President/Chief Financial Officer/Compliance Officer & Corporate Information Officer	Jan. 1, 2015
	Data Protection Officer	Aug. 29, 2017
	Investor Relations Officer	June 14, 2018
Cityplans, Incorporated	Senior Vice President/Compliance Officer	Jan. 1, 2015
	Data Protection Officer	Aug. 29, 2017

K) MELITA M. REVUELTA

Name of Office	Position	Date Assumed
Present positions in other institutions:		

Cityland Development Corporation	Vice President	Jan. 16, 2008
	Alternate Compliance Officer & Alternate Corporate Information Officer	Jan. 1, 2015
City & Land Developers, Incorporated	Vice President	Jan. 16, 2008
	Alternate Compliance Officer & Alternate Corporate Information Officer	Jan. 1, 2015
Cityplans, Incorporated	Vice President/Alternate Compliance Officer	Jan. 1, 2015
WorldNet Information and Services, Inc.	President	-

L) MELITA L. TAN

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Vice President	Feb. 21, 2004
City & Land Developers, Incorporated	Vice President	Feb. 21, 2004

M) ROMEO E. NG

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Vice President	Jan. 10, 2005
City & Land Developers, Incorporated	Vice President	Jan. 10, 2005

N) ROSARIO D. PEREZ

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Vice President-Executive Affairs	Feb. 9, 2017
City & Land Developers, Incorporated	Vice President-Executive Affairs	Feb. 9, 2017
WorldNet Information and Services, Inc.	Auditor	-

O) WINEFREDA R. GO

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Vice President-Purchasing Department	Jan. 5, 2018
City & Land Developers, Incorporated	Vice President-Purchasing Department	May 16, 2017
The Good Seed Sower Foundation, Inc.	Board of Trustee/Treasurer	May 28, 2021

P) DOROTHY U. SO

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Assistant Vice President-Head of Internal Audit Department	July 2001
City & Land Developers, Incorporated	Assistant Vice President-Head of Internal Audit Department	July 2001

Q) JOCELYN C. DE ASIS

Name of Office	Position	Date Assumed
Present positions in other institutions:		
Cityland Development Corporation	Assistant Corporate Secretary	April 5, 2021
City & Land Developers, Incorporated	Assistant Corporate Secretary	July 3, 2013
Cityplans, Incorporated	Corporate Secretary	Jan. 7, 2013

2. Identify Significant Employees

There is no identifiable significant employee because the Registrant expects each employee to do his share in achieving the Corporation's set goals.

3. Involvement in Certain Legal Proceedings of Any of the Directors and Executive Officers During the Past Five Years Up to the Latest Date

During the past five years up to the latest date, there is no involvement in certain legal proceedings of any of the directors and executive officers in any court or administrative agency of the government.

a. None of them has been involved in any bankruptcy petition.

b. None of them has been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.

c. None of them has been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities and commodities or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

4. Attendance of Board of Directors

The attendance of the Board of Directors of the Parent Company on the Regular and Special Meetings for the year 2022 are as follows:

	No of Meetings Attended / Held
Dr. Andrew I. Liuson	32/32
Grace C. Liuson	32/32
Josef C. Gohoc	32/32
Peter S. Dee	32/32
Helen C. Roxas	32/32
Benjamin I. Liuson	32/32
Jefferson C. Roxas	32/32
Anastasia Y. Dy *(retired September 1, 2022)*	14/24
Bp. Eduardo C. Villanueva *(appointed September 23, 2022)*	6/6

Legal Proceedings to Which the Registrant or Any of its Subsidiaries is a Party

The material legal proceedings to which the Company and its subsidiaries (the Group) is a party or which any of its subject during the past five (5) years up to latest date are as follows:

A. Cityland, Inc.

Tagaytay Executive Village Homeowners' Association, Inc. vs. Cityland, Inc.
"Petition for the Revocation of the Certificate of Completion (COC) issued in favor of CITYLAND, INC., owner and developer of TAGAYTAY EXEC. VILLAGE, Brgy. San Jose, Tagaytay City "
OP Case No. 12-C-045

Date Instituted: November 9, 2011

Tagaytay Executive Village Homeowners' Association, Inc. (TEVHAI) filed an Appeal Memorandum dated November 9, 2011 with the HLURB Board of Commissioners and received by Cityland last November 14, 2011. The case involves a petition to revoke the certificate of completion ("COC"), dated March 10, 2010 issued by the Regional Office, HLURB, Southern Tagalog Region, in favor or Cityland, Inc., owner and developer of Tagaytay Executive Village located at Brgy. San Jose, Tagaytay City. TEVHAI wants the Court to recall/cancel the COC and that Cityland be ordered to fully complete the alleged deficiencies in the amenities. The case was dismissed by the HLURB Board of Commissioners in a Decision dated February 2, 2012. The TEVHAI appealed this case before the Office of the President. Office of the President issued a Decision which dismissed the appeal of TEVHAI and affirmed the Decision dated February 2, 2012 of the HLURB Board of Commissioners which is favorable to Cityland. TEVHAI filed its Motion for Reconsideration and Cityland filed its Comment/Opposition thereto which is now for resolution.

Sps. Banson & Electra Cheng vs. Cityland Inc.
O.P. Case No. 15-G-201
Office of the President

Spouses Cheng filed a Complaint for Specific Performance with Damages praying that Cityland comply and continue with the sale of condominium unit no 6017 and Parking Slot No. B-104 and B-105 of Tagaytay Prime Residences. Cityland stated in its Answer that no Deed of Absolute Sale or Contract to Sale was entered into by the parties. There was no meeting of minds to consummate a contract because there was no consent made by the seller (Cityland). The HLURB-Region IV Office decided in favor of the complainant. The Board of Commissioners in a Decision dated June 22, 2015 reversed and set aside the decision of the HLURB-Region IV, and rendered a new judgment dismissing the complaint. Office of the President issued a Decision which dismissed the appeal of Sps. Cheng and affirmed the Decision dated June 22, 2015 of the HLURB Board of Commissioners which is favorable to Cityland. Spouses Cheng filed their Motion for Reconsideration and Cityland filed its Comment/Opposition thereto which is now for resolution.

Heirs of the Spouses Armando Almendras Cruzat and Maria Villanueva Bayot vs. Cityland, Inc., etal.
Civil Case No. TG-18-145
Tagaytay Regional Trial Court – Branch 18
Date Instituted: July 31, 2018

This case is for annulment of titles, several in number, and for damages. The affected titles are within the vicinity of or adjacent to a condominium building of Cityland and involves as well some lots of other owners. This is patently baseless case because it seeks to annul titles covering lots in the name of Cityland on the ground that the certificates of titles covering the same originated from a Decree of Registration that was originally registered in Batangas; clearly Heirs of Cruzat did not know that said decree of registration originated from the Batangas registry and covered areas previously within Batangas, instead of Cavite, but were eventually transferred to the Registry of Deeds of Tagaytay City, pursuant to Commonwealth Act No. 338 (Charter of Tagaytay), and Executive Order No. 336 dated April 1, 1941.

On August 26, 2022, the case was dismissed by RTC- Tagaytay City for lack of jurisdiction and Heirs of Cruzat's filed their Motion for Reconsideration which was denied also by the court. A Notice of Appeal to the Court of Appeals was filed by the Heirs of Cruzat.

B. Cityland Development Corporation

Cristy Katsui vs. Cityland Development Corporation
OP Case No. 15-A-001
Office of the President
Date Instituted: June 26, 2012

Cristy Katsui filed a Complaint dated June 20, 2012 which was received by Cityland on July 20, 2012, seeking an order for the rescission of the Contract to Sell over a commercial unit no. G-11 in Makati Executive Tower IV and for the return of all the amortizations paid by her and her children in the total amount of P1,634,000.00.

Cityland stated in its Answer that it cancelled the above-mentioned Contract to Sell in compliance with the instruction of Katsui in her letter, in behalf of all the Buyers, dated June 21, 2011. She was informed that she is not entitled to any cash surrender value under R.A. No. 6552 that requires a minimum payment of 24 monthly installments. Katsui paid only 14 installments. Besides, the unit is a commercial unit which is not covered by the law which seeks to protect buyers of residential units. Unfavorable decision was rendered by the HLURB against Cityland, and the same was elevated to the Office of the President which affirmed the HLURB decision. Cityland filed its Motion for Reconsideration which is now for resolution.

Gary Noble Esquivel vs. Cityland Dev. Corp., etal.
Human Settlements Adjudication Commission (HSAC)
Department of Human Settlements and Urban Development (DHSUD)
HSAC Case No. NCR-REM-220511-00500
Date Instituted: May 11, 2022

Gary Noble Esquivel filed a Complaint dated May 3, 2022 against Cityland for Special Performance with Damages praying for full refund of all the payments made in the amount of ₱1,264,426.45 for the purchase of Unit 2504 and Parking Slot P241 of Cityland's Pines Peak Tower 1, plus 6% interest and other damages due to alleged construction defects of the units and the building. Cityland stated in its Answer that Complainant has defaulted in the payment of his obligations and that the units and the building were constructed in accordance with the approved plans. Furthermore, Cityland noted that all complaints were addressed.

In a Decision dated December 19, 2022, HSAC Adjudicator declared that the building was constructed according to the approved plans and gave Complainant four (4) months grace period from receipt of the Decision to settle all his obligations. Complainant has until May 13, 2023 to comply with the Decision.

C. City & Land Developers, Incorporated

Republic of the Philippines represented by the Department of Public Works and Highways (DPWH), through the Bureau of Design-Right of Way Office (BODROWO) versus City & Land Developers, Inc. (CLDI)
Case No. CA G.R. No. CV-112245
Paranaque Regional Trial Court – Branch 274
Date Instituted: July 16, 2013

DPWH filed a Complaint for Expropriation of certain portions of the properties, including the improvements therein, of CLDI located in Barangay Tambo, Paranaque City, which will be part of the NAIA Expressway Project Phase II.

CLDI disputed the valuation made by the DPWH on the properties. The Court issued a Decision in favor of CLDI. The DPWH thru the Office of the Solicitor General (OSG) filed its Motion for Reconsideration which was granted by the new presiding Judge. CLDI filed a Notice of Appeal which was favorably granted by the Court of Appeals. The OSG filed its Motion for Reconsideration, then CLDI filed its Comment/Objection thereto. An Amended Decision was issued by the Court of Appeals as to the interest to be paid by the DPWH. Entry of Judgement has been issued by the Court of Appeals. Records were remanded to Parañaque RTC and the proceedings for the execution of the judgment is now ongoing.

Sta. Ana Village Homeowners' Assoc. Inc. (SAVHA) vs. City & Land Developers Inc. (CLDI)
Civil Case No. 12-009
Parañaque Regional Trial Court – Branch 274
Date Instituted: January 16, 2012

SAVHA filed a Complaint dated January 16, 2012 which was received by CLDI on March 3, 2012, to enjoin defendant and all persons allowed by said defendant CLDI from using Benedictine Street in Sta. Ana Village, Barangay Sun Valley, Paranaque City, and to order the defendant by way of a writ of mandatory injunction, to open another outlet to the main road without cost or liability to plaintiff.

CLDI stated in its Answer that plaintiff has not proven its claim over Benedictine Street because the Deed of Donation used by the plaintiff is a falsified and/or spurious document. Furthermore, there is a Right-of-Way Agreement for Benedictine Street. Case was dismissed. However, SAVHA filed a Motion for Reconsideration which was granted. SAVHA's unnotarized Judicial Affidavit of its first witness was expunged from the records of the case. SAVHA's legal counsel withdrew from the case. New counsel for SAVHA appeared. First witness of SAVHA was cross-examined by CLDI counsel – witness got confused as to identity of respondent and presented title of CI but they sued CLDI, hence, complainant sued the wrong corporation. SAVHA submitted its Motion for Leave to Admit Amended Complaint which CLDI opposed. The Court denied the Motion and its succeeding Motion for Reconsideration & ordered the continuation of the hearing for the case. SAVHA was not able to present any other witness, after being given several opportunities to do so, such that the Court, with its patience exhausted already, directed SAVHA to make a formal offer of its evidences. As SAVHA's formal of evidence stands, there is nothing presented by it which establishes its claim against CLDI, as asserted in CLDI's opposition/comment thereto. Hearing for the case is ongoing.

- **PROPERTY**

  Aside from the above-mentioned cases, there were no cases filed wherein the Group’s property/ies is/are the subject.

The legal proceedings mentioned are considered as “material” if compared to other proceedings involving the Group but not material when compared to the overall financial condition of the Group. Thus, the Group does not expect that the outcome of these legal proceedings will have a material adverse effect on the financial condition of the Group.

The Group does not expect that the outcome of the material legal proceedings above involving the Group will have a material adverse effect on the financial condition of the Group.

During the past five years up to present, there is no bankruptcy petition filed by or against any business of which such person was a general partner or executive officer of the Group either at a time of the bankruptcy or within two years prior to that time.

During the past five years up to present, the Group, any of its directors or executive officers has no conviction by final judgment, domestic or foreign, or is not subject to a pending criminal proceeding, domestic or foreign.

During the past five years up to present, the Group, any of its directors or executive officers is not subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities.

During the past five years up to present, the Group, any of its directors or executive officers has not been found by a domestic or foreign court of competent jurisdiction (in civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self- regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

5. Nomination Committee (referred to as "Corporate Governance Committee") and Nominees for Election as Members of the Board of Directors, including the Independent Director.

The following have been nominated to the Board of Directors for the ensuing term / year:

Dr. Andrew I. Liuson	Mr. Peter S. Dee (Independent Director)
Mrs. Grace C. Liuson	Bp. Eduardo C. Villanueva (Independent Director)
Mrs. Helen C. Roxas	Mr. Benjamin I. Liuson
Mr. Josef C. Gohoc	Mr. Jefferson C. Roxas

The independent directors possess all qualifications to serve as an independent director of the Company, as provided for in Section 38 of Securities Regulation Code (SRC) and its implementing rules.

The final list of nominees for independent directors as nominated by respective stockholders of Cityland, Inc. and endorsed by the Corporate Governance are the following:

Independent Director	Nominating Stockholder
Mr. Peter S. Dee	Mrs. Grace C. Liuson
Bp. Eduardo C. Villanueva	Mr. Josef C. Gohoc

The nominated members of the Board of Directors shall be presented and elected during the Annual Stockholders' Meeting to be held on June 20, 2023.

The nominating stockholder is not related by consanguinity or affinity up to the fourth civil degree to the nominated independent director.

The Corporate Governance Committee performs the role of the Nomination Committee. The following are the members of the Corporate Governance Committee

Mr. Peter S. Dee (Chairman)
Dr. Andrew I. Liuson
Mr. Jefferson C. Roxas

Based on *SEC MC No. 24 s. 2019 – Code of Corporate Governance for Public Companies and Registered Issuers* and the *Company's Revised Manual on Corporate Governance*, it is recommended that independent director should serve for a maximum cumulative term of nine years only. However, in certain cases that the Company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justifications and seek approval of the stockholders during the Annual Stockholders' Meeting.

Mr. Peter Dee has served as an Independent Director of the Company since 2006. His in-depth knowledge, wisdom and expertise in various industries helped the Company plan and attain its strategic objectives. Further, his irrefutable competencies and experience provide invaluable contribution to the Company.

Mr. Dee has a wide experience in banking industry as Director for more than 40 years in one of the largest banks in the Philippines. He is also a Director of other publicly-listed companies in the country. His exposure and mastery to risk and financial management delivers insight and significant assistance to the Company.

Further, the Board deems it untimely to consider other qualified individuals to replace Mr. Dee whose valuable insights and advice helped the Company develop its key business thrusts and risk mitigation strategies. His highly respected credentials and great contributions to the Company justify the Board's decision to retain Mr. Dee as a nominee for re-election this coming 2023 Annual Stockholders' Meeting.

6. Procedures for Nomination and Election of Independent Directors

a. The Corporate Governance Committee, prior to a stockholders' meeting shall conduct nomination of independent directors. The nominating stockholders together with the acceptance and conformity by the would-be nominees shall sign all recommendations.

   The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

   After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of "Annex C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent directors shall be identified in such report including any relationship with the nominee.

   Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

b. Subject to pertinent existing laws, rules and regulations, the conduct of the election of the independent director shall be made in accordance with the standard election procedures of this By-laws.

   It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.

   Specific slot for the independent directors shall not be filled-up by unqualified nominee.

   In case of failure of election of independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

   At least forty-five (45) days before the scheduled annual stockholders' meeting, the stockholders shall submit their nomination/s to the Corporate Secretary who in turn shall immediately forward the same to the Chairman of the Corporate Governance Committee for proper action.

7. Related Party Transactions

The Group, in their regular conduct of business, have entered into transactions with associates and related parties principally consisting of advances, reimbursement of expenses and purchase and sale of real estate properties. These transactions to and from related parties are made on an arm's length basis and at current market prices at the time of the transaction.

- Prior to December 2021, CI has an existing management agreement with CDC wherein CI provides management services to CDC. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other six months prior to expiration. The management fee is based on a certain percentage of the net income as mutually agreed upon by both parties. The management fees for 2021, 2020, and 2019 were waived by CI. There are no conditions attached to the waiver of these management fees. In December 2021, CI and CDC amended its management agreement thereby terminating such contract.

- CI has an existing agreement with CLDI, CDC and CPI whereby personnel costs and common recurring expenses such as water, electricity, rental, and other expenses for which the companies have benefited from such service shall be shared among the companies and billed with a pre-agreed mark-up rate. These are recorded as part of “Operating expenses” in the statements of income. The income recognized as a result of the mark-up charged is recorded as “Other income - net” in the statements of income. These are unsecured, unguaranteed, noninterest bearing, and due within 30-60 days.

- In 2019, CI entered into a Memorandum of Agreement with CDC whereby CDC shall assign its parcel of land to the Company in exchange of certain number of condominium units and parking lots on One Premier, a project of CI. In 2021, additional units were allocated by CI.

  In 2022, the project was completed and CI and CDC executed a Deed of Exchange relating to the exchange of properties. The said exchange resulted to an increase in “Real estate properties held for future development” account amounting to ₱167.64 million which is included as part of “Additions” in the movement of real estate properties held for future development (see Note 9). The Company recognized an income from the exchange amounting to P=4.26 million recorded under “Other income - net” in the parent company statement of income.

- CI, through CLHI, issued a cash bond amounting to ₱41.00 million in favor of HLURB in relation to the construction and development of its ongoing project which was recorded as deposit under “Other noncurrent assets”. The said amount was placed by CLHI with a financial institution, which will mature in April 2028. Also, in June 2021, the cash bond previously issued by CI amounting to ₱70.00 million already matured. Interest income earned amounted to ₱1.28 million and ₱1.42 million in 2022 and 2021, respectively. Accrued interest amounting to ₱0.33 million and nil as of December 31, 2022 and 2021, respectively, was recorded under “Other receivables - accrued interest” account in the parent company statement of financial position.

- CI, jointly with affiliated companies under common control, has a trust fund for the retirement plan of their employees. The trust fund is being maintained by a third-party trustee bank under the supervision of the Retirement Committee of the plan. The committee is responsible for the investment strategy of the plan.

There are no transactions (or series of similar transactions) with or involving the company or any of its subsidiaries with a director, executive officer, any nominee for election as a director and any security holder owning 10% or more of the company’s outstanding share.

Related party transactions were disclosed in Note 26, *Related Party Transactions* of the Audited Annual Consolidated Financial Statements.

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VI. Executive Compensation

EXECUTIVE COMPENSATION SUMMARY TABLE

Name	Position	2023 (estimate)
Josef C. Gohoc Emma A. Choa Rudy Go Melita M. Revuelta Marcelina C. Clemeña	President Executive Vice President/Treasurer Senior Vice President Vice President Assistant Vice President - Purchasing	X X X X X
Salaries		₱8,479,620
Bonus		2,156,505
Others		120,000
Total (Top 5)		**₱10,756,125**
Salaries		₱8,393,505
Bonus		2,209,815
Others		276,000
All officers & directors as a group unnamed		**₱10,879,320**
Grand Total		**₱21,635,445**

Name	Position	2022 (actual)
Josef C. Gohoc Emma A. Choa Rudy Go Melita M. Revuelta Marcelina C. Clemeña	President Executive Vice President/Treasurer Senior Vice President Vice President Assistant Vice President - Purchasing	X X X X X
Salaries		₱7,655,410
Bonus		1,989,565
Others		5,583,951
Total (Top 5)		**₱15,228,926**
Salaries		₱8,735,162
Bonus		2,222,542
Others		6,009,634
All officers & directors as a group unnamed		**₱16,967,338**
Grand Total		**₱32,196,264**

Name	Position	2021 (actual)
Josef C. Gohoc Emma A. Choa Rudy Go Melita M. Revuelta Marcelina C. Clemeña	President Executive Vice President/Treasurer Senior Vice President Vice President Assistant Vice President - Purchasing	X X X X X
Salaries		₱7,113,549
Bonus		1,820,423
Others		3,445,484
Total (Top 5)		**₱12,379,456**
Salaries		₱10,257,939
Bonus		2,386,939
Others		2,279,721
All officers & directors as a group unnamed		**₱14,924,599**
Grand Total		**₱27,304,055**

The Group has no standard arrangements with regard to the remuneration of its directors. In 2022, 2021 and 2020, the BOD of the Group received an aggregate of ₱30.41 million, ₱19.61 million and ₱39.79 million, respectively (including per diem for every Board Meeting attended). Moreover, the Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Group does not have any arrangements for stock warrants or options offered to its employees.

VII. Independent Public Accountants

1. SyCip, Gorres, Velayo & Co. (SGV & Co.) is the Registrant's external auditor for the calendar year 2022. The same auditing firm is being recommended for re-election at the scheduled 2023 Annual Stockholders' Meeting.

2. Representatives of SGV & Co. are expected to be present at the Annual Stockholders' Meeting and will assist in responding to queries concerning the audited financial statements.

3. Pursuant to Revised SRC Rule 68 paragraph (3)(b)(ix) (Rotation of External Auditors), Ms. Aileen L. Saringan, partner of SGV & Co., was assigned as signing partner for the Registrant's financial statements starting the calendar year 2017.

4. There were no changes in and disagreements with the accountants on accounting and financial disclosures.

OTHER MATTERS

VIII. Action with Respect to Reports

The Minutes of the Annual Stockholders' Meeting held last June 21, 2022 will be read and submitted to the stockholders for their approval. The said Minutes state that the stockholders approved the following matters during the 2022 Annual Stockholders' Meeting:

1. Reading and approval of the minutes of the previous regular annual stockholders' meeting
2. Consideration and approval of the Annual Report and related financial statements for the year 2021
3. Election of directors (including independent directors)
   The following are the elected directors:

Dr. Andrew I. Liuson	Mr. Josef C. Gohoc
Mrs. Grace C. Liuson	Mr. Peter S. Dee (Independent Director)
Mrs. Helen C. Roxas	Ms. Anastasia Y. Dy (Independent Director)
Mr. Benjamin I. Liuson	Mr. Jefferson C. Roxas

4. Appointment of the external auditor
   The Sycip Gorres Velayo & Co. was re-appointed as the Company's external auditor for the Year 2022.
5. Confirmation of the Acts of Management and of the Board of Directors for the period covering January 1, 2021 to December 31, 2021.
6. Other matters which may be raised by the body.

IX. Other Proposed Actions

1. Confirmation of all acts of the Board of Directors for the period covering January 1, 2022 to December 31, 2022 adopted in the ordinary course of business, including but not limited to:
   a. Approval of investments;
   b. Treasury matters related to opening of accounts and bank transactions;
   c. Appointment of signatories and amendments thereof; and

d. Approval of Annual Report and related financial statements.

2. Appointment of the External Auditor
The Board of Directors, through the recommendation of the Audit and Risk Committee, approved the re-appointment of Sycip Gorres Velayo & Co. as the Company's external auditor for the calendar year 2023. This shall be taken up during the Annual Stockholders' Meeting for the approval of the stockholders.

3. Approval of the Board Resolution dated May 8, 2023 regarding the declaration of five percent (5%) stock dividends out of the unappropriated retained earnings as of December 31, 2022.

X. Voting Procedures

1. Vote required for Approval or Election

At least majority of the outstanding capital stock of the Registrant is required for the election of directors and for the approval of the following matters:

a. Minutes of the previous Annual Stockholders' Meeting;
b. Appointment of external auditor; and
c. Acts of the management and of the Board of Directors relative to the Annual report and related financial statements.

2. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting. In accordance with the Company's Amended By-Laws, voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita.

3. In light of the COVID-19 global pandemic, the Board of Directors has decided to conduct a virtual ASM via Zoom or its equivalent. As a result, there will be no physical venue allotted for stockholders to attend the meeting.

Stockholders who intend to attend and participate in the virtual meeting whether through proxy or not shall first submit via email to ci_rg@cityland.net the scanned copy of the letter of intent to attend or to participate via proxy by remote communication. Once validated, the registered stockholder will attend will receive via email the proxy form.

Validation of proxies shall be until 4:00PM of June 13, 2023. Registered stockholders will receive the meeting link and password two days before the ASM.

Stockholders who signified their intention to attend the ASM in person will receive a copy of the Voting Form which the stockholder is required to accomplish and submit such via email to ci_rg@cityland.net on or before June 13, 2023 at 4:00PM. Only stockholders who have notified the Company of their intention to participate in the virtual meeting and have registered themselves or their proxies, will be included in the determination of a quorum.

4. Other matters which any stockholder would like to present in the ASM shall be sent via email to ci_rg@cityland.net on or before June 13, 2023 at 4:00PM. The Company's responses to the questions shall be discussed during the ASM.

[SIGNATURE ON THE NEXT PAGE]

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Definitive Information Statement is true, complete and correct. This report is signed in the City of Makati on May 25, 2023.

CITYLAND, INC.

JOSEF C. GOHOC
President

CITYLAND, INC.
THE PRESIDENT'S REPORT

The Philippine real estate industry showed resurgence in 2022 despite the challenges brought about by COVID-19 pandemic. Throughout the year, the real estate sector proved to be resilient, providing significant contributions to the country's economic growth. One of the key factors that drove the industry's success was the demand for housing. With the increase in population, there is a growing demand for affordable housing especially for the middle-income segment of the market. As a result, developers took advantage of this opportunity by constructing and launching projects within the areas with high demand. Other than the housing options, the increase in demand for office and commercial spaces was also noted in 2022 due to the continuous decline in COVID-19 cases which allowed the increase in business activities. As the economy recovers, more businesses are expanding thus, increasing the demand for office and commercial spaces.

In addition, the Philippine government's infrastructure projects also drove the growth in real estate industry. The Build Build Build program aims to improve the country's transportation and logistics infrastructure which provided more opportunities to for real estate developers. The Philippine Gross Domestic Product (GDP) posted a growth of 7.2 percent in the fourth quarter of 2022, resulting to a 7.6 percent full-year growth in 2022.
(Source:https://psa.gov.ph/content/gdp-expands-72-percent-fourth-quarter-2022-and-76-percent-full-year-2022)

The pandemic allowed companies to explore alternatives to continuously generate income despite the strict quarantine restrictions implemented in 2020 and 2021. In the real estate sector, companies explored the virtual house tours and virtual meetings together with the implementation of online sales portal to take advantage of the technology. These initiatives were continuously being utilized in 2022 which provided convenient way and faster processing of transactions. Overall, the Philippine real estate industry has shown significant growth and is expected to continue in the subsequent years. The Cityland Group of Companies will continue to monitor the demand in housing projects and implement strategies to cope with the changes in the environment and increase in demand.

Cityland, Inc. and subsidiaries (the Group) is pre-selling the following on-going projects as of March 31, 2023:

- Two Premier (project of CI)
- Pioneer Heights 1 (Project of CDC)
- 101 Xavierville (project of CDC)
- One Hidalgo (project of CLDI)

Also, the Group is selling the remaining units of the following completed and operational projects:

Cityland, Inc.
- One Premier
- The Manila Residences II
- Tagaytay Prime Residences
- The Manila Residences I
- Brentwood Mansion

Cityland Development Corporation
- Pines Peak Tower II
- Pines Peak Tower I
- Grand Central Residences
- Makati Executive Tower IV
- Makati Executive Tower III

City & Land Developers, Incorporated
- North Residences
- Grand Emerald Tower
- Pacific Regency

The Group has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Internal sources come from sales of condominium units and real estate projects, collection of installment contracts receivable, contract assets, rental income from leased properties, maturing short-term and long-term investments and notes receivable and other sources such as interest income and dividend income. External sources come from commercial papers.

GENERAL NATURE OF BUSINESS

Brief Company History

Cityland, Inc. (the Parent Company or CI) is a domestic corporation which is duly organized and existing under and by virtue of the laws of the Philippines since May 15, 1979 with the primary purpose of engaging in real estate development.

Subsidiaries

The Parent Company has a majority-owned subsidiary, Cityland Development Corporation (CDC), a publicly listed company, and two wholly-owned subsidiaries, Credit & Land Holdings, Inc. (CLHI) and Cityads Incorporated (CAI).

CDC has two majority-owned subsidiaries, City & Land Developers, Incorporated (CLDI), another publicly listed company, and Cityplans, Incorporated (CPI). The primary purpose of CI and its subsidiaries (the Group), which are all domiciled in the Philippines, is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate, except for CPI which is engage in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing, and selling pension plans. CPI’s secondary purpose is to own or otherwise acquire by deed, purchase or otherwise, the necessary property, building and equipment essential or incidental to said business and to purchase, own, hold, possess, lease, or otherwise acquire, and to use, operate, maintain, sell, pledge, mortgage, transfer or assign any real or personal property in the furtherance of the business and purpose of CPI.

The Group’s registered office and principal place of business is at 2nd and 3rd Floors, Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City.

CAI was incorporated on February 20, 1980 for the purpose of engaging in general advertising business. Its registered office and principal place of business is at 2F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Salcedo Village, Makati City.

CLHI was incorporated on July 16, 1980 for the purpose of purchasing, selling or disposing of real and personal property of any kind including shares of stocks and securities. Its registered office and principal place of business is at 2F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Salcedo Village, Makati City.

Nature of Operation

The Group’s primary purpose is to acquire and develop suitable land sites for residential, office, commercial, institutional and industrial uses.

The Group’s projects include medium to high-rise office, commercial, and residential condominiums located in cities of Metro Manila such as Makati, Quezon City, Manila, Mandaluyong, Pasig City and residential subdivisions in Parañaque, Tagaytay City, Cavite and Bulacan.

FINANCIAL HIGHLIGHTS

	In Millions of Pesos		
	2022	2021	2020
Consolidated Net income	**1,306.05**	911.06	728.41
Consolidated Net worth	**14,374.60**	13,239.65	12,441.91
Consolidated Total assets	**18,190.49**	16,975.84	16,023.93
Consolidated Revenues	**3,861.27**	2,479.19	2,258.59

Project Description

Cityland, Inc.

Ongoing Project:

Two Premier

Two Premier is 32-storey residential, office, and commercial condominium near the corner of Investment Drive leading to Daang Hari, Las Pinas City. The project is situated beside One Premier and it is estimated to be completed in June 2025.

Completed Projects:

One Premier

One Premier is a 27-storey commercial and residential condominium project located in one of the upmarket addresses in the South - Alabang Premier, Km. 21 Alabang-Zapote Road, Brgy. Almanza Uno, Las Piñas City. It was designed in the style and function of metropolitan living with amenities like swimming pool, gym, playground, multi-purpose function room, viewing deck and 24-hour association security will ensure convenient living. The said project was completed in April 2022.

The Manila Residences II

The Manila Residences II is a 39-storey office, commercial and residential condominium located along Taft Avenue, Manila. Amenities include swimming pool, mini-gym, and sauna for men and women, function room, viewing deck, children's playground and 24-hour association security.

Tagaytay Prime Residences

Tagaytay Prime Residences is a 21-storey commercial and residential condominium located at Tagaytay Prime Rotunda, Brgy. San Jose, Tagaytay City. Amenities include common viewing balcony for residential floors, swimming pool, multi-purpose area, viewing deck with jogging path and a 24-hour association security.

The Manila Residences I

The Manila Residences I is a 39-storey office, commercial and residential condominium located along Taft Avenue. Amenities include swimming pool, mini-gym, sauna for men and women, function room, viewing deck, children's playground and 24-hour association security.

Brentwood Mansion

Brentwood Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitors' lounge, provision for cable TV and telephone line, individual water submeter / Meralco meter and 24-hour association security.

Cityland Development Corporation

Future Projects:

City North Tower

City North Tower is a proposed 50-storey mixed residential, office and commercial Condominium project with three (3) basement parking and four (4) podium parking levels to be located at No. 35 North Avenue Barangay Bagong Pag-asa Quezon City (QC). It is walking distance to QC's biggest malls – SM City North EDSA and Trinoma.

Pioneer Heights 2

Pioneer Heights 2 is an office, residential and commercial condominium to be located at Reliance St., Barangay Highway Hills, Mandaluyong City.

Ongoing Projects:

Pioneer Heights 1

Pioneer Heights 1 is a 24-storey office, commercial and residential condominium located at Pioneer St., Barangay Highway Hills, Mandaluyong City. Its amenities include swimming pool, children's playground, multi-purpose function room, laundry room, information area, administration room and 24-hour association security. The project is estimated to be completed in December 2023.

101 Xavierville

101 Xavierville is a high-rise, mixed-use condominium building with residential units from 8th-42nd floor and commercial units at ground floor located along Xavierville Avenue, Loyola Heights, Quezon City. The project is easily accessible to various schools such as Ateneo de Manila University, University of the Philippines and Miriam College; recreational parks and leisure places.
The project is estimated to be completed in February 2024.

Completed Projects:

Buildings for Lease

- *CityNet Central*

  CityNet Central is a 22-storey commercial and Philippine Economic Zone Authority (PEZA)-registered building located in central business district along Sultan Street, Brgy. Highway Hills, Mandaluyong City with its proximity to MRT station and various transportation hubs.

- *CityNet1*

  CityNet1 is a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack-Wack, Mandaluyong City. The said building for lease is also registered with PEZA.

Pines Peak Tower I

Pines Peak Tower I is a 27-storey residential condominium located at Union corner Pines St., Barangka, City of Mandaluyong. Its amenities include swimming pool, viewing deck, multi-purpose function room with movable children play set, gym and 24-hour association security.

Pines Peak Tower II

Pines Peak Tower II is a 27-storey residential condominium conceptualized for the fast-paced Filipino family. It is beside Pines Peak Tower I along Pines St., Brgy. Barangka Ilaya, Mandaluyong City. It is only a block away from the major thoroughfare of EDSA, near Shaw

Boulevard, Pioneer and MRT Boni Station. The project is easily accessible to various commercial centers like Shangri-La Mall, Star Mall, Robinson's Place Pioneer, SM Megamall, The Podium, Metrowalk and schools like Lourdes School of Mandaluyong, St. Paul College and University of Asia and the Pacific. This project was completed in May 2019.

Grand Central Residences

Grand Central Residences is a 40-storey office, commercial and residential condominium located at EDSA corner Sultan St., (fronting MRT Shaw), Mandaluyong City. It is in close proximity to schools, churches, malls and hospitals. It is equipped with swimming pool, multi-purpose function room, gym, multi-purpose deck, CCTV and 24-hour association security.

Makati Executive Tower IV

Makati Executive Tower IV is a 29-storey commercial and residential condominium located at Cityland Square, Sen. Gil Puyat Ave., cor. P. Medina St., Makati City. It is in close proximity to schools, malls, hypermarkets and hospitals. Its amenities include swimming pool, gym, playground, function room, roof deck and 24-hour association security.

Mandaluyong Executive Mansion III

Mandaluyong Executive Mansion III is a 7-storey commercial and residential condominium located at G. Enriquez St., Brgy. Vergara, Mandaluyong City. It is in close proximity to schools, malls, churches and hospitals. Its amenities include playground, swimming pool, basketball court and 24-hour association security.

Makati Executive Tower III

Makati Executive Tower III is a 37-storey commercial, office, and residential condominium located at Cityland Square, Sen. Gil Puyat Avenue, Pio Del Pilar, Makati City. Its amenities include swimming pool, sauna, viewing deck, jogging area, mini-gym, children's playground, function room and 24-hour association security.

Manila Executive Regency

Manila Executive Regency is a 39-storey office, commercial and residential condominium situated along J. Bocobo St. Ermita. This property has a close proximity to churches, malls, parks, party places, historical places, government institutions, and commercial establishments. Its amenities and facilities include swimming pool, gym, spa, function room, children's playground and Manila Bay viewing deck.

Makati Executive Tower II

Makati Executive Tower II is a 35-storey residential condominium located in Dela Rosa St., corner Medina St., Makati City. It offers a great location being few steps away from shopping centers, hotels, banks, hospitals, churches and major thoroughfares. Also, its proximity to LRT and MRT gives easy access to transportation.

CLDI

Future Project:

Bonifacio Place

Bonifacio Place is a proposed 40-storey mixed residential, office and commercial condominium project with a four (4) basement parking levels and a separate 6-storey parking building to be located at Boni Avenue, Barangay Barangka Itaas, Mandaluyong City. It is about 450 meters away from the EDSA MRT Boni Station.

Ongoing Project:

One Hidalgo

One Hidalgo is a proposed 39-storey mixed residential, office and commercial condominium to be located at 1730 P. Hidalgo Lim St., corner Gen. Malvar St., Malate, Manila. It is near to various universities (De La Salle University, University of the Philippines – Manila, Philippine Christian University), government agencies (Supreme Court, Court of Appeals, Department of Justice) and other leisure establishments.

Estimated Date of Completion: September 2027

Completed Projects:

One Taft Residences

One Taft Residences is a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila. It is with easy access to various universities (De La Salle University, University of the Philippines – Manila, Philippine Christian University), transportation hubs, shopping centers, businesses, commercial and government offices. This project was completed in May 2022.

North Residences

This 29-storey commercial and residential condominium is located along EDSA (beside WalterMart) corner Lanutan, Brgy. Veterans Village, Quezon City. It is conceptualized for the practical modern families to enjoy suburban city living that is budget-friendly. The project was turned over in March 2018.

Manila Residences Bocobo

Manila Residences Bocobo is a 34-storey commercial, office and residential condominium located along Jorge Bocobo St., Ermita, Manila City. Its amenities and facilities include swimming pool, children's play area, gym, multi-purpose deck, function room and 24-hour association security. It is proximate to schools, malls, banks, hospitals, restaurants, churches, government offices and other leisure establishments.

Grand Emerald Tower

Grand Emerald Tower is a 39-storey commercial, office and residential condominium located along Emerald Avenue corner Ruby and Garnet Streets, Ortigas Center, Pasig City. Its amenities and facilities include swimming pool, gymnasium, viewing deck, sauna, children's playground,
multi-purpose function room, and 24-hour association security. It is proximate to schools, hospitals, shopping malls, banks, restaurants, hotels, churches and other leisure and business establishments.

Pacific Regency

Pacific Regency is a 38-storey commercial, office, and residential condominium located at Pablo Ocampo Sr. Ave. (formerly Vito Cruz Street) in front of Rizal Memorial Sports Complex in Manila. Amenities and facilities include swimming pool, gymnasium, separate sauna for male and female, function room, children's playground, 24-hour association security, viewing area and jogging areas at the roof deck.

CPI

Windsor Mansion

Windsor Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitors' lounge, provision for cable TV and telephone line, individual water sub meter / Meralco meter and 24-hour association security. This project was also developed together with Cityland, Inc (CI).

Oxford Mansion

Oxford Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitor's lounge, provision for cable TV and telephone line, individual water sub meter / Meralco meter and 24-hour association security. This project was also developed together with CI.

Pasig Royale Mansion

Pasig Royale Mansion is an 8-storey mid-rise condominium located at Evangelista St., New Santolan, Pasig City. Amenities and facilities include a swimming pool, a function room, a viewing area and a visitor's lounge. This project was also developed together with CI.

Major Risks Involved in Each of the Businesses of the Company

The risks to which the Group are exposed include internal risks such as refinancing risk, credit risk, interest rate risk, market risk and liquidity risk; business risks and operational risks; and external risks arising from political and economic situation, real estate industry outlook, market competition and asset price bubble.

INTERNAL FACTORS

Refinancing The Group is primarily engaged in real estate development. Risk factor includes minimal risk debt level of the Group's borrowings. The short-term nature of these borrowings increases the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Group adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Group has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.

he Group manages such refinancing risks by having a current and acid-test ratio of 3.50:1 and 1.46:1, 3.26:1 and 1.53:1, and 3.14:1 and 1.58:1 as of December 31, 2022, 2021 and 2020, respectively.

Credit Risk This is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments which may be the subject of credit risk are the installment contracts receivables, contract assets and other financial assets of the Group. The corresponding management strategies for the aforementioned risks are as follows:

a. The credit risk on the installment contracts receivables and contract assets may arise from the buyers who may default on the payment of their amortizations. The Group manages this risk by dealing only with recognized and credit worthy third parties. Moreover, it is the Group's policy to subject customers who buy on financing to credit verification procedures. Also, receivable balances are monitored on an on-going basis which resulted to an insignificant exposure to bad debts. The risk is further mitigated because the Group holds the title to the real estate properties with outstanding installment contracts receivable balance and the Group can repossess such property upon default of payment by the customer. The Group policy is to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Group.

b. The credit risk on the financial assets of the Group such as cash and cash equivalents, short-term investments, financial assets at fair value through other comprehensive income (FVOCI), refundable deposits and other receivables may arise from default of the counterparty. The Group manages such risks in accordance to its policy wherein the Group shall enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Group.

Interest Rate Risk

This is the risk arising from uncertain future interest rates.

a. The Group's financial assets mainly consist of installment contracts receivable, contract assets, notes receivable, cash and cash equivalents and short-term and long-term investments and other receivables. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.

b. For the financial liabilities, the Group only has commercial papers which bear fixed interest rates. Thus, these are not exposed to fluctuations in interest rates.

Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which are measured at fair value are subject to market risk.

The financial assets at FVOCI are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure, however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Group

Liquidity Risk

This is the current and prospective risk to earnings or capital from the Group's inability to meet its obligations when they become due without incurring unacceptable losses. The Group's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Group:

a. Asset-Liability Management: Funding sources pertain to short-term borrowings. Funding sources are abundant and provide a competitive cost advantage. The Group also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs.

b. *Conservative/Liability Structure:* Funding is widely diversified. There is little reliance on wholesale funding services or other credit sensitive fund providers. The Group accesses funding across a diverse range of markets and counter parties.

c. *Excess Liquidity:* The Group maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.

d. *Funding Flexibility:* The Group has an objective to maintain a balance between continuity of funding and flexibility through the use of commercial papers.

As such, the Group addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and established record in accessing these markets.

Overall, the Group adopts to the changing environment by being flexible and open to new opportunities to improve its financial status.

The Group is also exposed to risks which are beyond financial as follows:

GROUP'S BUSINESS RISKS AND OPERATIONAL RISKS

Land Banking

The Group's land banking consists of parcels of land wherein some lots are being leased while awaiting the development of the Group's condominium projects. Having enough and diversified land banking is important to support the sustainability of the Group's business. The Group may be exposed to risks because of the possible changes in the value of these lots due to market circumstances which may result in impairment or decline in rental rate levels.

The Group currently has prime lots for future development and/or investment properties which are located in the different areas of Metro Manila and Cavite. The management also is in continuous study and research on the possible land acquisition which will depend on the need of the Group and negotiations with prospective sellers. For the land value changes and decline, the Group continues to be cautious in buying new properties by conducting studies on appraisal and conditions of the property within the vicinity.

Property Development and Construction

Construction of a condominium project starts from the planning and securing of permits to the development or construction of the project and to the delivery or turnover of the units to the buyers. The construction to completion of a project averages three to four years. During this period of time, the Group may be exposed to the following risks:

- delays or longer than expected time of securing necessary licenses, permits and approvals from different government agencies or neighborhood;
- possible increase in the cost of materials and labor which will impact pricing and costing;
- labor disputes among and with the contractors and sub-contractors; and
- delay in the delivery of the project.

These risks are managed by the Group by having:

- well-planned and carefully-phased project development with a reasonable timetable;
- concrete sources financing for the project;
- accreditation and careful selection of general contractors and sub-contractors to ensure fulfillment and quality of work; and
- continuous and meticulous management of the Group's project development team to ensure that the project is progressing and being accomplished according to plan.

EXTERNAL RISKS

Economic

The Group's business consists mainly of providing office and housing units in the Philippines and the results of the operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Group's operations and eventually its financial performance.

Effect of climate change

It cannot be denied that the country is already experiencing the impact of climate change which is considered as a global problem which needs to be addressed by all countries.

Climate change has greatly affected the operations of the businesses, both private and local. Due to climate change, the supply or resources may decline which will lead to increase in cost. Thus, businesses should consider measures to cope with the impact of environmental changes. In addition, businesses should ensure compliance to the rules and regulations imposed by the environmental authorities.

Cityland Group has invested considerable effort in the development of programming approaches that integrate disaster risk management with long-term programs that have the objective of addressing the underlying causes of vulnerability. This means developing and applying various prevention, mitigation and preparedness policies, strategies and practices to minimize vulnerabilities and disaster risks. The Group firmly believes that emergency preparedness planning is a critical component for all development programming and is a necessary ingredient not only for effective emergency response but also for effective risk prevention, mitigation and preparedness before a disaster occurs. For the Group, emergency preparedness encompasses all aspects of disaster risk management – from addressing underlying causes to responding in times of emergencies. First and foremost, preparedness must focus on prevention and mitigation – taking pre-emptive measures to help communities avoid emergencies and become better equipped so that the impacts of disasters are reduced. As one of the criteria set by the Group in acquisition of property, the Group considers whether the location of the prospective property is within the fault line and whether the area is prone to flooding. In this case, the Group minimizes the risk of incurring any additional costs/damages in the future.

Further, the Group has adopted the following controls in relation to the compliance with environmental laws but not limited to:

- Adherence to the standards/requirements set by the regulatory agencies governing the real estate industry;
- Appointment of Pollution Control Officers in all condominium projects
- Continuous study on how to improve the project from planning to construction until its completion
- Active participation with the government's requirements to real estate developers (e.g. socialized housing, tree planting, etc.); and
- Avoiding hazards and mitigating their potential impacts by reducing vulnerabilities and exposure and enhancing capacities of communities.

Effect of COVID-19 pandemic

The Philippine real estate industry showed resurgence in 2022 despite the challenges brought about by COVID-19 pandemic. Throughout the year, the real estate sector proved to be resilient, providing significant contributions to the country's economic growth. One of the key factors that drove the industry's success was the demand for housing.

The Philippine real estate industry has shown significant growth and is expected to continue in the subsequent years. The Company will continue to monitor the demand in housing projects and implement strategies to cope with the changes in the environment and increase in demand.

Political

The Group's business, like all other businesses, may be influenced by the political situation in the country. Any political instability in the future could have a material adverse effect in the Company's business.

The ongoing Russia-Ukraine conflict sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others.

As of December 31, 2022, the Group believes that the current political situation of Russia and Ukraine will not have an adverse effect in the Group's business operations. Further, the Group has no significant sales transactions to the Philippine government that would result to a significant effect to the Group's revenue/income. Further, the Group has no exposure to investments in Ukraine or Russia. Supplies and materials need for the construction of the project undergo a detailed negotiation process to achieve the best products with a reasonable cost.

Industry

The industry is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. In 2021, the Group is slowly recovering from the effect of COVID-19 pandemic. While in 2022, business activities are already going back to normal and that the Philippine economy is seen to recover. This is due to the united effort of the government, businesses, and the people.

The Group has adopted business continuity plans and strategies to mitigate the risks and effect of the pandemic.

Competition

The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to the increase in demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Group believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.

Cityland Group's major competitors include SM Development Corporation, Vista Land Corporation, Empire East, Avida Land Corporation, New San Jose Builders, Torre Lorenzo Development Corporation and DMCI.

Asset Price Bubble

Asset price bubble in real estate occurs when there is a seeming increase in the demand for housing units which leads the developers to build more and when there is already a significant gap between the demand and the supply, this will lead to a sudden decline in the value of the properties.

The Residential Real Estate Price Index (RREPI) is an indicator of change in the prices of residential properties in the Philippines over a period of time. The growth rate of the index measures the house price inflation. The RREPI is computed for the National Capital Region (NCR) and areas outside National Capital Region (AONCR) as well as for different types of housing units such as single detached houses,

townhouses, and condominium units to be able to measure real estate price changes across different areas and types of housing units. The RREPI is computed for new housing units only.
(Source: https://www.bsp.gov.ph/Statistics/Prices/TechnicalNotes_RREPI.pdf)

In the latest RREPI that the BSP complied, covering the third quarter of 2022, the regulator had seen signs of increased consumer pessimism toward the yearend. The index showed that prices of new housing units across the country had risen by 6.5% in the third quarter while housing loans fell by 4.2%. RREPI data are based on information related to actual mortgage loans granted to acquire new housing units only, which are submitted by universal, commercial and thrift banks in the country. On a year-on-year basis, residential property prices surged by 17.5% in the National Capital Region and by 2.3% in areas outside the National Capital Region. The BSP said this was primarily driven by the increase in the prices of condominium units and single-detached/attached houses, which outweighed the decrease in the prices of townhouses. Further, the number of residential real estate loans granted for all types of new housing units in the Philippines decreased by 4.2%. Of the loans granted, 48% was used to fund purchases of single-detached or attached houses; 39% for condominium units and 13% for townhouses.
(Source:https://business.inquirer.net/383717/bsp-buys-time-to-finetune-asset-bubble-tracking-indices)

As the demand for residential unit increases, the Company ensures that proper and strategic planning is implemented to cope with the demand. Further, as the Philippine economy is seen to recover and that the demand for warehouses and commercial offices increases, the Group considers this as an opportunity to minimize exposure to asset price bubble by focusing on the in-demand real estate commercial projects with good office location and reasonable price.

Generally, the risks are mitigated by conducting assessments of the economic and political situations of the country as well as new developments in the real estate industry. The procedures involve the gathering of information of economic indicators and political events as well as being aware of the new developments in the industry through media, business conferences, economic briefings and other sources.

With this, the Company is able to assess and manage the risks mentioned.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Condition

VERTICAL ANALYSIS

CITYLAND INCORPORATED
Consolidated Statement of Financial Position (Vertical Analysis)

	March 31, 2023	%	December 31, 2022	%
ASSETS				
Current Assets				
Cash and cash equivalents	1,115,663,275	6.07%	1,424,589,931	7.83%
Short-term investments	1,265,700,000	6.89%	691,700,000	3.80%
Current portion of:				
Installment contracts receivable	16,627,360	0.09%	17,933,217	0.10%
Contract assets	500,152,568	2.72%	751,183,602	4.13%
Cost to obtain contract	13,424,692	0.07%	17,502,622	0.10%
Notes receivable	1,378,150,000	7.50%	1,288,150,000	7.08%
Other receivables	67,156,191	0.37%	80,139,535	0.44%
Real estate properties for sale	5,829,854,213	31.71%	5,799,289,178	31.88%
Current portion of investment in trust funds	9,196,033	0.05%	9,196,033	0.05%
Other current assets	114,187,461	0.62%	152,179,841	0.84%
Total Current Assets	10,310,111,793	56.09%	10,231,863,959	56.25%
Noncurrent Assets				
Installment contracts receivable - net of current portion	14,263,566	0.08%	15,479,329	0.09%
Long-term investments	303,999,438	1.65%	303,999,438	1.67%
Contract assets - net of current portion	2,546,214,134	13.85%	2,439,744,668	13.41%
Cost to obtain contract - net of current portion	963,625	0.01%	785,182	0.00%
Notes receivable - net of current portion	100,000,000	0.54%	100,000,000	0.55%
Other receivables - net of current portion	1,735,263	0.01%	868,040	0.00%
Investment in trust funds - net of current portion	27,526,117	0.15%	25,039,321	0.14%
Real estate properties held for future development	1,126,715,693	6.13%	1,126,655,558	6.19%
Investment properties	3,825,784,730	20.81%	3,833,328,526	21.07%
Property and equipment	61,549,076	0.33%	57,806,195	0.32%
Net retirement plan assets	17,676,384	0.10%	17,676,384	0.10%
Other noncurrent assets	45,565,027	0.25%	37,246,039	0.20%
Total Noncurrent Assets	8,071,993,053	43.91%	7,958,628,680	43.75%
TOTAL ASSETS	18,382,104,846	100.00%	18,190,492,639	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	1,113,265,616	6.06%	1,046,594,916	5.75%
Current portion of contract liabilities	216,214,551	1.18%	285,267,436	1.57%
Notes and contracts payable	1,452,299,400	7.90%	1,555,149,400	8.55%
Income tax payable	37,295,357	0.20%	20,263,990	0.11%
Current portion of pre-need and other reserves	822,843	0.00%	822,843	0.00%
Total Current Liabilities	2,819,897,767	15.34%	2,908,098,585	15.99%
Noncurrent Liabilities				
Accounts payable and accrued expenses - net of current pc	268,410,947	1.46%	300,445,888	1.65%
Contract liabilities - net of current portion	-	0.00%	7,318,931	0.04%
Pre-need and other reserves - net of current portion	22,704,435	0.12%	23,192,535	0.13%
Net retirement benefits liability	27,830	0.00%	27,830	0.00%
Deferred income tax liabilities - net	594,412,904	3.23%	576,811,132	3.17%
Total Noncurrent Liabilities	885,556,116	4.82%	907,796,316	4.99%
Total Liabilities	3,705,453,883	20.16%	3,815,894,901	20.98%
Equity				
Attributable to Equity Holders of the Parent Company				
Capital Stock - ₱10 par value	1,498,116,570	8.15%	1,498,116,570	8.24%
Other equity reserves	72,536,291	0.39%	72,536,291	0.40%
Unrealized fair value changes on financial assets at fair value through other comprehensive income (FVOCI)	343,763	0.00%	354,784	0.00%
Accumulated re-measurement loss on defined benefit plan - net of deferred income tax effect	- 20,689,845.00	-0.11%	- 20,689,845.00	-0.11%
Retained earnings	7,681,231,770	41.79%	7,499,190,499	41.23%
	9,231,538,549	50.22%	9,049,508,299	49.75%
Non-controlling interests	5,445,112,414	29.62%	5,325,089,439	29.27%
Total Equity	14,676,650,963	79.84%	14,374,597,738	79.02%
TOTAL LIABILITIES AND EQUITY	18,382,104,846	100.00%	18,190,492,639	100.00%

HORIZONTAL ANALYSIS

CITYLAND INCORPORATED
Consolidated Statement of Financial Position (Horizontal Analysis)

	March 31, 2023	December 31, 2022	% (March 31, 2023 vs December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	1,115,663,275	1,424,589,931	-21.69%
Short-term investments	1,265,700,000	691,700,000	82.98%
Current portion of:			
Installment contracts receivable	16,627,360	17,933,217	-7.28%
Contract assets	500,152,568	751,183,602	-33.42%
Cost to obtain contract	13,424,692	17,502,622	-23.30%
Notes receivable	1,378,150,000	1,288,150,000	6.99%
Other receivables	67,156,191	80,139,535	-16.20%
Real estate properties for sale	5,829,854,213	5,799,289,178	0.53%
Current portion of investment in trust funds	9,196,033	9,196,033	0.00%
Other current assets	114,187,461	152,179,841	-24.97%
Total Current Assets	10,310,111,793	10,231,863,959	0.76%
Noncurrent Assets			
Installment contracts receivable - net of current portion	14,263,566	15,479,329	-7.85%
Long-term investments	303,999,438	303,999,438	0.00%
Contract assets - net of current portion	2,546,214,134	2,439,744,668	4.36%
Cost to obtain contract - net of current portion	963,625	785,182	22.73%
Notes receivable - net of current portion	100,000,000	100,000,000	0.00%
Other receivables - net of current portion	1,735,263	868,040	99.91%
Investment in trust funds - net of current portion	27,526,117	25,039,321	9.93%
Real estate properties held for future development	1,126,715,693	1,126,655,558	0.01%
Investment properties	3,825,784,730	3,833,328,526	-0.20%
Property and equipment	61,549,076	57,806,195	6.47%
Net retirement plan assets	17,676,384	17,676,384	0.00%
Other noncurrent assets	45,565,027	37,246,039	22.34%
Total Noncurrent Assets	8,071,993,053	7,958,628,680	1.42%
TOTAL ASSETS	18,382,104,846	18,190,492,639	1.05%
LIABILITIES AND EQUITY			
Accounts payable and accrued expenses	1,113,265,616	1,046,594,916	6.37%
Current portion of contract liabilities	216,214,551	285,267,436	-24.21%
Notes and contracts payable	1,452,299,400	1,555,149,400	-6.61%
Income tax payable	37,295,357	20,263,990	84.05%
Current portion of pre-need and other reserves	822,843	822,843	0.00%
Total Current Liabilities	2,819,897,767	2,908,098,585	-3.03%
Noncurrent Liabilities			
Accounts payable and accrued expenses - net of current portion	268,410,947	300,445,888	-10.66%
Contract liabilities - net of current portion	-	7,318,931	-100.00%
Pre-need and other reserves - net of current portion	22,704,435	23,192,535	-2.10%
Net retirement benefits liability	27,830	27,830	0.00%
Deferred income tax liabilities - net	594,412,904	576,811,132	3.05%
Total Noncurrent Liabilities	885,556,116	907,796,316	-2.45%
Total Liabilities	3,705,453,883	3,815,894,901	-2.89%
Equity			
Attributable to Equity Holders of the Parent Company			
Capital Stock - ₱10 par value	1,498,116,570	1,498,116,570	0.00%
Other equity reserves	72,536,291	72,536,291	0.00%
Unrealized fair value changes on financial assets at fair value through other comprehensive income (FVOCI)	343,763	354,784	-3.11%
Accumulated re-measurement loss on defined benefit plan - net of deferred income tax effect	- 20,689,845.00	- 20,689,845	0.00%
Retained earnings	7,681,231,770	7,499,190,499	2.43%
	9,231,538,549	9,049,508,299	2.01%
Non-controlling interests	5,445,112,414	5,325,089,439	2.25%
Total Equity	14,676,650,963	14,374,597,738	2.10%
TOTAL LIABILITIES AND EQUITY	18,382,104,846	18,190,492,639	1.05%

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

The Group's balance sheet as of March 31, 2023 remained solid with total assets of ₱18.38 billion, slightly higher as compared to the balance as of December 31, 2022 of ₱18.19 billion. The increase in assets can be attributed to sales and collections from clients, which resulted to increase in real estate properties for sale as a result of the continuous construction of the Group's ongoing projects. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers as of March 31, 2022 and December 31, 2021.

Majority of funds were utilized for operations and to finance the Group's on-going condominium projects, Two Premier, Pioneer Heights 1, 101 Xavierville, and One Hidalgo. Excess funds were invested in both short-term and long-term investments to increase interest earnings and maintain liquidity. The financial position remained stable as total cash and cash equivalents and short-term investments stood at ₱1.12 billion and ₱1.27 billion, respectively as of March 31, 2023.

On the liabilities side, total liabilities as of March 31, 2023 resulted to ₱3.71 billion as compared to ₱3.82 billion as of December 31, 2022. The increase was due to the increase in customers' deposits.

Total equity stood at ₱14.68 billion as of March 31, 2023 from ₱14.37 billion as of December 31, 2022 due to comprehensive income of ₱230.32 million.

As a result of the foregoing, the Group registered a current and acid test ratio of 3.66:1 and 1.54:1, respectively as of March 31, 2023, as compared to 3.52:1 and 1.46:1, respectively as of December 31, 2022. Asset-to-liability and debt-to-equity remained stable at 4.96:1 and 0.96:1, respectively, as of March 31, 2023, as compared to 4.77:1 and 0.17:1, respectively as of December 31, 2022.

Financial Condition (2022 vs. 2021)

The Group's financial position for the year ended December 31, 2022 showed an increase in total assets amounting to ₱1.21 billion equivalent to increase of 7.16%. Total assets for the year ended December 31, 2022 remained at ₱18.19 billion compared to ₱16.98 billion as of December 31, 2021.

The increase in assets can be attributed to the increase in sales brought about by the economic recovery and collection of receivables during the year. Further, the completion of CLDI's project - One Taft Residences contributed to the increase in total sales as the revenue of the Group is based on percentage of completion. The progress in the construction phase of the Group's ongoing projects which are the Pioneer Heights 1, 101 Xavierville, One Premier and Two Premier also contributed to the increase in sales. The continuous economic recovery also allowed the CI to launch Two Premier in 2022. In addition to the launching of Two Premier, the increase in sales also allowed the Group to launch a new project under CLDI (One Hidalgo) in February 2023.

Contract assets also increased due to the completion of One Taft Residences and increase in the percentage of completion of the ongoing projects. As of December 31, 2022, the financial position remained stable as cash and cash equivalents and short-term investments stood at ₱1,424.59 million and ₱691.70 million, respectively.

On the liabilities side, total liabilities resulted to ₱3.82 billion, slightly higher by 2.13% than last year's amount of ₱3.74 billion. The increase in the account was attributed to the following:

- Continuous construction of the ongoing projects which increased the accounts payable and accrued expenses; and
- Increase in sales resulted to increase in income tax payable and deferred income tax liabilities.

Total equity stood at ₱14.37 billion as of December 31, 2022, higher by 8.57% compared with the 2021 year-end balance of ₱13.24 billion. The increase was due to the total comprehensive income recognized in 2022 amounting to ₱1.31 billion less cash dividends declared during the year.

As a result of the foregoing, the Company translated to a current and acid-test ratio of 3.52:1 and 1.46:1, 3.26:1 and 1.53:1, and 3.14:1 and 1.58:1 as of December 31, 2022, 2021 and 2020, respectively. Asset-to-liability and debt-to-equity registered at 4.77:1 and 0.17:1 as of December 31, 2022 from December 31, 2021 ratios of 4.54:1 and 0.20:1, respectively.

Financial Condition (2021 vs. 2020)

The Group's balance sheet remained solid with total assets of ₱16.98 billion, slightly higher by 5.94% as compared to the 2020 year-end balance of ₱16.02 billion. The increase in assets can be attributed to sales and collections from clients, which resulted to increase in investments and increase in real estate properties for sale as a result of the continuous construction of the Group's ongoing projects. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers with interest rates ranging from 0.56% to 1.13% and 0.69% to 1.77% in 2021 and 2020, respectively. Majority of the funds were utilized for operations and to finance the Group's construction of its ongoing projects namely One Premier, One Taft Residences, Pioneer Heights 1, and 101 Xavierville. Moreover, the cash position allowed the Group to distribute cash dividends amounting to ₱124.56 million. The Group's liquidity position remained stable as cash and cash equivalents and short-term investments as of December 31, 2021 stood at ₱1,272.29 million and ₱1,649.51 million, respectively.

On the liability side, the increase in total liabilities by ₱154.18 million or 4.30% was substantially due to the increase in accounts payable and accrued expenses amounting to ₱1,101.34 million or 37.11% higher compared to 2020 year-end balance of ₱803.23 million brought by the increase in the development costs as some of the Group's ongoing projects are already nearing its completion. Further, the increase can also be attributed to the increase in notes payable and contracts payable higher by ₱23.52 million or 1.43% higher compared to previous year balance of ₱1,649.34 million.

Total equity stood at ₱13.24 billion as of December 31, 2021, higher by 6.41% from ₱12.44 billion as of December 31, 2020 due to comprehensive income of ₱920.71 million less cash dividends declared and paid by the Group amounting to ₱124.56 million.

As a result of the foregoing, the Group's liquidity position remained stable with acid-test and current ratio of 1.53:1 and 3.26:1 as of December 31, 2021 compared to 1.58:1 and 3.14:1 as of December 31, 2020, respectively. On the other hand, debt to equity ratio slightly improved to 0.20:1 as of December 31, 2021 compared to 0.21:1 as of December 31, 2020.

Financial Condition (2020 vs. 2019)

The Group's balance sheet remained solid with total assets of ₱16.02 billion, 4.23% higher as compared to the 2019 year-end balance of ₱15.37 billion. The increase in assets is attributed to increase in real estate properties for sale as a result of the continuous construction of the Group's ongoing projects. The net increase in installment contracts receivable and contract assets was due to sales of real estate properties. Also, the collections of receivables also slowed down in 2020 as an impact of the COVID-19 pandemic. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers with interest rates ranging from 0.69% to 1.77% in 2020 and 1.19 %to 4.25% in 2019. Majority of the funds were utilized for operations and to finance the Group's construction of One Premier, One Taft Residences, Pioneer Heights 1, and 101 Xavierville. Moreover, the cash position allowed the Group to distribute cash dividends amounting to ₱189.51 million. The Group's liquidity position remained stable as cash and cash equivalents and short-term investments stood at ₱2,538.62 million and ₱1,036.08 million, respectively.

On the liability side, the slight increase in total liabilities by ₱106.67 million or 3.07% was substantially due to the increase in accounts payable and accrued expenses amounting to ₱803.23 million, 30.36% higher compared to 2019 year-end balance of ₱616.17 million. Although accounts payable and accrued expenses increased due to estimated development costs, this was partially offset by the net settlement of matured notes and contracts payable by ₱66.91 million.

Total equity stood at ₱12.44 billion as of December 31, 2020, higher by 4.57% from ₱11.90 billion as of December 31, 2019 due to comprehensive income of ₱733.11 million less cash dividends declared and paid by the Group amounting to ₱189.51 million.

As a result of the foregoing, the Group's liquidity position remained stable with acid-test and current ratio of 1.58:1 and 3.14:1 as of December 31, 2020 compared to 1.52:1 and 2.67:1 as of December 31, 2019, respectively. On the other hand, debt to equity ratio slightly improved to 0.21:1 as of December 31, 2020 compared to 0.23:1 as of December 31, 2019.

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RESULTS OF OPERATION

VERTICAL ANALYSIS

CITYLAND INCORPORATED
Consolidated Income Statement (Vertical Analysis)

	March 31, 2023	%	March 31, 2022	%
REVENUE				
Sales of real estate properties	874,194,149	77.37%	623,388,789	76.92%
Financial income	153,424,018	13.58%	113,371,334	13.99%
Rent income	65,407,060	5.79%	43,335,330	5.35%
Other income - net	36,835,480	3.26%	30,338,730	3.74%
	1,129,860,707	100.00%	810,434,183	100.00%
COST AND EXPENSES				
Cost of real estate sales	528,834,299	46.81%	330,424,665	40.77%
Operating expenses	206,463,016	18.27%	184,720,868	22.79%
Financial expenses	967,156	0.09%	5,086,189	0.63%
	736,264,471	65.16%	520,231,722	64.19%
INCOME BEFORE INCOME TAX	393,596,236	34.84%	300,202,461	37.04%
PROVISION FOR INCOME TAX	91,267,081	8.08%	69,690,386	8.60%
NET INCOME	302,329,155	26.76%	230,512,075	28.44%

HORIZONTAL ANALYSIS

CITYLAND INCORPORATED
Consolidated Income Statement

	March 31, 2023	March 31, 2022	% (March 31, 2023 vs December 31, 2022
REVENUE			
Sales of real estate properties	874,194,149	623,388,789	40.23%
Financial income	153,424,018	113,371,334	35.33%
Rent income	65,407,060	43,335,330	50.93%
Other income - net	36,835,480	30,338,730	21.41%
	1,129,860,707	810,434,183	39.41%
COST AND EXPENSES			
Cost of real estate sales	528,834,299	330,424,665	60.05%
Operating expenses	206,463,016	184,720,868	11.77%
Financial expenses	967,156	5,086,189	-80.98%
	736,264,471	520,231,722	41.53%
INCOME BEFORE INCOME TAX	393,596,236	300,202,461	31.11%
PROVISION FOR INCOME TAX	91,267,081	69,690,386	30.96%
NET INCOME	302,329,155	230,512,075	31.16%

Results of Operation (March 31, 2022 vs. March 31, 2021)

Sales of real estate properties reached ₱874.19 million as compared to the same period last year of ₱623.39 million. The increase in sales can be attributed to the recovery of the economy, loosening of quarantine restrictions and increase in the percentage of completion in the Group's on-going projects together with the completion of one of the projects of CLDI, One Taft Residences.. Revenue from the sale of these real estate projects under pre-completion stage is recognized over time during the construction period (or percentage of completion).

As of March 31, 2023, CI contributed 18.65% of total Group's sales amounting to ₱163.02 million. Sales were substantially generated from Two Premier. Additional sales were also generated from the remaining inventory of One Premier, Tagaytay Prime Residences and The Manila Residences II.

Sales generated by CDC contributed 71.48% of the total sales of the Group reaching ₱624.88 million as of March 31, 2023. The increase can be attributed from sales in Pioneer Heights 1 followed by 101 Xavierville.

On the other hand, CLDI contributed 9.87% of the total sales as a result of sales from One Taft Residences, North Residences and Grand Emerald Tower.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents, short-term and long-term investments and notes receivables contributed 13.58% of total revenues. Likewise, other income – net grew by 21.41% from ₱30.34 million as of March 31, 2022 to ₱36.84 million as of March 31, 2023. Other income - net were primarily derived from adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Rent income, on the other hand, significantly came from the lease operations of CityNet Central, CityNet1 and other properties that were held for lease. Revenue contribution of this account increased by 50.93%, from ₱43.34 million to ₱65.41 million for the quarter ended March 31, 2022 and March 31, 2023, respectively.

On the cost side, cost of real estate sales increased as this moves in tandem with sales while operating expenses increased due to the increase in personnel expenses, taxes and licenses, brokers' commission, light, power and water, membership dues and repairs and maintenance. As for the financial expenses, the decrease was due to the increase in capitalized interest expense.

As a result of the foregoing, the Group ended with a net income of ₱302.33 million as of March 31, 2023 as compared to the same period last year of ₱230.51 million. This translated to annualized earnings per share and return on equity of 4.88 and 7.89%, respectively as compared to the same period last year of 3.50 and 6.08%, respectively.

Results of Operation (2022 vs. 2021)

Total consolidated revenue and income for the year 2022 resulted to ₱3,861.27 million as compared to ₱2,479.19 million for the year 2021. The increase in the total revenue and income is significantly due to the increase in sales from real estate properties reaching ₱3,019.73 million in 2022 as compared to ₱1,595.33 million in 2021.

In May 2022, CLDI completed One Taft Residences which resulted to the following:

- Increase in sale of condominium units and parking slots; and
- Increase in revenue recognized as the Group's accounting policy in revenue recognition is based on percentage of completion.

Further, the increase in the percentage of completion of the ongoing projects also boosted the Group's sales reaching an increase in sales by 89.29%. In order to cope with the current trend in the real estate industry, the Group offered to customers the "installment down payment" scheme starting 2020 wherein certain projects were offered with up to 24 months to pay the corresponding down payment. The new scheme introduced by the Group resulted to sales with percentage of collection lower than 10%. The Group records these collections as "Rental and customers' deposits" under "Accounts Payable and Accrued Expenses" account in the consolidated statements of financial position.

Other sources of income pertain to financial income, rental income and other income. Financial income which is composed of interest income from sale of real estate properties, cash in banks, cash equivalents, short-term and long-term investments, notes receivable and and dividend income showed a decline by ₱16.93 million or equivalent to 3.38%. Although the sales increased, the interest income from sales of real estate properties did not increase as a result of the installment down payment payment scheme of the Group.

Rental income posted an increase by ₱10.31 million or equivalent to 5.20% due to additional units leased out as a result of the completion of One Taft Residences and new lease contracts entered during the year. Net other income pertains to gain or loss arising from revaluation of repossessed units at fair market value less cost to sell, penalties for buyers' late payments, sale of scraps, and net gains or losses on forfeiture/cancellation of sales. The Group revalues its forfeited units upon cancellation at fair market value less costs to sell. The increase in the valuation of repossessed units is recorded as part of "Other income – net" in the consolidated statements of income. In line with this, this account declined as a result also of the lower number of forfeited units brought about by the economic recovery.

On the cost side, costs of real estate sales, operating expenses and financial expenses increased due to higher sales.

As a result of the foregoing, the Company recorded a net income of ₱1,306.05 million, higher by 43.36% as compared to last year's generated net income of ₱911.06 million. Earnings per share and return on equity resulted to ₱4.73 and 7.79%, respectively in 2022 as compared to the previous year of ₱3.92 and 6.91%, respectively.

Results of Operation (2021 vs. 2020)

The Group's sales from real estate properties in 2021 reached ₱1,595.33 million, higher by 24.68% as compared to ₱1,279.50 million last year. This can be attributed to higher sales contribution of CDC which amounted to ₱723.69 million or 45.36% of the Group's sales. The increase in CDC sales was due to higher sales in Pioneer Heights I with sales contribution of 28.21% of the Group's total sales.

CI also contributed 19.03% of the Group's sales resulting to a higher sales volume in 2021 amounting to ₱303.60 million. One Premier, CI's condominium project launched in 2018, has a percentage of completion of 98.46% as of December 31, 2021.

Moreover, 35.26% and 0.35% of total revenues on sales of real estate were generated from CLDI and CPI, respectively. Sales of real estate properties of CLDI reached ₱580.53 million as compared to ₱253.55 million in the prior year. The increase in sales is attributed to the higher revenue form One Taft Residences and North Residences. The percentage of completion (POC) of One Taft Residences at the end of 2021 was 92.63% resulting to sales contribution of 33.09% of the Group's total sales.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from installment contracts receivable, contract assets, notes receivable, cash equivalents, short-term and long-term investments and cash in bank, and guaranty deposits contributed ₱501.03 million or 20.21% of the total revenue. Likewise, rent income contributed ₱198.53 million or 8.01% of the total revenue, lower by 6.55% from the previous year's ₱212.44 million. Further, the other income – net which pertains to gain or loss arising from revaluation of repossessed units at fair market value less cost to sell, trust fund income, penalties for buyers' late payments, sale of scraps, gain on sale of shares of stock, receipt of cash for the expropriated property contributed ₱184.30 million to the total revenue in the current year which is slightly lower by 1.31% compared to the ₱186.76 million in the prior year.

On the other hand, cost of real estate sales increased due to the higher sales as this moves in tandem with sales. Operating expenses increased also due to higher sales which resulted to increase in personnel expenses, professional fees, outside services, repairs and maintenance, membership dues and insurance. Lower interest rates and finance charges decreased financial expenses by 42.11%.

The Group ended 2021 with a consolidated net income of ₱911.06 million, 25.08% higher than the 2020 balance of ₱728.41 million, which translated to earnings per share and return on equity of ₱3.92 and 6.91%, respectively compared to the previous year's ₱3.07 and 5.77%, respectively.

Results of Operation (2020 vs. 2019)

The Group's sales from real estate properties in 2020 reached ₱1.28 billion, lower by 41.20% as compared to ₱2.18 billion last year. The decline in sales is attributed to the financial crisis brought by the COVID-19 pandemic. CI also contributed lower sales volume in 2020 amounting to ₱335.39 million or 26.21% of the Group's sales compared to the previous year's ₱523.18 million. One Premier, CI's condominium project launched in 2018, is 73.75% complete as of December 31, 2020.

CDC contributed ₱696.76 million sales or 54.45% of the Group's sales although it declined by ₱426.07 million in 2020. Sales from one of its projects, Pines Peak Tower II, declined by 76.56% due to the impact of COVID-19 pandemic in the real estate industry.

Moreover, 18.71% and 0.63% of total revenues on sales of real estate were generated from CLDI and CPI, respectively. Sales of real estate properties of CLDI reached ₱253.55 million compared to ₱513.55 million in the prior year. The decrease in sales is attributed to the lower revenue form One Taft Residences and North Residences. The percentage of completion (POC) of One Taft Residences at the end of 2020 was 73.27% resulting to sales contribution of 15.77% of the Group's total sales.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from installment contracts receivable, contract assets, notes receivable, cash equivalents, short-term and long-term investments and cash in bank, and guaranty deposits contributed ₱579.89 million or 25.67% of the total revenue. Likewise, rent income contributed ₱212.44 million or 9.41% of the total revenue, higher by 24.77% from the previous year's ₱170.27 million. Also, the other income-net which pertains to adjustments of the fair market value of repossessed units, penalties charged to clients, and other miscellaneous income contributed ₱186.76 million to the total revenue in the current year compared to the ₱135.33 million in the prior year.

On the other hand, cost of real estate sales and provision for income tax decreased due to the lower sales during the year. Also, operating expenses declined due to decrease in personnel expenses, taxes and licenses, professional fees, insurance and brokers' commission. Lower interest rates decreased financial expenses by 75.73%.

The Group ended 2020 with a net income of ₱728.41 million, 23.20% lower than 2019, which translated to earnings per share and return on equity of ₱3.07 and 5.77%, respectively compared to the previous year's ₱3.91 and 7.68%, respectively.

Cityland, Inc. (Consolidated)	**2022**	2021	2020
Basic/diluted earnings per share	**₱4.73**	₱3.92	₱3.07
Return on equity	**7.79%**	6.91%	5.77%
Return on asset	**7.18%**	5.37%	4.55%
Net profit margin	**46.12%**	36.75%	32.25%
Solvency ratio	**0.36**	0.26	0.22
Interest rate coverage ratio	**328.76**	212.54	128.28
Asset to liability ratio	**4.77**	4.54	4.47
Asset to equity ratio	**2.01**	2.00	2.01
Debt to equity ratio	**0.17**	0.20	0.21
Current ratio	**3.52**	3.26	3.14
Acid - test ratio	**1.46**	1.53	1.58

Cityland Development Corporation (Consolidated)

Basic/diluted earnings per share*	**₱0.21**	₱0.12	₱0.11
Return on equity	**10.93%**	6.88%	6.11%
Return on asset	**9.19%**	5.57%	4.72%
Net profit margin	**36.63%**	34.03%	31.81%
Solvency ratio	**0.49**	0.31	0.26
Interest rate coverage ratio	**523.48**	373.03	286.17
Asset to liability ratio	**5.11**	5.12	4.89
Asset to equity ratio	**1.43**	1.42	1.43
Debt to equity ratio	**0.12**	0.11	0.13
Current ratio	**3.70**	3.84	3.70
Acid - test ratio	**1.57**	1.79	1.83

**After retroactive effect of 5% stock dividends in 2021.*

City & Land Developers, Incorporated

Basic/diluted earnings per share	**₱0.27**	₱0.12	₱0.07
Return on equity	**14.97%**	7.31%	4.69%
Return on asset	**13.88%**	6.40%	4.18%
Net profit margin	**35.22%**	26.43%	29.50%
Solvency ratio	**1.90**	0.51	0.38
Interest rate coverage ratio	**–**	–	–
Asset to liability ratio	**13.71**	8.01	9.08
Asset to equity ratio	**1.08**	1.14	1.12
Debt to equity ratio	**–**	–	–
Current ratio	**17.39**	4.97	6.98
Acid - test ratio	**5.47**	1.36	1.40

Cityplans, Incorporated

Basic/diluted earnings per share	**₱0.05**	₱0.03	₱0.05
Return on equity	**2.31%**	1.44%	2.24%
Return on asset	**2.09%**	1.24%	2.05%
Net profit margin	**37.30%**	26.40%	23.43%
Solvency ratio	**0.22**	0.20	0.24
Asset to liability ratio	**10.48**	7.33	6.52
Asset to equity ratio	**1.11**	1.16	1.18
Current ratio	**20.96**	15.10	12.61
Acid - test ratio	**19.93**	13.72	11.24

Manner of Calculation:

$$\text{Basic/diluted earnings per share} = \frac{\text{Net income after tax}}{\text{Outstanding number of shares}}$$

$$\text{Return on equity ratio} = \frac{\text{Net income after tax}}{\text{Total Equity}}$$

$$\text{Return on asset ratio} = \frac{\text{Net income after tax}}{\text{Total Assets}}$$

$$\text{Net profit margin} = \frac{\text{Net income after tax}}{\text{Total Revenue}}$$

Solvency ratio	=	$\dfrac{\text{Net income after tax + Depreciation expense}}{\text{Total liabilities}}$
Interest rate coverage ratio	=	$\dfrac{\text{Income before income tax + Depreciation expense + Interest expense}}{\text{Interest expense}}$
Asset-to-liability ratio	=	Total assets / Total liabilities
Asset-to-equity ratio	=	$\dfrac{\text{Total assets}}{\text{Total equity (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Debt-to-equity ratio	=	$\dfrac{\text{Notes and contracts payable}}{\text{Total equity (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Current ratio	=	Total current assets / Total current liabilities
Acid-test ratio	=	$\dfrac{\text{Cash and cash equivalents + Short-term cash investments + Current portion of installment contracts receivable + Current portion of contract assets +Current portion of notes receivable + Current portion of other receivables + Available-for-sale financial assets}}{\text{Total current liabilities}}$

1. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

A recovery on the Philippine economy was seen in 2022. The Group believes that this will provide positive impact to the Group's liquidity position.

2. Internal and External Sources of Liquidity

Internal sources come from sales of condominiums and real estate projects, collection of installment contracts receivable and contract assets, maturing short-term and long-term investments and notes receivable, and other sources such as rental income, interest income and dividend income. External sources come from SEC-registered commercial papers.

3. Any Material Commitments for Capital Expenditures and Expected Sources of Funds of such Expenditures

The estimated development cost of ₱830.22 million as of December 31, 2022 representing the cost to complete the development of real estate projects sold and the contract payable amounting to approximately ₱7.55 million representing the liabilities from the contracts to purchase land held to future development will be sourced through:

a) Sales of condominium units and real estate projects;
b) Collection of installment contracts receivables and contract assets;

c) Maturing short-term and long-term investments and notes receivable; and
d) Issuances of commercial papers.

4. Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income)

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic. As such, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020.

On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. After which, modified ECQ was implemented in Metro Manila until May 31, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines.

As at March 31, 2023, community quarantine restrictions of varying levels are still in effect in Metro Manila and other parts of the country in order to manage the spread of the virus. During the pandemic period, the Group observed decline in general business but economic recovery was seen in 2021 and is expected in the succeeding periods as a result of the decline in the number of COVID-19 cases and thereby loosening the community quarantines.

Russia-Ukraine Conflict
This ongoing Russia-Ukraine conflict sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine or Russia.

The scale and duration of these developments and events remain uncertain as of March 31, 2023. It is not possible to estimate the overall impact of the outbreak and war's near-term and longer effects. Considering the evolving nature of the pandemic and the war, the Company will continue to closely monitor these situations.

5. Any Significant Elements of Income or Loss that did not arise from Registrant's Continuing Operations.

There were no significant elements of income or loss that did not arise from continuing operations.

6. Any Event that Will Trigger Direct or Contingent Financial Obligation that is Material to Company

There is no event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is contingently liable for certain lawsuits or claims filed by third parties which are either pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Hence, no provision was recognized as of December 31, 2022, December 31, 2021 and December 31, 2020.

7. **Any Known Trends or Events or Uncertainties (Material Off-balance Sheet Transactions, arrangements, Obligations and Other Relationships)**

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

8. **Causes for any Material Changes from Period to Period in One or More Line of the Registrant's Financial Statements**

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

   a. Decrease in Cash and Cash Equivalents was substantially due to shift of placements to longer term investments, partial settlement of notes and contracts payable.
   b. Increase in Short-term Investments was due to additional placements to longer term investments but not exceeding one year term.
   c. Decrease in Installment Contract Receivables was due to collections from clients.
   d. Increase in Contract Assets was due to higher sales and increase in the percentage of completion of the Group's ongoing projects.
   e. Decrease in Other Receivables was substantially due to collection of advances to customers, rent receivable, accrued interest receivable and advances to condominium corporations.
   f. Increase in Real Estate Properties for Sale was primarily due to additional development costs incurred.
   g. Increase in Investments in Trust Fund was due to increase in the value of debt and listed equity securities.
   h. Decrease in Cost to Obtain Contract was due to recognition of commission expense in relation to the increase of percentage of completion of the Group's ongoing projects.
   i. Increase in Real Estate Properties Held for Future Development was due to the additional costs capitalized.
   j. Decrease in Investment Properties was due to the recognition of depreciation expense.
   k. Decrease in Property and Equipment was due to recognition of depreciation expense.
   l. Increase in Other Assets was due to higher input VAT as a result of the newly acquired property and advances to contractors.
   m. Decrease in Accounts Payable and Accrued Expenses was due to the decrease in accrued development costs, trade payables, withholding taxes payable and lease liabilities.
   n. Increase in Notes and Contracts Payable was due to proceeds from issuance of notes payable and additional contract payable entered into by CDC in relation to its acquisition of a new property.
   o. Decrease in Contract Liabilities was due to increase in percentage of completion of the Group's on-going projects which satisfied the payments made by the clients.
   p. Increase in Income Tax Payable was due to additional income earned as of March 31, 2022..
   q. Decrease in Pre-need and Other Reserves was due to maturities and termination of pension plan.
   r. Increase in Deferred Income Tax Liabilities - net was significantly due to the increase in realized gain on sale of real estate properties and accrued expenses.
   s. Increase in Retained Earnings was due to net income recognized as of March 31, 2022.
   t. Decrease in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
   u. Increase in Non-Controlling Interest was due to net income of subsidiaries.

   Financial Condition (2022 vs. 2021)

   a. Increase in Cash and Cash Equivalents was substantially due to increase in sales, collection of receivables and shift to shorter term investments.
   b. Decrease in Short-term Investments was due to shift to shorter term investments.
   c. Decrease in Installment Contract Receivables was due to collection of past due accounts.
   d. Increase in Contract Assets was substantially due to higher sales, completion of One Taft Residences and increase in the percentage of completion of the Group's ongoing projects.

e. Decrease in Cost to Obtain Contract was due to the recognition of commission expense relative to the increase in percentage of completion of the Group's ongoing projects and completion of CLDI's project, One Taft Residences.
f. Increase in Notes Receivable was due to additional placements with financial institutions.
g. Increase in Other Receivables was substantially due to higher advances to customers for the real estate property taxes of sold condominium units and expenses relating to the transfer of titles initially paid by the Group. In 2022, the advances to customers of CLDI also significantly increased due to the completion of One Taft Residences.
h. Increase in Real Estate Properties for Sale was primarily due to the transfer of properties from real estate held for future development, property and equipment and investment properties and additional development costs utilized for the construction of the Group's ongoing projects.
i. Decrease in Investments in Trust Fund was due to increase in withdrawals during the year brought about by the terminations/maturities of pension plans.
j. Decrease in Real Estate Properties Held for Future Development was due to transfer of properties to real estate properties for sale.
k. Increase in Investment Properties was due to additional properties purchased during the year and are currently being leased out to third parties.
l. Decrease in Property and Equipment was due to depreciation expense and transfer to real estate properties for sale.
m. Decrease in Retirement Plan Assets was due to was due to lower re-measurement gain recognized in 2022.
n. Net Increase in Other Assets was due to recognition of input VAT on the newly purchased properties.
o. Increase in Accounts Payable and Accrued Expenses was substantially due to higher rental and customers' deposit, accrued development costs, directors' fee, dividends payable, and withholding taxes payable.
p. Decrease in Notes and Contract Payable was due to payment of matured notes payable.
q. Decrease in Contract Liabilities was due to the completion of One Taft Residences and increase in percentage of completion of the Group's ongoing projects which satisfied the payments made by the clients.
r. Increase in Income Tax Payable was due to higher taxable income brought about by the increase in sales.
s. Decrease in Pre-need and Other Reserves was due to increase in return on investment used in the valuation of pension plans and decrease in the number of plans.
t. Increase in Retirement Benefits Liabilities was due remeasurement loss recognized by CPI in 2021 which significantly affected the balance of plan assets.
u. Increase in Deferred Income Tax Liabilities was due to increase in realized gain on sale of real estate transactions and accrued expenses.
v. Increase in Retained Earnings was due to net income recognized during the year net of cash dividends declared and distributed.
w. Decrease in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
x. Decrease in Accumulated Re-measurement Loss on Defined Benefit Plans was due to the actuarial gain on defined benefit obligation due to experience adjustments recognized during the year. This resulted to a re-measurement gain in the other comprehensive income.
y. Increase in Non-Controlling Interest was due to net income of subsidiaries.

Financial Condition (2021 vs. 2020)

a. Decrease in Cash and Cash Equivalents was substantially due to shift of placements to short term and long term investments, incurrence of additional development costs, partial payment of notes and accounts payable and accrued expenses and payment of income tax and cash dividends.
b. Increase in Short-term Investments was substantially due to higher sales which resulted to higher placements.
c. Decrease in Installment Contract Receivables was due to collection of past due accounts.
d. Decrease in Contract Assets was due to the right to consideration already delivered resulting to an increase in billed accounts reflected in the installments contracts receivable.

e. Increase in Notes Receivable was due to additional placements with financial institutions.
f. Decrease in Other Receivables was substantially due to lower rent receivable, advances to customers and retention on cash sales.
g. Increase in Real Estate Properties for Sale was primarily due to the transfer of properties from real estate held for future development, property and equipment and investment properties and additional development costs utilized for the construction of the Group's ongoing projects.
h. Increase in Investments in Trust Fund was due to additional contribution to the fund.
i. Decrease in Cost to Obtain Contract was due to the recognition of commission expense relative to the increase in percentage of completion the Group's ongoing projects.
j. Decrease in Real Estate Properties Held for Future Development was due to transfer of properties to real estate properties for sale.
k. Decrease in Investment Properties was due to depreciation recognized on the buildings for lease and transfer of properties to real estate properties held for future development and real estate properties for sale.
l. Decrease in Property and Equipment was due to depreciation expense and transfer of properties to real estate properties for sale and to real estate held for future development.
m. Increase in Retirement Plan Assets was due to re-measurement gain recognized in 2021.
n. Net Increase in Other Assets was due to higher input VAT and advances to contractors.
o. Increase in Accounts Payable and Accrued Expenses was substantially due to higher rental and customers' deposit, accrued development costs, directors' fee, dividends payable, VAT payable and other payables which consist substantially of commission payable, unclaimed checks of pension holders and payable to government agencies.
p. Increase in Notes and Contract Payable was due to higher issuance of notes payable during the year.
q. Decrease in Contract Liabilities was due to increase in percentage of completion of the Group's ongoing projects which satisfied the payments made by the clients.
r. Decrease in Income Tax Payable was due to the effect of CREATE Law and creditable withholding tax during the year.
s. Decrease in Pre-need and Other Reserves was due to increase in return on investment used in valuation of pension plans and decrease in the number of plans.
t. Decrease in Retirement Benefits Liabilities was due to increase in the fair value of plan assets.
u. Increase in Deferred Income Tax Liabilities was substantially due to the impact of remeasurement due to the change in tax rate upon the implementation of the CREATE Law. and decrease in deferred income tax asset.
v. Increase in Retained Earnings was due to net income recognized during the year net of cash dividends declared and distributed.
w. Decrease in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
x. Decrease in Accumulated Re-measurement of Defined Benefit Plans was due to increase in value of plan assets.
y. Increase in Non-Controlling Interest was due to net income of subsidiaries.

Financial Condition (2020 vs. 2019)

a. Increase in Cash and Cash Equivalents was due to sales, collection and shift of placements to short term investments.
b. Increase in Short-term Investments was substantially due to higher placements.
c. Increase in Installment Contract Receivables was due to sale of condominium units held for lease by CPI. Further, the collections of monthly amortizations were also affected due to the impact of COVID-19 pandemic.
d. Decrease in Contract Assets was due to right to consideration already delivered resulting to increase in billed accounts reflected in the installments contracts receivable.
e. Decrease in Notes Receivable was due maturities and reinvestment in other short-term and long-term investments.
f. Increase in Other Receivables was substantially due to higher rent receivable.
g. Increase in Real Estate Properties for Sale was primarily due to additional development cost incurred, and transfer of properties from real estate properties held for future development and investment properties.

h. Net decrease in Investments in Trust Fund was due to lower trust fund contributions and loss of unrealized fair value changes on financial assets.
i. Decrease in Cost to Obtain Contract was due to lower amortization of performance obligation.
j. Decrease in Real Estate from Future Development was due to transfers to real estate properties for sale.
k. Decrease in Investment Properties was due to depreciation and transfers to real estate properties held for future development and real estate properties for sale.
l. Increase in Property and Equipment was due to additions of right-of-use asset as result of adoption of PFRS 16, *Leases* and acquisition of a new equipment.
m. Increase in Retirement Plan Assets was due to re-measurement gain recognized in 2020.
n. Decrease in Deferred Income Tax Assets was due to decrease of realized gain on sale of real estate transactions and unearned revenue.
o. Net decrease in Other Assets was due to utilization of input VAT, collection of advances to contractors and refund of deposits.
p. Increase in Accounts Payable and Accrued Expenses was substantially due to higher customers' deposit, accrued development cost, deferred rent income, dividends payable and recognition of lease liabilities in compliance with PFRS 16.
q. Decrease in Notes and Contracts Payable was due to partial settlement of matured notes payable and contracts payable.
r. Net decrease in Contract Liabilities was due to increase in POC which satisfied the payments made by the clients.
s. Decrease in Income Tax Payable was due to lower taxable income.
t. Increase in Pre-need and Other Reserves was due to decrease in return on investment used in valuation of pension plans.
u. Decrease in Retirement Benefits Liabilities was due to increase in fair value of plan assets.
v. Increase in Deferred Income Tax Liabilities was significantly due to recognition of deferred income tax liabilities on commission expense, rent receivable and reversal of sale below 10% collection.
w. Increase in Retained Earnings was due to recognition of net income.
x. Decrease in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
y. Increase Accumulated Re-measurement of Defined Benefit Plans was due to increase in value of plan assets.
z. Increase in Non-Controlling Interest was due to net income of subsidiaries.

<u>Results of Operation (March 31, 2023 vs. March 31, 2022)</u>

a. Increase in Sales of Real Estate Properties was due to higher sales brought by the recovery of the economy, loosening of the quarantine restrictions and increase in the percentage of completion of the Group's ongoing projects.
b. Increase in Financial Income was due to increase in interest income from installment contracts receivables, contract assets, cash equivalents and short-term and long-term investments.
c. Increase in Rental Income was due to additional contracts entered into in the 1st quarter of 2023 and higher income from units held for lease.
d. Increase in Other Income-net was due to the forfeited units which was recorded at fair market value less cost to sell upon repossession.
e. Increase in Cost of Real Estate Sales was due to higher sales recognized on sold units for the period.
f. Increase in Operating Expenses was due to higher personnel expenses, taxes and licenses, brokers' commission, light, power and water and repairs and maintenance.
g. Decrease in Financial Expenses was due to higher capitalized interest.
h. Increase in Provision for Income Tax was due to higher taxable income.
i. Increase in Net Income was due to the increase in sales recognized as of March 31, 2023.

Results of Operation (2022 vs. 2021)

a. Increase in Sales of Real Estate Properties was due to higher sales brought about by the recovery in the economy, increase in the percentage of completion of ongoing projects and the completion of One Taft Residences.
b. Decrease in Financial Income was due to lower interest income from installment contracts receivable and contract assets and notes receivable.
c. Increase in Rental Income was due to additional units rented out for lease by CLDI as a result of the completion of One Taft Residences. Further, additional contracts were also entered during the year.
d. Decrease in Other Income – net was due to lower number of forfeited units which caused the lower recognition of income from revaluation of repossessed units.
e. Increase in Costs of Real Estate Sales was due to higher sales of real estate properties as this move in tandem with sales.
f. Increase in Operating Expenses was due to higher sales which resulted to increase in personnel expenses, professional fees, brokers' commission, light, power and water expenses, outside services, repairs and maintenance, membership dues and donations.
g. Increase in Financial Expenses was due to increase in interest expense on security deposits and finance charges.
h. Increase in Provision for Income Tax was due to the increase in taxable income.
i. Increase in Net Income was primarily due to increase in sales of real estate properties brought about by the economic recovery, completion of One Taft Residences and increase in the percentage of completion of the Group's ongoing projects.

Results of Operation (2021 vs. 2020)

a. Increase in Sales of Real Estate Properties was due to higher sales brought by the recovery of the economy, loosening of quarantine restrictions and due to the increase in the percentage of completion of the Group's ongoing projects namely One Premier, 101 Xavierville, Pioneer Heights 1 and One Taft Residences.
b. Decrease in Financial Income was due to lower interest income from installment contracts receivable and contract assets, cash in banks, cash equivalents and investments and notes receivable.
c. Decrease in Rental Income was due to pre-terminated lease contracts and rent concessions provided to the tenants during the year.
d. Decrease in Other Income – net was due to the reversal of accrued directors' fees.
e. Increase in Cost of Real Estate Sales was due to higher sales of real estate properties as this move in tandem with sales.
f. Increase in Operating Expenses was due to higher sales which resulted to increase in personnel expenses, professional fees, outside services, repairs and maintenance, membership dues and insurance.
g. Decrease in Financial Expenses was due to lower interest rates and finance charges.
h. Decrease in Provision for Income Tax was due to the effect of CREATE Law wherein deferred taxes were remeasured.
i. Increase in Net Income was primarily due to the increase in sales of real estate properties and percentage of completion of the Group's ongoing projects.

Results of Operation (2020 vs. 2019)

a. Decrease in Sales of Real Estate Properties was due to lower sales of real estate properties due to the financial crisis brought about by the COVID-19 pandemic.
b. Decrease in Financial Income was due to lower interest income from contract assets, installment contracts receivable, short-term and long-term investments and dividend income.
c. Increase in Rental Income was due to rentals earned from the buildings for lease, CityNet1 and CityNet Central, and additional long-term lease contracts entered by the Group.
d. Increase in Other Income-net was due to the higher income recognized from the adjustments on the market value of repossessed units.
e. Decrease in Cost of Real Estate Sales was due to lower sales of real estate properties.
f. Decrease in Operating Expenses was due to decrease in personnel expenses, taxes and licenses, professional fees, light, power and water, insurance, repairs and maintenance and brokers' commission.
g. Decrease in Financial Expenses was due to lower average interest rates.

h. Decrease in Provision for Income Tax was due to lower taxable income as a result of the expiration of the Income Tax Holiday Entitlement of Pines Peak Tower II, a project of CDC.
i. Decrease in Net Income was primarily due to lower revenues.

9. Information on Independent Accountant

Sycip Gorres Velayo & Co. is the Group's external auditor for the years 2022 and 2021. The engagement partner for the said years is Ms. Aileen L. Saringan.

	External Audit	
	2022	2021
Audit and audit-related fees (Parent Company)	**₱693,000**	₱679,000
Tax fees	–	–
All other fees	–	–
Total	**₱693,000**	₱679,000

In 2022, the Parent Company availed non-audit services from SGV & Co for the review of its transfer pricing documentation with fee amounting to ₱300,000.

The members of the Audit & Risk Committee are:
Peter S. Dee (Chairman)
Grace C. Liuson
Jefferson C. Roxas

The Audit & Risk Committee's approval policies and procedures consists of:

a. Discussion with the external auditors of the Audited Financial Statements;
b. Recommendation to the Board of Directors for the approval and release of the Audited Financial Statements; and
c. Recommendation to the Board of Directors the appointment of the external auditors.

During the Annual Stockholders' Meeting of the Company, the appointment of the external auditors and approval of the audited financial statements are being presented for ratification by the stockholders.

10. Any Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations

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

DIVIDENDS AND MARKET PRICE OF SHARES OF STOCK

1. Dividends Policy

Dividends declared by the Group are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Group. Events that may limit the Group in declaring dividends include bankruptcy, insolvency or whether funds are set aside for capital improvements. Cash dividends on common shares are deducted from retained earnings upon declaration by the Board of Directors (BOD). Stock dividends on common shares are measured based on the par value of declared stock dividends. The Group has no specific dividends policy but it ensures that it is compliant with the provisions of the Revised Corporation Code.

The Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the BOD, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

2. Dividends

The Company declared dividends the following dividends from 2020 to 2022:

	2022	2021	2020
Cash	₱0.754/ share	₱0.521/ share	₱0.906/ share
Stock	–	5%	10%

Further, its subsidiaries, CLHI, CAI and CDC declared the following dividends from 2020 to 2022:

CLHI

	2022	2021	2020
Cash	₱7.225/ share	₱2.375/ share	₱5.875/ share
Stock	–	–	–

CAI

	2022	2021	2020
Cash	–	–	–
Stock	–	–	–

CDC

	2022	2021	2020
Cash	₱0.0222	₱0.0212	₱0.0300
Stock	–	5%	5%

The subsidiaries of CDC declared the following dividends:

CLDI

	2022	2021	2020
Cash	₱0.0317	₱0.0139	₱0.0292
Stock	–	5%	5%

CPI

	2022	2021	2020
Cash	₱–	₱–	₱–
Stock	–	–	15%

Cash dividends on common shares were deducted from retained earnings upon declaration by the BOD. All cash dividends due during the year were paid.

Stock dividends on common shares are measured based on total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Group and the increase for authorized capital stock is approved by the SEC in cases of stock dividends issued to cover an increase in authorized capital stock. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance.

On December 17, 2020, the Securities and Exchange Commission approved the following:

a) Increase its authorized capital stock
From ₱1,350,000,000 divided into 135,000,000 shares with par value of Ten pesos (₱10.00) to ₱1,850,000,000 divided into 185,000,000 shares with par value of Ten pesos (₱10.00)

Of the increase in authorized capital stock, the amount of ₱129,198,620 has been actually subscribed and of the said subscription, the ₱129,198,620 divided into 12,919,862 shares has been actually paid in stock dividend. The said 10% stock dividend has been approved by the stockholders representing two-thirds (2/3) of the outstanding capital stock during the special stockholders' meeting held on November 19, 2019. The issuance of shares to stockholders of record as of January 4, 2021 is on February 1, 2021. The stock dividend is recorded as "Stock dividends distributable" in the 2020 consolidated statement of financial position.

b) Amendment of the Seventh provision of the Articles of Incorporation by increasing the authorized capital stock to One Billion Eight Hundred Fifty Million Pesos (₱1,850,000,000.00) divided into One Hundred Eighty Five Million (185,000,000) shares with a par value of Ten Pesos (₱10.00).

3. Trading Market

The Parent Company is not a public corporation and is not listed with the Philippine Stocks Exchange (PSE). CDC and CLDI are both listed with the PSE.

<u>The Company has SEC-registered commercial papers with outstanding balance of ₱320,950,000 as of March 31, 2023. The Company has no underwriters and solely relies on its sales personnel in the sale of the said securities. Further, there were no sales of unregistered securities or exempt securities (including recent issuance of securities constituting an exempt transaction).</u>

4. Holders

a. The number of shareholders of record as of March 31, 2023 is 28.

b. The Stockholders as of March 31, 2023 are as follows:

	Name	No. of Shares Held	%
1.	Stephen C. Roxas	42,077,126	28.20%
2.	Grace C. Liuson	22,040,482	14.77%
3.	Dr. Andrew I. Liuson	20,345,119	13.63%
4.	The Good Seed Sower Foundation, Inc.	22,379,564	15.00%
5.	Lucy Fan	13,563,404	9.09%
6.	Helen C. Roxas	13,563,404	9.09%
7.	Cris Giovanni Chiong	4,747,183	3.18%
8.	Joel C. Gohoc	2,341,442	1.57%
9.	Johann C. Gohoc	2,341,441	1.57%
10.	Josef C. Gohoc	2,318,713	1.55%
11.	Josua C. Gohoc	2,317,224	1.55%
12.	Joanna C. Gohoc	805,260	0.54%
13.	Jefferson C. Roxas	87,543	0.06%
14.	Lincoln C. Roxas	87,543	0.06%
15.	Connor David Tan Roxas	33,350	0.02%
16.	Leon Lee Roxas	33,350	0.02%
17.	Olivia Kate Tan Roxas	33,350	0.02%
18.	Zino Lee Roxas	33,350	0.02%
19.	Aurora M. Pattugalan	27,108	0.02%
20.	Nathan Yip Gohoc	24,215	0.02%
21.	Cara Elise C. Gohoc	12,108	0.01%
22.	Casey Eloise C. Gohoc	12,107	0.01%
23.	Peter S. Dee	50	–
24.	Rebekah D. Ung	46	–
25.	John T. Gohoc	20	–
26.	Anastasia Y. Dy	11	–
27.	Benjamin I. Liuson	11	–
28.	Bp. Eduardo C. Villanueva	10	–
	TOTAL	**149,224,534**	

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The evaluation system employed by the Company is thru a periodic self-rating system based on the criteria on the leading practices and principles on good governance.

1. Measures being undertaken by the Registrant to fully comply with the adopted Leading Practices on Good Corporate Governance

   We have implemented the periodic self-rating system.

2. Any Deviation from the Registrant's Manual of Corporate Governance. (including a disclosure of the name and position of the persons involved and sanctions imposed on said individual)

   There were no major deviations that require sanctions.

3. Any plan to improve corporate governance of the Company

   Based on the outcome of the periodic self-rating, we will come up with necessary actions / procedures to improve the corporate governance of the Registrant.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, Consultants and Management of Cityland, I would like to express our appreciation to all our stockholders for your trust and confidence.

I also acknowledge the time and expertise shared to us by our consultants and directors and the commitment and hard work of our managers and staff in the attainment of our corporate goals.

With God's grace, we look forward to a better year in 2023 for Cityland and the real estate industry.

Upon written request, the Company undertakes to provide without charge a copy of the Annual Report or SEC Form 17-A. Copies can be requested from Ms. Michelle Marcelino, 3/F, Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Makati City, Tel. (632)-8893-6060 local 148 or may email at stocks@cityland.net.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, PETER S. DEE, Filipino, of legal age and resident of
after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Cityland, Inc.** and have been its independent director since December 2006;

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

COMPANY	POSITION	PERIOD OF SERVICE
Alpolac, Inc.	Director	1994 to present
China Banking Corporation	Director	1977 to present
CBC Properties & Computer Center, Inc.	Director / President	1984 to present
City & Land Developers, Incorporated	Independent Director Chairman – Audit & Risk Committee	November 2009 to present
Cityland Development Corporation	Independent Director Chairman – Audit & Risk Committee	October 1979 to present 2002 to present
GDSK Development Corporation	Director	1990 to present
Makati Curbs Holdings Corporation	Director	2012 to present
Great Expectation Holdings, Inc.	Director/Chairman/President	October 2012 to present
Commonwealth Foods, Inc.	Director	May 2013 to present
The Big D Holdings Corporation	Director/Chairman/President	April 2013 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Cityland, Inc.,** as provided for in Section 38 of the Securities Regulation Code, and its Implementing Rules and Regulations and other SEC issuance;

4. I am not related to any director/officer/substantial shareholder of **Cityland, Inc.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code;

Name of Director / Officer/ Substantial Shareholder	Company	Nature of Relationship
NONE	NONE	NONE

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

Offense - Charged/Investigated	Tribunal or Agency Involved	Status
NONE	NONE	NONE

6. I am not an independent director in any of government service/affiliated with a government agency or GOCC;

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances; and

8. I shall inform the Corporate Secretary of **Cityland, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this day of APR 24 2023 at PASIG CITY.

Peter S. Dee
Affiant

SUBSCRIBED AND SWORN to before me this APR 24 2023 at PASIG CITY, affiant personally appeared before me and exhibited to me his SSS ID with no. (and other competent evidence of identification.

ATTY. ANDRE ANTON S. SUAREZ
NOTARY PUBLIC

Doc no. 412;
Page no. 84;
Book no. I;
Series of 2023.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **EDUARDO C. VILLANUEVA**, Filipino, of legal age and resident o after having been duly sworn to in accordance with law do hereoy aeclare tnat:

1. I am a nominee for independent director of **Cityland, Inc.** and have been its independent director since September 22, 2022;

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

COMPANY	POSITION	PERIOD OF SERVICE
House of Representatives	Deputy Speaker for Good Governance and Moral Uprightness of the Philippine Congress Chairperson, Committee on Sustainable Development Goals Representative, Citizens' Battle Against Corruption (CIBAC) Partylist	2019 to 2022 2022 to present July 2019 to present
Jesus Is Lord Church Worldwide	Founder/President & Spiritual Director	1978 to present
Jesus Is Lord Colleges Foundation (JILCF), Inc.	Chancellor	1984 to present
Jesus the Healer Foundation, Inc.	President	June 1990 to present
Philippines for Jesus Movement Foundation, Inc.	Chairman Emeritus	March 1990 to present
PJM Foundation, Inc.	Chairman Emeritus	February 1995 to present
Bangon Pilipinas National Renewal Movement (Arise Philippines)	Chairman/President	2004 to present
Rural Bank of Batac, Inc.	Chairman	2016 to 2019
Agape Foods Corporation	Chairman and President Director	1997 to 2018 2019 to 2021
JV ZOE Agape, Inc.	Chairman and President Director Chairman and President/CEO	2012 to June 2019 July 2019 to 2021 2021 to present
Light TV Ministries Foundation, Inc.	Chairman and President Trustee	2018 to Oct. 2019 Nov. 2019 to present
Cityland Development Corporation	Independent Director Member - Corporate Governance Committee	March 2021 to present June 2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Cityland, Inc**, as provided for in Section 38 of the Securities Regulation Code, and its Implementing Rules and Regulations and other SEC issuance;

4. I am not related to any director/officer/substantial shareholder of **Cityland, Inc.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code;

Name of Director / Officer/ Substantial Shareholder	Company	Nature of Relationship
NONE	NONE	NONE

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

Offense - Charged/Investigated	Tribunal or Agency Involved	Status
NONE	NONE	NONE

6. I am not an independent director in any of government service/affiliated with a government agency or GOCC;

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances; and

8. I shall inform the Corporate Secretary of **Cityland, Inc.** of any changes in the above mentioned information within five days from its occurrence.

Done this day of APR 24 2023 at PASIG CITY.

E.C. Villa

Eduardo C. Villanueva
Affiant

SUBSCRIBED AND SWORN to before me this APR 24 2023 at PASIG CITY, affiant personally appeared before me and exhibited to me his TIN ID with no. and other competent evidence of identification.

Doc no. 413;
Page no. 84;
Book no. I;
Series of 2023.

ATTY. ANDRE ANTON S. SUAREZ
NOTARY PUBLIC FOR THE CITIES OF PASIG AND SAN JUAN

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Reginald S. Velasco
Secretary General

09 May 2023

REP. EDUARDO "BRO. EDDIE" C. VILLANUEVA
CIBAC Party List
Room 317, North Wing Building
House of Representatives, Quezon City

Dear **Rep. Villanueva:**

This is in reference to your Honor's letter dated 3 May 2022, requesting for assistance relative to your renomination as an Independent Director of Cityland Development Corporation and Cityland, Inc., both private companies, pursuant to the requirement under Memorandum Circular No. 17, s. 1986 issued by the Office of the President, in accordance with Section 12, Rule XVIII of the Revised Civil Service Rules.

The House of Representatives maintains the position that neither the Secretary General nor the Speaker, as political and administrative head of the House of Representatives, possesses the power and duty to oversee a Member's private engagement, business or profession, which does not involve, affect or impede the Member's official functions.

In taking on any private engagement, however, the Honorable Members of the House of Representatives need always to consider the constitutional[1] and statutory[2] prohibitions on conflict of interest to avoid any violation.

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[1]**1987 Constitution, Article VI, Section 14.** *No Senator or Member of the House of Representatives may personally appear as counsel before any court of justice or before the Electoral Tribunals, or quasi-judicial and other administrative bodies. Neither shall he, directly or indirectly, be interested financially in any contract with, or in any franchise or special privilege granted by the Government, or any subdivision, agency, or instrumentality thereof, including any government-owned or controlled corporation, or its subsidiary, during his term of office. He shall not intervene in any matter before any office of the Government for his pecuniary benefit or where he may be called upon to act on account of his office.*

[2] **R.A. No. 3019 (Anti-Graft and Corrupt Practices Act), Section 3.** *Corrupt practices of public officers. In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:*

(h) Directly or indirectly having financial or pecuniary interest in any business, contract or transaction in connection with which he intervenes or takes part in his official capacity, or in which he is prohibited by the Constitution or by any law from having any interest.

(i) Directly or indirectly becoming interested, for personal gain, or having a material interest in any transaction or act requiring the approval of a board, panel or group of which he is a member, and which exercises discretion in such approval, even if he votes against the same or does not participate in the action of the board, committee, panel or group.

OSG/MJR/zbt

This being so, and consistent with our response to your previous request, no permission, consent, or certification from the House of Representatives is necessary before a Member may assume his/her position as director of a private company.

For your Honor's information and guidance.

REGINALD S. VELASCO
Secretary General

R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees). Section 3 (i) "Conflict of interest" arises when a public official or employee is a member of a board, an officer, or a substantial stockholder of a private corporation or owner or has a substantial interest in a business, and the interest of such corporation or business, or his rights or duties therein, may be opposed to or affected by the faithful performance of official duty.

R.A. No. 6713. Section 7. Prohibited Acts and Transactions. — In addition to acts and omissions of public officials and employees now prescribed in the Constitution and existing laws, the following shall constitute prohibited acts and transactions of any public official and employee and are hereby declared to be unlawful:

(a) Financial and material interest. — Public officials and employees shall not, directly or indirectly, have any financial or material interest in any transaction requiring the approval of their office.

OSG/MJR/zbt

CITYLAND
INCORPORATED

CERTIFICATION

I hereby certify that the following Directors and Executive Officers of Cityland, Inc. for the Year 2022 were not elected as public servants, nor appointees, nor employees of any government agency except for Bp. Eduardo C. Villanueva:

Directors:

1. Dr, Andrew I. Liuson
2. Grace C. Liuson
3. Josef C. Gohoc
4. Peter S. Dee (Independent Director)
5. Bp. Eduardo C. Villanueva (Independent Director)*
6. Helen C. Roxas
7. Benjamin I. Liuson
8. Jefferson C. Roxas

Executive Officers:

1. Emma A. Choa
2. Rudy Go
3. Melita M. Revuelta
4. Melita L. Tan
5. Romeo E. Ng
6. Rosario D. Perez
7. Winefreda R. Go
8. Dorothy U. So
9. Jocelyn C. De Asis

*Bp. Eduardo C. Villanueva (Independent Director) was the Deputy Speaker for Good Governance and Moral Uprightness of the Philippine Congress from 2019 to 2022 and currently a Representative of Citizens' Battle Against Corruption (CIBAC) Party-list. An updated consent from the said government agency regarding the election of Bp. Villanueva as a nominee for election as an Independent Director for the year 2023-2024 was obtained and attached in the Information Statement.

Given this 15th day of May 2023.

Certified by:

Jocelyn C. de Asis

JOCELYN C. DE ASIS
Corporate Secretary

SUBSCRIBED AND SWORN TO before me, a Notary public for and in PASIG CITY this MAY 15 2023 affiant exhibiting to me her Social Security with ID n[illegible] and other competent evidence of identification.

ATTY. ANDRE ANTON S. SUAREZ
NOTARY PUBLIC FOR THE CITIES OF PASIG, SAN JUAN
AND MUNICIPALITY OF PATEROS

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Page No. 16
Book No. II
Series of 2023

CITYLAND INCORPORATED

CERTIFICATION

I, Josef C. Gohoc, of legal age, President of Cityland, Inc., with SEC Registration No. of 86188 with principal office address at 3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City, on oath state:

1. That on behalf of Cityland, Inc., I have caused this SEC Form 20-IS (Definitive Information Statement);

2. That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3. That Cityland, Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail;

4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.; and

5. That the e-mail account designated by the Company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used in its online submissions to CGFD/MSRD.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of May 2023.

Josef C. Gohoc
Affiant

SUBSCRIBED AND SWORN to before me this day MAY 25 2023 at MANILA, affiant personally appeared and exhibited his Social Security System No. and other competent evidence of identification.

ATTY. ALBERT ANTHONY H. OCAMPO
NOTARY PUBLIC FOR MANILA
UNTIL DECEMBER 31, 2023

PTR
581 Quintin Paredes St., Binondo, Manila

Doc. No. 164
Page No. 34
Book No. IV
Series of 2023.

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

8 6 1 8 8

COMPANY NAME

C I T Y L A N D , I N C . A N D
S U B S I D I A R I E S

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

2/F and 3/F Cityland
Condominium 10 Tower I,
156 H.V. dela Costa Street,
Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	MSRD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ci_rg@cityland.net	8-893-6060	0968-545-1452

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
28 (As of December 31, 2022)	3rd Tuesday of June	12/31

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
RUDY GO	cdc_rg@cityland.net	8-893-6060	0968-545-1452

CONTACT PERSON'S ADDRESS

3/F Floor Cityland Condominium 10, Tower II, 154 H.V. Dela Costa Street, 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.*

The following document has been received:

Receiving: Mark Jason Orcine
Receipt Date and Time: April 17, 2023 05:17:10 PM

Company Information

SEC Registration No.: 0000086188
Company Name: CITYLAND INC.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10417202381018429
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Consolidated, Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

CITYLAND.NET Mail Cityland FMSD <fmsd@cityland.net>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, Apr 17, 2023 at 4:21 PM
To: FMSD@cityland.net
Cc: CDC_RG@cityland.net

Hi CITYLAND, INC.,

Valid files

- EAFS000662829TCRTY122022-01.pdf
- EAFS000662829RPTTY122022.pdf
- EAFS000662829ITRTY122022.pdf
- EAFS000662829AFSTY122022.pdf
- EAFS000662829TCRTY122022-02.pdf
- EAFS000662829OTHTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-MW1TV4N203STTV14ZMPPVNQP20PS3NYWSR**
Submission Date/Time: **Apr 17, 2023 04:21 PM**
Company TIN: **000-662-829**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

CITYLAND
INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **Cityland, Inc.** (the Company) is responsible for the preparation and fair presentation of the consolidated balance sheets as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies and schedules attached therein, in accordance with Philippine Financial Reporting Standards, 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 Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company'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 auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

DR. ANDREW I. LIUSON
Chairman of the Board

JOSEF C. GOHOC
President / Chief Executive Officer

RUDY GO
Senior Vice President / Chief Financial Officer

Signed this 29th day of March 2023.

MANILA

SUBSCRIBED AND SWORN to before me this day of MAR 29 2023 affiant(s) exhibiting to me their Social Security System Numbers, as follows:

Name	Type of Identification	Number
Dr. Andrew I. Liuson	SSS	
Josef C. Gohoc	SSS	
Rudy Go	SSS	

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ATTY. ALBERT ANTHONY H. OCAM
NOTARY PUBLIC FOR MANILA
UNTIL DECEMBER 31, 2023
581
Manila
Manila

SGV
Building a better
working world

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
Cityland, Inc.
3/F, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

Opinion

We have audited the consolidated financial statements of Cityland, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 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 (PSA). 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 issued on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

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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) and SEC Form 17-A or Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A or Annual Report for the year ended December 31, 2022 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 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 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.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

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Partner
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BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9564694, January 3, 2023, Makati City

March 29, 2023

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,424,589,931**	₱1,272,289,680
Short-term investments (Note 4)	**691,700,000**	1,649,505,733
Current portion of:		
Installment contracts receivable (Note 6)	**17,933,217**	29,980,712
Contract assets (Note 6)	**751,183,602**	402,836,473
Costs to obtain contracts (Note 6)	**17,502,622**	13,691,167
Notes receivable (Note 7)	**1,288,150,000**	911,046,456
Other receivables (Note 8)	**80,139,535**	54,825,192
Investments in trust funds (Note 5)	**9,196,033**	9,995,944
Real estate properties for sale (Note 9)	**5,799,289,178**	4,813,087,644
Other current assets (Note 13)	**152,179,841**	58,792,098
Total Current Assets	**10,231,863,959**	9,216,051,099
Noncurrent Assets		
Long-term investments (Note 4)	**303,999,438**	100,500,000
Installment contracts receivable - net of current portion (Note 6)	**15,479,329**	17,158,472
Contract assets - net of current portion (Note 6)	**2,439,744,668**	2,090,343,706
Costs to obtain contracts - net of current portion (Note 6)	**785,182**	11,692,918
Notes receivable - net of current portion (Note 7)	**100,000,000**	357,150,000
Other receivables - net of current portion (Note 8)	**868,040**	1,218,782
Investments in trust funds - net of current portion (Note 5)	**25,039,321**	29,461,310
Real estate properties held for future development (Note 10)	**1,126,655,558**	1,552,432,517
Investment properties (Note 11)	**3,833,328,526**	3,455,881,541
Property and equipment (Note 12)	**57,806,195**	62,374,791
Net retirement plan assets (Note 24)	**17,676,384**	18,179,914
Other noncurrent assets (Note 13)	**37,246,039**	63,399,740
Total Noncurrent Assets	**7,958,628,680**	7,759,793,691
TOTAL ASSETS	**₱18,190,492,639**	₱16,975,844,790
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	**₱1,046,594,916**	₱890,618,613
Contract liabilities (Note 6)	**285,267,436**	247,703,206
Notes and contracts payable (Note 15)	**1,555,149,400**	1,672,857,660
Income tax payable	**20,263,990**	16,443,161
Current portion of pre-need and other reserves (Note 5)	**822,843**	1,777,333
Total Current Liabilities	**2,908,098,585**	2,829,399,973
Noncurrent Liabilities		
Accounts payable and accrued expenses - net of current portion (Note 14)	**300,445,888**	210,719,315
Contract liabilities - net of current portion (Note 6)	**7,318,931**	184,302,169
Pre-need and other reserves - net of current portion (Note 5)	**23,192,535**	34,912,825
Net retirement benefits liability (Note 24)	**27,830**	2,533,292
Deferred income tax liabilities - net (Note 25)	**576,811,132**	474,322,942
Total Noncurrent Liabilities	**907,796,316**	906,790,543
Total Liabilities	**3,815,894,901**	3,736,190,516

(Forward)

	December 31	
	2022	2021
Equity		
Attributable to Equity Holders of the Parent Company		
Capital stock - ₱10 par value (Note 16)		
Authorized - 185,000,000 shares in 2022 and 2021		
Issued - 149,811,657 shares in 2022 and 2021, respectively	**₱1,498,116,570**	₱1,498,116,570
Outstanding - 149,224,534 shares held by 28 and 27 equity holders as of December 31, 2022 and 2021, respectively		
Treasury - 587,123 shares (Note 26)	**–**	–
Accumulated re-measurement loss on defined benefit plan - net of deferred income tax effect (Note 24)	**(20,689,845)**	(22,891,845)
Unrealized fair value changes on financial assets at FVOCI (Note 13)	**354,784**	499,622
Other equity reserves	**72,536,291**	72,536,291
Retained earnings (Note 16)	**7,499,190,499**	6,906,418,482
	9,049,508,299	8,454,679,120
Non-controlling interests (Note 17)	**5,325,089,439**	4,784,975,154
Total Equity	**14,374,597,738**	13,239,654,274
TOTAL LIABILITIES AND EQUITY	**₱18,190,492,639**	₱16,975,844,790

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE AND INCOME			
Sales of real estate properties (Note 6)	**₱3,019,729,206**	₱1,595,333,794	₱1,279,504,162
Financial income (Note 21)	**484,101,966**	501,028,904	579,889,813
Rent income (Note 11)	**208,842,017**	198,527,363	212,443,491
Other income - net (Note 23)	**148,600,975**	184,301,639	186,755,999
	3,861,274,164	2,479,191,700	2,258,593,465
COSTS AND EXPENSES			
Costs of real estate sales (Note 9)	**1,388,212,285**	842,187,615	761,811,378
Operating expenses (Note 18)	**718,257,932**	584,394,073	534,308,901
Financial expenses (Note 22)	**5,534,229**	5,266,877	9,097,872
	2,112,004,446	1,431,848,565	1,305,218,151
INCOME BEFORE INCOME TAX	**1,749,269,718**	1,047,343,135	953,375,314
PROVISION FOR INCOME TAX (Note 25)	**443,221,104**	136,286,408	224,969,353
NET INCOME	**₱1,306,048,614**	₱911,056,727	₱728,405,961
Attributable to:			
Equity holders of the Parent Company	**₱705,287,314**	₱584,295,400	₱457,967,706
Non-controlling interests (Note 17)	**600,761,300**	326,761,327	270,438,255
	₱1,306,048,614	₱911,056,727	₱728,405,961
BASIC/DILUTED EARNINGS PER SHARE (Note 29)	**₱4.73**	₱3.92	₱3.07

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱1,306,048,614**	₱911,056,727	₱728,405,961
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at FVOCI (Note 13)	**(144,838)**	7,375	(1,777,425)
Re-measurement gain on defined benefit plan, net of income tax effect (Note 24)	**3,239,929**	9,646,631	7,199,333
	3,095,091	9,654,006	5,421,908
TOTAL COMPREHENSIVE INCOME	**₱1,309,143,705**	₱920,710,733	₱733,827,869
Attributable to:			
Equity holders of the Parent Company	**₱707,476,334**	₱590,293,789	₱460,796,205
Non-controlling interests (Note 17)	**601,667,371**	330,416,944	273,031,664
	₱1,309,143,705	₱920,710,733	₱733,827,869

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 16)	Stock dividends distributable (Note 16)	Other Equity Reserves	Unrealized Fair Value Changes on Financial Assets at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Subtotal	Non-controlling Interests (Note 17)	Total
BALANCES AT DECEMBER 31, 2019	**₱1,297,858,770**	**₱–**	**₱72,536,291**	**₱1,580,331**	**(₱32,799,442)**	**₱6,253,958,807**	**₱7,593,134,757**	₱4,304,775,338	₱11,897,910,095
Net income	–	–	–	–	–	457,967,706	457,967,706	270,438,255	728,405,961
Other comprehensive income (loss)	–	–	–	(1,042,005)	3,870,504	–	2,828,499	2,593,409	5,421,908
Total comprehensive income (loss)	–	–	–	(1,042,005)	3,870,504	457,967,706	460,796,205	273,031,664	733,827,869
Transfer of deferred income tax liability on deemed cost adjustment of property and equipment absorbed through depreciation (Note 25)	–	–	–	–	–	1,551	1,551	1,493	3,044
Declaration of stock dividends - 10%	–	129,198,620	–	–	–	(129,198,620)	–	–	–
Cash dividends - ₱0.906 per share	–	–	–	–	–	(117,054,071)	(117,054,071)	–	(117,054,071)
Cash dividends to non-controlling interests (Note 17)	–	–	–	–	–	–	–	(72,772,259)	(72,772,259)
BALANCES AT DECEMBER 31, 2020	**₱1,297,858,770**	**₱129,198,620**	**₱72,536,291**	**₱538,326**	**(₱28,928,938)**	**₱6,465,675,373**	**₱7,936,878,442**	**₱4,505,036,236**	**₱12,441,914,678**
BALANCES AT DECEMBER 31, 2020	**₱1,297,858,770**	**₱129,198,620**	**₱72,536,291**	**₱538,326**	**(₱28,928,938)**	**₱6,465,675,373**	**₱7,936,878,442**	**₱4,505,036,236**	**₱12,441,914,678**
Net income	–	–	–	–	–	584,295,400	584,295,400	326,761,327	911,056,727
Other comprehensive income (loss)	–	–	–	(38,704)	6,037,093	–	5,998,389	3,655,617	9,654,006
Total comprehensive income (loss)	–	–	–	(38,704)	6,037,093	584,295,400	590,293,789	330,416,944	920,710,733

(Forward)

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 16)	Stock dividends distributable (Note 16)	Other Equity Reserves	Unrealized Fair Value Changes on Financial Assets at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Subtotal	Non-controlling Interests (Note 17)	Total
Impact of CREATE Law on deferred tax liability recognized in retained earnings - deemed cost adjustment (Note 25)	₱–	₱–	₱–	₱–	₱–	₱1,550,821	₱1,550,821	₱1,229,181	₱2,780,002
Issuance of stock dividends - 10%	129,198,620	(129,198,620)	–	–	–	–	–	–	–
Declaration and issuance of stock dividends - 5%	71,059,180					(71,059,180)	–		
Cash dividends - ₱0.521 per share	–	–	–	–	–	(74,043,799)	(74,043,799)	–	(74,043,799)
Cash dividends to non-controlling interests (Note 17)	–	–	–	–	–	–	–	(51,707,207)	(51,707,207)
Fractional shares	–	–	–	–	–	(133)	(133)	–	(133)
BALANCES AT DECEMBER 31, 2021	**₱1,498,116,570**	**₱–**	**₱72,536,291**	**₱499,622**	**(₱22,891,845)**	**₱6,906,418,482**	**₱8,454,679,120**	**₱4,784,975,154**	**₱13,239,654,274**
BALANCES AT DECEMBER 31, 2021	**₱1,498,116,570**	**₱–**	**₱72,536,291**	**₱499,622**	**(₱22,891,845)**	**₱6,906,418,482**	**₱8,454,679,120**	**₱4,784,975,154**	**₱13,239,654,274**
Net income	**–**	**–**	**–**	**–**	**–**	**705,287,314**	**705,287,314**	**600,761,300**	**1,306,048,614**
Other comprehensive income (loss)	**–**	**–**	**–**	**(144,838)**	**2,202,000**	**–**	**2,057,162**	**906,071**	**2,963,233**
Total comprehensive income (loss)	**–**	**–**	**–**	**(144,838)**	**2,202,000**	**705,287,314**	**707,344,476**	**601,667,371**	**1,309,011,847**
Cash dividends - ₱0.754 per share	**–**	**–**	**–**	**–**	**–**	**(112,515,297)**	**(112,515,297)**	**–**	**(112,515,297)**
Cash dividends to non-controlling interests (Note 17)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(61,553,086)**	**(61,553,086)**
BALANCES AT DECEMBER 31, 2022	**₱1,498,116,570**	**₱–**	**₱72,536,291**	**₱354,784**	**(₱20,689,845)**	**₱7,499,190,499**	**₱9,049,508,299**	**₱5,325,089,439**	**₱14,374,597,738**

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,749,269,718**	₱1,047,343,135	₱953,375,314
Adjustments for:			
Interest income (Note 21)	**(484,067,231)**	(501,002,230)	(579,853,448)
Depreciation (Notes 11, 12, 18 and 20)	**64,606,116**	66,801,893	66,856,130
Retirement benefits costs (Note 24)	**7,023,132**	8,447,344	9,825,755
Interest expense - net of amounts capitalized (Note 22)	**3,755,064**	4,207,028	7,450,515
Trust fund income (Notes 5 and 23)	**(437,236)**	(832,463)	(2,207,241)
Interest expense - lease liabilities (Notes 14 and 22)	**207,967**	368,475	564,957
Dividend income (Note 21)	**(34,735)**	(26,674)	(36,365)
Gain on sale of financial assets at FVOCI (Note 13)	**–**	–	(32,660)
Operating income before working capital changes	**1,340,322,795**	625,306,508	455,942,957
Decrease (increase) in:			
Installment contracts receivable	**13,726,638**	19,835,902	(24,077,387)
Contract assets	**(697,748,091)**	159,028,433	478,238,125
Other receivables	**(17,038,863)**	6,954,686	(7,309,800)
Real estate properties for sale	**(180,731,530)**	(855,381,912)	(898,903,254)
Real estate properties held for future development	**9,153,239**	(26,976,207)	(42,609,499)
Cost to obtain contracts	**7,096,281**	12,595,624	9,176,911
Other assets	**(67,382,432)**	(2,112,525)	5,679,707
Increase (decrease) in:			
Accounts payable and accrued expenses	**246,264,455**	301,385,768	185,676,038
Contract liabilities	**(139,419,008)**	(159,055,092)	(36,507,488)
Pre-need and other reserves	**(12,674,780)**	(4,789,207)	929,111
Cash generated from operations	**501,568,704**	76,791,978	126,235,421
Interest received (Note 21)	**476,142,493**	497,089,738	586,709,960
Income taxes paid, including creditable and final withholding taxes (Note 25)	**(337,992,061)**	(136,433,954)	(192,534,366)
Contributions to the plan assets (Note 24)	**(4,705,159)**	(4,705,159)	(6,288,002)
Net cash flows from operating activities	**635,013,977**	432,742,603	514,123,013
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Note 11)	**(824,385,376)**	(820,412)	(8,023,684)
Property and equipment (Note 12)	–	(519,758)	(6,785,714)
Proceeds from matured (purchase of) investments (Note 4)	**754,306,295**	(573,920,744)	(307,334,989)
Proceeds from matured (purchase of) notes receivable (Note 7)	**(119,953,544)**	(1,011,046,456)	200,000,000
Withdrawals from trust funds (Note 5)	**9,140,959**	2,595,931	4,226,514
Contributions to investments in trust funds (Note 5)	**(3,610,130)**	(4,812,773)	(3,350,993)
Dividends received (Note 21)	**34,735**	26,674	36,365
Proceeds from sale of financial assets at FVOCI (Note 13)	–	–	48,644
Net cash flows used in investing activities	**(184,467,061)**	(1,588,497,538)	(121,183,857)

(*Forward*)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of notes payable and contracts payable (Note 15)	**(₱9,719,225,603)**	(₱8,054,230,826)	(₱6,987,931,523)
Proceeds from issuance of notes payable and contracts payable (Note 15)	**9,601,517,343**	8,077,750,878	6,921,022,940
Dividends paid (Note 14)	**(171,723,630)**	(124,560,281)	(189,506,414)
Payment of lease liabilities (Note 14)	**(5,055,158)**	(4,545,444)	(4,378,158)
Interest paid, net of capitalized borrowing costs (Notes 14 and 15)	**(3,759,617)**	(4,233,089)	(9,844,619)
Net cash flows used in financing activities	**(298,246,665)**	(109,818,762)	(270,637,774)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**152,300,251**	(1,266,331,357)	122,797,573
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,272,289,680**	2,538,621,037	2,415,823,464
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,424,589,931**	₱1,272,289,680	₱2,538,621,037

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Cityland, Inc. (the Parent Company) was incorporated in the Philippines on May 15, 1979. The Parent Company has a majority owned subsidiary, namely, Cityland Development Corporation (CDC), a publicly listed company, and two wholly owned subsidiaries, namely, Credit & Land Holding, Inc. (CLHI) and Cityads, Incorporated (CAI). CDC has two majority owned subsidiaries, namely, City & Land Developers, Incorporated (CLDI), another publicly listed company, and Cityplans, Incorporated (CPI). The primary purpose of the Parent Company and its subsidiaries (the Group), which are all incorporated and domiciled in the Philippines, is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate. In addition, CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans.

The Group's registered office and principal place of business is 2F and 3F Cityland Condominium 10 Tower I, 156 H.V. de la Costa Street, Makati City.

The consolidated financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issuance by the Board of Directors (BOD) on March 29, 2023.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets measured at fair value through other comprehensive income (FVOCI) that have been measured at fair values. The financial statements are presented in Philippine peso (₱), which is the Group's functional and presentation currency. All values are rounded to the nearest Peso except when otherwise indicated.

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

Statement of Compliance
The Group's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic:

- *Deferral of the provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry*

    a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04); and
    b. Treatment of land in the determination of the percentage-of-completion (POC).

Item b was already implemented by the Group prior to the issuance of the PIC Q&A 2018-12 and the Group continued its accounting treatment despite the deferral mentioned.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry*

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PFRS 3, *Business Combinations*, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments did not significantly affect the consolidated financial statements.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments do not have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments did not affect the consolidated financial statements.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments do not have a material impact on the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments did not significantly affect the Group's financial statements.

Basis of Consolidation

The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of the period presented. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

These subsidiaries and the percentage of ownership of the Parent Company as of December 31, 2022 and 2021 are as follows:

	Percentage of Ownership	Nature of Activity
Direct:		
CAI	100.00	Advertising
CLHI	100.00	Holding
CDC	50.98	Real estate
Indirect through CDC (including direct ownership of the Parent Company in CLDI of 29.54% and CPI of 9.18%):		
CLDI	54.89	Real Estate
CPI	55.47	Pre-need pension plans

A subsidiary is an entity that is controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- 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
- 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 or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Parent Company's voting rights and potential voting rights

The Parent Company re-assesses 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill, if any), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling Interests
Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of income, consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position, separate from the Parent Company's equity.

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

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. 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 from dates of acquisition, and are subject to an insignificant risk of change in value.

Short-term and Long-term Investments
Short-term investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition. Long-term investments pertain to cash and bond investments that have maturities of more than one year from the dates of acquisition.

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

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.

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 the end of each reporting period.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss.

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. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Installment contracts receivable and contract assets are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, 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.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
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:

(a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (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 includes cash and cash equivalents, short-term and long-term investments, installment contracts receivable, contract assets, notes receivable, other receivables and deposits under "Other noncurrent assets".

Financial assets at FVOCI (debt instruments)
The Group measures debt instruments at FVOCI if both of the following conditions are met:

(a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and sell the financial asset; and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As of December 31, 2022 and 2021, the Group's investment in trust fund has debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as financial assets at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

The Group's investments in trust fund have financial assets at fair value through profit or loss as of December 31, 2022 and 2021.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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 statement 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 recognized 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 fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For installment contracts receivable and contract assets, 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 has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments 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 fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include accounts payable and accrued expenses, notes and contracts payable.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to interest-bearing loans and borrowings.

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 statement of income.

c. Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

Investments in Trust Funds
The trust fund assets and liabilities are recognized in accordance with the provisions of the applicable PAS and PFRSs and their interpretations.

Investments in trust funds are restricted to cover CPI's pre-need reserves. These are classified as current assets to the extent of the currently maturing pre-need reserves. The remaining portion is classified as noncurrent assets in the consolidated statement of financial position.

Real Estate Properties for Sale and Real Estate Properties Held for Future Development
Property acquired or being constructed for sale in the ordinary course of business and held for future development, rather than to be held for rental or capital appreciation, is classified as real estate properties for sale and real estate properties held for future development and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Amounts paid to contractors for construction
- Borrowing costs directly attributable to the acquisition, development and construction of real estate projects
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to complete and the estimated costs necessary to make the sale. The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Upon commencement of development, the real estate properties held for future development is transferred to real estate properties for sale.

Upon repossession, real estate properties for sale arising from sale cancellations and forfeitures are measured at fair value less estimated costs to make the sale. Any resulting gain or loss is credited or charged to "Other income - net" in the consolidated statement of income.

Investment Properties
Investment properties, which represent real estate properties for lease and capital appreciation, are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the property. The carrying values of revalued properties transferred to investment properties on January 1, 2004 were considered as the assets' deemed cost as of said date.

Subsequent to initial measurement, investment properties, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. Buildings for lease are depreciated over their useful life of 25 years using the straight-line method.

Investment properties are derecognized when either they have been disposed of or when the property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment properties, property and equipment and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Construction in progress is stated at cost. This includes costs of construction and other direct costs related to the investment property being constructed. Construction in progress is not depreciated until such time when the relevant assets are complete and ready for use. When such construction is completed and assets are ready for use, the costs of the said assets are transferred to specific classification under “Investment properties” account.

Property and Equipment

Property and equipment, except for office premises, are stated at cost less accumulated depreciation and any impairment in value. Office premises are stated at appraised values (asset’s deemed cost) as determined by SEC-accredited and independent firms of appraisers at the date of transition to PFRSs, less accumulated depreciation and any impairment in value. Subsequent additions to office premises are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of the purchase price and any directly attributable cost of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of an item of property and equipment begins when the asset becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties as follows:

	Years
Office premises	25
Building	25
Furniture, fixtures and office equipment	5-15
Transportation and other equipment	5

The assets' useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are sold or retired, the cost and related accumulated depreciation and any impairment in value are removed from the accounts, and any gains or losses from their disposal is included in the consolidated statement of income.

The Group's property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

It is the Group's policy to classify right-of-use assets as part of property and equipment. 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 initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, 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.

Impairment of Nonfinancial Assets

The carrying values of investment properties and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Impairment losses, if any, are recognized in the consolidated statement of income.

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. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Group considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation 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.

<u>Value-added Tax (VAT)</u>
Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as 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 statement 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 statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from or payable to, the taxation authority is included as part of "Other current assets" or "Accounts payable and accrued expenses," respectively, in the consolidated statement of financial position.

<u>Pre-Need Reserves (PNR)</u>
PNR for pension plans are calculated on the basis of the methodology and assumptions set out in Pre-Need Rule 31, as Amended, as follows:

- The amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:
  i. Provision for termination values applying the inactivity and surrender rate experience of CPI.
  ii. The liability is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the lower of attainable rate or discount rate provided by the IC for SEC-approved plans and the pricing discount rate for IC-approved plans.

- The rates of surrender, cancellation, reinstatement, utilization, and inflation considered the actual experience of CPI in the last three years.

- The computation of the foregoing assumptions has been validated by the internal qualified actuary of CPI.

- Based on CPI's experience, the probability of pre-termination or surrender of fully paid plans is below 5% and therefore considered insignificant. The derecognition of liability shall be recorded at pre-termination date.

In 2022 and 2021, CPI follows IC Circular Letter No. 23-2012 dated November 28, 2012 which sets the guidelines below for the discount rate to be used in the valuation of PNR:

- Discount interest rate for the PNR

  The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the trustee banks and the following rates below:

Year	Discount interest rate
2012 – 2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

- Transitory PNR (TPNR)

  In effecting the transition in the valuation of reserves for old basket of plans, the IC shall prescribe a PNR with a maximum transition period of 10 years.

  For each of the pre-need plan categories, the TPNR shall be computed annually on the old basket of plans outstanding at the end of each year from 2012 to 2022 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability setup shall be the PNR.

  However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

  The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by CPI from the trustee for the contractual benefits outstanding as of the end of the year.

  The TPNR liability shall be recognized each year. As of December 31, 2022, the actual trust fund balance is higher than the resulting PNR and, as of December 31, 2021, the CPI's actual trust fund balance is lower than the resulting PNR (see Note 5).

Other reserves
CPI sets up other provisions in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to cover obligations such as Insurance Premium Reserves (IPR), pension bonus, and trust fund deficiency.

Unless the IC shall so specifically require, CPI may, at its option, set up other provisions as a prudent measure.

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When 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 shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of changes in accounting policy and other capital adjustments.

Unappropriated retained earnings represent that portion of retained earnings which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion of retained earnings which has been restricted and therefore is not available for any dividend declaration.

The retained earnings include deemed cost adjustments on real estate properties for sale, investment properties and property and equipment that arose when the Group transitioned to PFRSs in 2005. The deemed cost adjustment will be realized through depreciation in profit or loss for depreciable assets (property and equipment and investment properties) and through sale for inventories (classified under real estate properties for sale) and land (classified under investment properties).

Dividend distributions

Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Group and the increase for authorized capital stock is approved by the SEC in cases of stock dividends issued to cover an increase in authorized capital stock. Unissued stock dividends are recorded as "Stock dividends distributable" and credited to "Capital stock" upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of consolidated financial statements are dealt with as an event after the reporting period.

Treasury Stock

Treasury Stock is the Group's own equity instruments that has been issued and then reacquired but not yet cancelled. Treasury stock are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

Revenue Recognition

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of completed real estate projects and undeveloped land. 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 has generally concluded that it is acting as a principal in all of its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its office leasing activities, wherein it is acting as agent.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sales of real estate properties (CI, CDC and CLDI)
CI, CDC and CLDI derive its real estate revenue from sale of lots and condominium units. Revenue from the sale of these real estate projects under pre-completion stage 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.

Revenue from sales of completed real estate properties and undeveloped land is accounted for using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the properties have been passed to the buyer and the amount of revenue can be measured reliably.

In measuring the progress of its performance obligation over time, the Group uses input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the buyer.

In accordance with Philippine Interpretations Committee Q&A 2006-01, *Revenue Recognition for Sales of Property Units under Pre-completion Contracts,* the POC method is used to recognize income from sales of real estate properties when the Group has material obligations under the sales contract to complete the project after the property is sold. The Group starts recognizing revenue under the POC method when the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished) and the costs incurred or to be incurred can be measured reliably. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If the criteria of full accrual and POC method are not satisfied and when the license to sell and certificate of registration for a project are not yet issued by the Housing and Land Use Regulatory Board (HLURB), any cash received by the Group is recorded as part of "Rental and customers' deposits" account which is included under "Accounts payable and accrued expenses" in the consolidated statement of financial position until all the conditions for recognizing the sale are met.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration is recorded either as installment contracts receivable (unconditional) or contract asset (conditional) while the excess of collection over progress of work is recorded as contract liability.

Any excess of collections over the total of recognized installment contracts receivable is included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Sales of real estate properties (CPI)
CPI derives its revenue from sale of condominium units. Revenue from the sale of these real estate projects is recognized at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer. The payment is collectible in monthly installments for periods ranging from 1 to 10 years.

Costs 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 land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Costs of real estate sales is recognized consistent with the revenue recognition method applied. Costs of real estate properties sold before completion is determined using the POC used for revenue recognition applied on the acquisition cost of the land plus the total estimated development costs of the property.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

The cost of inventory recognized in profit or loss on disposal (costs of real estate sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The costs of real estate sales also include the estimated development costs to complete the real estate property, as determined by independent project engineers, and taking into account the POC. The accrued development costs account is presented under "Accounts payable and accrued expenses" in the consolidated statement of financial position.

Any changes in estimated development costs used in the determination of the amount of revenue and expenses are recognized in consolidated statement of income in the period in which the change is made.

Cost recognition (CPI)
CPI recognizes costs relating to satisfied performance obligations as these are incurred.

Contract Balances
Receivables
A 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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs its obligation based on the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract
The incremental 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 "Operating expenses" account in the consolidated statement of income.

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

Amortization and derecognition of capitalized costs to obtain a contract
CI, CDC, and CLDI amortizes 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 amortization is included within operating expenses.

Capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Sales of pre-need plans
Premiums from sale of pre-need plans, included under "Other income - net" account in the consolidated statement of income are recognized as earned when collected.

Cost of contracts issued
This account pertains to (a) the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year; (b) amount of trust funds contributed during the year including any trust fund deficiency; and (c) documentary stamp tax and SEC registration fees.

If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the cost of contracts issued in the current period. In case of material prior period errors, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by CPI.

Interest income
Interest income from cash in banks, cash equivalents and short-term and long-term investments, installment contracts receivable, contract assets, guaranty deposits and notes receivable is recognized as the interest accrues taking into account the effective yield on interest.

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

Trust fund income
Trust fund income mainly pertains to rental income on investment properties under the trust fund account, as well as, trading gains and losses from buying and selling and changes in fair value of financial assets and financial liabilities categorized upon initial recognition as at fair value through profit or loss investments under the trust fund account.

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

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing 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 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 office space and transportation 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. The Group does not have any lease of low-value assets. 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.

Operating leases - Group as a lessor
Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rent income from operating leases is recognized as income when earned on a straight-line basis over the term of the lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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 e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing 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. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Operating Expenses
Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

Financial Expenses
Financial expenses consist of interest incurred on notes payable. Interest attributable to a qualifying asset is capitalized as part of the cost of the asset while others are expensed as incurred.

Interest costs are capitalized if they are directly attributable to the acquisition, development and construction of real estate projects as part of the cost of such projects. Capitalization of interest cost (1) commences when the activities to prepare the assets for their intended use are in progress and expenditures and interest costs are being incurred, (2) is suspended during extended periods in which active development is interrupted, and (3) ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Retirement Benefits Cost
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Retirement benefits cost comprises the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to the consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period. Accumulating leave credits which can be utilized anytime when needed or converted to cash upon employee separation (i.e., resignation or retirement) are presented at its discounted amount as "Accounts payable and accrued expenses - noncurrent portion" in the consolidated statement of financial position.

Provisions and Contingencies
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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes
Current income tax
Current income 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 at the end of reporting period. Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the consolidated statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" account in the consolidated statement of financial position.

Deferred income tax
Deferred income tax is recognized on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except (a) where the deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and deferred income tax liabilities are not recognized when it arises 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 profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced 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 income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are 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 end of reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

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

Other Comprehensive Income
Other comprehensive income comprises items of income and expense that are not recognized in the consolidated statement of income in accordance with PFRS. Other comprehensive income of the Group includes gains and losses on fair value changes of financial assets at FVOCI, re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability).

Earnings Per Share
Basic earnings per share is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares issued and outstanding after considering the retrospective effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury stock and adjusted for the effects of all dilutive potential common shares, if any. In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 in the consolidated financial statements. The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's financial position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said 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, 2023

- Amendments to PAS 1, *Presentation of Financial Statements*, 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates, and Errors, 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.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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 financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

  The amendments are not expected to have a material impact on the Group.

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. The Group has no existing loan agreements as of December 31, 2022 and 2021.

- Amendments to PFRS 16*, Leases, 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.

  As of December 31, 2022 and 2021, the Group has no sale and leaseback transactions.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

  As of December 31, 2022 and 2021, the Group has no insurance contracts.

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 Financial Reporting Standards Council 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. As of December 31, 2022 and 2021, the amendments have no impact to the Group.

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

In the opinion of management, these consolidated financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from such estimates.

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

Revenue recognition
Selecting the appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the following, among others:

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

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will be able to collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the buyer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the buyer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as the credit standing and financial capacity of the buyer, age and location of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

a. *Revenue recognition method and measure of progress*
The Group, except for CPI, 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 is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the buyer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the buyer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group, except for CPI, has determined that input 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 buyers.

b. *Identifying performance obligation*
The Group has various contracts to sell covering its sale of condominium units and other real estate properties. The Group concluded that there is one performance obligation in each of these contracts because it has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. For the sale of real estate properties such as raw land, the Group integrates certain activities to the said property to be able to deliver the guaranteed property based on the contract with the buyer. Included also in this performance obligation is the Group's service is to transfer the title of the real estate unit to the buyer.

c. Principal versus agent considerations
The contract for the Group's buildings for lease to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the commitment of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the provision of air conditioning and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

Distinction between investment properties and property and equipment
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to the property but also to the other assets used for administrative purposes.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use 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 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.

Distinction between real estate properties for sale and investment properties
The Group determines whether a property is classified as for sale, for lease or for capital appreciation. Real estate properties, which the Group develops and intends to sell on or before completion of construction, are classified as real estate properties for sale. Real estate properties, which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties.

Distinction between real estate properties for sale and held for future development
The Group determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate properties for sale) or whether it will be retained as part of the Group's strategic land banking activities for development or sale in the medium or long-term (real estate properties held for future development).

Determination of impairment indicators on investment properties and property and equipment
The Group determines whether its nonfinancial assets such as investment properties and property and equipment are impaired when impairment indicators exist such as significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. When an impairment indicator is noted, the Group makes an estimation of the value-in-use of the cash-generating units to which the assets belong. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. No impairment indicator was noted as of December 31, 2022 and 2021.

Lease modification – the Group as Lessor
Throughout the government-imposed community quarantine, the Group waived rentals and offered deferral of payments to certain tenants. Such rental waivers and deferrals are accounted as a lease modification under PFRS 16 since impact of COVID-19 pandemic is not contemplated by the parties upon inception of the lease contracts.

<u>Estimates</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period 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:

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (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).

The Group's lease liabilities amounted to ₱2.93 million and ₱5.83 million as of December 31, 2022 and 2021, respectively (see Note 14).

Revenue recognition - Revenue recognition method and measure of progress
The measurement of progress for revenue recognition requires management to make use of estimates and assumptions. The Group's real estate sales is based on the POC method measured principally on the basis of total actual cost of resources consumed such as materials, labor hours expended and actual overhead incurred over the total estimated development cost of the project. Estimated development costs of the project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. The estimated development costs are prepared by the Group's project engineers and are independently reviewed by the Group's third-party independent project engineers. Revisions in estimated

development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories. Sales of real estate properties amounted to ₱3,019.73 million, ₱1,595.33 million and ₱1,279.50 million in 2022, 2021 and 2020, respectively (see Note 6). Costs of real estate sales amounted to ₱1,388.21 million, ₱842.19 million and ₱761.81 million in 2022, 2021 and 2020, respectively (see Note 9).

Estimation of POC of real estate projects
The Group estimates the POC of ongoing projects for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the independent project engineers as well as management's monitoring of the costs, progress and improvements of the projects. Sales of real estate properties amounted to ₱3,019.73 million, ₱1,595.33 million and ₱1,279.50 million in 2022, 2021 and 2020, respectively (see Note 6). Costs of real estate sales amounted to ₱1,388.21 million, ₱842.19 million and ₱761.81 million in 2022, 2021 and 2020, respectively (see Note 9).

Provision for expected credit losses of installment contract receivables and contract assets
The Group uses a provision matrix to calculate ECLs for installment contract receivables and contract assets. The provision rates are based on past collection history and other factors, which include, but are not limited to the length of the Group's relationship with the buyer, the buyer's payment behavior and known market factors that affect the collectability of the accounts.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as the inflation rate, gross domestic product, interest rate and unemployment rate. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions such as inflation rate, gross domestic product, interest rate and unemployment rate and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of buyer's actual default in the future. The information about the ECLs on the Group's installment contracts receivables, contract assets, notes receivable and other receivables is disclosed in Note 27. As of December 31, 2022 and 2021, installment contracts receivable, contract assets, notes receivable and other receivables aggregated to ₱4,693.50 million and ₱3,864.56 million, respectively.

No impairment of receivables was recognized in 2022, 2021 and 2020 (see Notes 6, 7 and 8).

Determination of net realizable value of real estate properties for sale and held for future development
The Group's estimates of net realizable value of real estate properties for sale and held for future development are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate properties for sale and held for future development are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the real estate properties for sale and held for future development to be written down below cost no longer exist or when there is a clear evidence of an

increase in net realizable value because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. The Group's real estate properties for sale as of December 31, 2022 and 2021 amounted to ₱5,799.29 million and ₱4,813.09 million, respectively (see Note 9). On the other hand, the Group's real estate properties held for future development as of December 31, 2022 and 2021 amounted to ₱1,126.66 million and ₱1,552.43 million, respectively (see Note 10).

Estimation of useful lives of investment properties and property and equipment
The Group estimates the useful lives of investment properties and property and equipment based on the internal technical evaluation and experience with similar assets. Estimated lives of investment properties and property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Net book value of depreciable investment properties amounted to ₱910.91 million and ₱967.51 million as of December 31, 2022 and 2021, respectively (see Note 11). On the other hand, the net book value of depreciable property and equipment amounted to ₱13.68 million and ₱18.25 million as of December 31, 2022 and 2021, respectively (see Note 12).

Determination of the fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property*. The Group engaged SEC-accredited and independent valuation specialists to determine fair value as of December 31, 2022 and 2021. The Group's investment properties consist of land, building and machinery and equipment pertaining to commercial properties. These are valued by reference to sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others. The fair value of investment properties as of December 31, 2022 and 2021 amounted to ₱12,592.30 million and ₱10,253.74 million, respectively (see Notes 11 and 27). The carrying value of the investment properties as of December 31, 2022 and 2021 amounted to ₱3,833.33 million and ₱3,455.88 million (see Note 11).

Estimation of retirement benefits cost
The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

The mortality rate is based on publicly available mortality table in the Philippines. Future salary increases are based on expected future inflation rates. Further details about assumptions used are given in Note 24.

Net retirement benefits cost amounted to ₱7.02 million, ₱8.45 million and ₱9.83 million in 2022, 2021 and 2020, respectively. The details of the retirement plan assets (liability) of the Group are discussed in Note 24.

Estimation of pre-need reserves
Reserves are set up for all pre-need benefits guaranteed and payable by CPI as defined in the pre-need plan contracts. The determination of CPI's reserves is based on the actuarial formula, methods, and assumptions allowed by applicable SEC and IC circulars.

As of December 31, 2022, the principal assumptions used in determining the PNR was based on the IC Circular Letter No. 23-2012 dated November 28, 2012. The transitory discount interest rate that shall be used in the valuation of pre-need reserves shall not exceed the lower of the attainable rates as certified by the Trustee of 3.95% and 2.98% in 2022 and 2021, respectively, and the IC rate of 6.00%. The following are the assumptions used in the computation of pre-need reserves:

December 31, 2022:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

   - Plans issued prior to 2006 and after – 3.95% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

   - Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

   - Plans with maturity dates in years 2022 and after - 3.95% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2021:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

   - Plans issued prior to 2006 and after - 2.98% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

   - Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

   - Plans with maturity dates in years 2021 and after - 2.98% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2020:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 2.51% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2020 and after - 2.51% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

Management believes that the amount of pre-need reserves and other reserves recorded in the books closely reflect potential plan claims as of end of reporting period. As of December 31, 2022, and 2021, pre-need reserve and other reserves amounted to ₱24.02 million and ₱36.69 million, respectively (see Note 5).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of deferred income tax assets to be utilized.

As of December 31, 2022 and 2021, deferred income tax assets amounted to ₱36.83 million and ₱45.02 million, respectively (see Note 25).

4. **Cash and Cash Equivalents and Investments**

Cash and cash equivalents consist of:

	2022	2021
Cash on hand and in banks	**₱114,271,815**	₱71,699,680
Cash equivalents	**1,310,318,116**	1,200,590,000
	₱1,424,589,931	₱1,272,289,680

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective cash investment rates.

Short-term investments consist of:

	2022	2021
Short-term cash investments	**₱656,100,000**	₱1,066,205,733
Short-term bond investments	**35,600,000**	583,300,000
	₱691,700,000	₱1,649,505,733

Short-term investments pertain to cash and bond investments that have maturities of more than three months to one year from dates of acquisition and earn interest at the prevailing market interest rates.

Long-term investments pertain to cash and bond investments amounting to ₱304.00 million and ₱100.50 million as of December 31, 2022 and 2021, respectively, which have maturities of more than one year from the date of acquisition.

Interest income earned from cash in banks, cash equivalents, and short-term and long-term investments amounted to ₱77.79 million, ₱58.85 million and ₱107.67 million in 2022, 2021 and 2020, respectively (see Note 21).

5. Investments in Trust Funds and Pre-need and Other Reserves

Investments in trust funds

Pursuant to the provisions of the SEC Memorandum Circular No. 6, *Guidelines on the Management of the Trust Fund of Pre-Need Corporation* (SEC Circular No. 4), the SEC requires, among others, that companies engaged in the sale of pre-need plans and similar contracts to planholders set up a trust fund to guarantee the delivery of property or performance of service in the future. Withdrawals from these trust funds are limited to, among others, payments of pension plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value payable to plan holders, contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds.

In accordance with the SEC requirements, CPI has funds deposited with two local trustee banks with net assets aggregating to ₱34.24 million and ₱39.46 million as of December 31, 2022 and 2021, respectively, which are recorded under "Investments in trust funds" account in the consolidated statement of financial position.

The details of CPI's investments in trust funds as of December 31 are as follows:

	2022	2021
Assets		
Cash and cash equivalents:		
Cash in banks	**₱345,592**	₱629,000
Cash equivalents	**5,261,980**	8,885,420
Financial assets at amortized cost	**20,626,003**	20,736,502
Financial assets at FVOCI	**658,226**	786,534
Financial assets at FVPL	**1,514,821**	2,422,135
Loans and receivables - net	**2,255,630**	2,487,634
Investment properties	**4,121,603**	4,121,603
Other assets	**290,245**	282,914
	35,074,100	40,351,742
Liabilities		
Accrued trust fees	**35,972**	54,209
Accrued taxes	**146,018**	153,494
Unrealized gain on sale of investment property	**382,098**	411,590
Other liabilities	**274,658**	275,195
	838,746	894,488
Net equity	**34,235,354**	39,457,254
Less noncurrent portion	**25,039,321**	29,461,310
Current portion	**₱9,196,033**	₱9,995,944

Based on the appraisal reports by SEC-accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2022 and 2021, the fair values of the investment properties held in trust fund amounted to ₱6.71 million and ₱5.79 million, as of dates of appraisal in 2022 and 2021, respectively.

Details of the net equity as of December 31 are shown below:

	2022	2021
Net Equity		
Fund balances at beginning of year	**₱39,457,254**	₱36,504,038
Additional contributions	**3,610,130**	4,812,773
Withdrawals	**(9,140,959)**	(2,595,931)
Trust fund income	**437,236**	832,463
Other comprehensive loss for the year:		
Unrealized fair value changes on financial assets at FVOCI	**(128,307)**	(96,089)
Fund balances at end of year	**₱34,235,354**	₱39,457,254

Total contributions to the trust funds amounted to ₱3.61 million, ₱4.81 million and ₱3.35 million in 2022, 2021 and 2020, respectively. Total withdrawals from the trust funds amounted to ₱9.14 million, ₱2.60 million and ₱4.23 million in 2022, 2021 and 2020, respectively.

Mark-to-market loss of CPI's financial assets at FVOCI amounted to ₱0.13 million, ₱0.10 million and ₱1.58 million in 2022, 2021 and 2020, respectively.

Movements in unrealized fair value changes on financial assets at FVOCI in 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Balances at January 1	**₱203,935**	₱300,024	₱1,877,769
Market to market loss for the year	**(128,307)**	(96,089)	(1,577,745)
Balances at December 31	**₱75,628**	₱203,935	₱300,024

Details of reserves are as follows:

	2022	2021
PNR	**₱23,833,017**	₱36,319,707
Pension bonus reserve	**137,117**	300,110
Insurance premium reserve	**45,244**	70,341
	24,015,378	36,690,158
Less noncurrent portion	**23,192,535**	34,912,825
	₱822,843	₱1,777,333

Net contractual liabilities comprise the PNR and reserve for trust fund deficiency. In the opinion of management and the independent actuary, CPI's net contractual liabilities amounting to ₱24.02 million and ₱36.69 million as of December 31, 2022 and 2021, respectively, which is based on the actuarial reports, closely reflect actual potential plan claims as of those dates.

In accordance with IC Circular Letter No. 23-2012 issued on November 28, 2012, the Group computed for the transitory PNR which amounted to ₱23.83 million and ₱36.32 million as of December 31, 2022 and 2021, respectively. If the resulting pre-need reserve is greater than the actual trust fund balance at the end of the year, the transitory pre-need reserves shall be computed in accordance with the schedule provided in the IC Circular Letter.

As of December 31, CPI has recognized trust fund surplus (deficiency) as follows:

	2022	2021	2020
Pre-need reserves	**₱23,833,017**	₱36,319,707	36,164,935
Adjusted fund balance available for reserves per actuarial report	**28,787,460**	32,709,578	31,352,161
Trust fund surplus (deficiency)	**₱4,954,443**	(₱3,610,129)	(₱4,812,774)

The trust fund deficiency as of December 31, 2021 amounting to ₱3.61 million was funded by the Company in May 2022 while the trust fund deficiency as of December 31, 2020 amounting to ₱4.81 million was funded in June 2021. It was funded within the deadline set forth by IC.

The trust fund deficiency for the year represents the difference of pre-need reserve and trust fund investment, net of investment in trust funds allocated to pension bonus and unrealized gains.

The following presents the breakdown of the pre-need reserves by maturity dates as of December 31:

	2022	2021
Within one year	**₱822,843**	₱1,777,333
More than one year	**23,010,174**	34,542,374
	₱23,833,017	₱36,319,707

IC Circular Letter No. 2018-58

On November 14, 2018, the IC issued Circular Letter 2018-58 providing Regulatory Relief for the Pre-need Industry due to High Volatility in the Philippine Market. The circular provides the following regulatory relief:

a. Valuation of Publicly Listed Equity Securities
   For listed equity securities acquired on or before December 31, 2017, pre-need companies shall have the option to use the prevailing market rate prescribed by PFRSs or the market rate as of December 31, 2017.

   For listed equity securities acquired after December 31, 2017, pre-need companies shall have the option to use the prevailing market rate prescribed by PFRSs or the acquisition cost.

   The above options apply provided the equity securities are not intended for sale in the short-term.
b. Valuation of Fixed Income Debt Securities
   Pre-need companies shall have the option to value all the fixed income debt securities at amortized cost.

c. Pre-need reserves
   Pre-need companies shall have the option to use the prevailing market rate or the discount rate for the reserves under Circular Letter 23-2012 in the valuation of pre-need reserves.

As of December 31, 2022 and 2021, CPI did not avail of the above regulatory relief on the valuation of asset and pre-need reserves. Hence, the assets and pre-need reserves are valued using market rates.

6. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives revenue from the real estate sales overtime in different product type and geographical location. The disaggregation of each source of revenue from contracts with customers are presented below:

Real estate sales

Type of Product	**2022**	2021	2020
High-rise condominium	**₱2,886,115,039**	₱1,515,415,320	₱1,226,616,073
Parking slots and others	**133,614,167**	79,918,474	52,888,089
Total	**₱3,019,729,206**	₱1,595,333,794	₱1,279,504,162

Geographical Location	**2022**	2021	2020
Metro Manila	**₱2,949,319,790**	₱1,577,013,204	₱1,272,881,916
Tagaytay	**70,409,416**	18,320,590	6,622,246
Total	**₱3,019,729,206**	₱1,595,333,794	₱1,279,504,162

All of the Group's real estate sales, except for CPI, are revenue from contracts with customers recognized over time and are reported under "Sales of real estate properties" segment. For CPI, real estate sales are revenue from contracts with customers recognized at a point in time.

In 2022, 2021 and 2020, sales for real estate properties and rental income arose from contracts with external buyers. There were no intercompany sales/transactions made on the said years.

Contract Balances

	December 31, 2022	December 31, 2021
Installment contracts receivable		
Current	**₱17,933,217**	₱29,980,712
Noncurrent	**15,479,329**	17,158,472
Contract asset		
Current	**751,183,602**	402,836,473
Noncurrent	**2,439,744,668**	2,090,343,706
Contract liabilities		
Current	**285,267,436**	247,703,206
Noncurrent	**7,318,931**	184,302,169

Installment contracts receivable arises from sale of real estate properties and is collectible in monthly installments for periods ranging from one to 10 years which bear monthly interest rates of 0.92% to 1.33% in 2022, 2021 and 2020 computed on the diminishing balance.

Interest income earned from installment contracts receivable and contract assets amounted to ₱361.60 million, ₱404.45 million and ₱451.37 million in 2022, 2021 and 2020, respectively (see Note 21).

The Group entered into contract of guaranty under Retail Guaranty Line with Philippine Guarantee Corporation (PHILGUARANTEE). The amount of installment contracts receivable enrolled and renewed by these companies amounted to ₱1.40 billion and ₱1.51 billion in 2022 and 2021, respectively. These companies paid a guarantee premium of 1.00% based on the outstanding principal balance of the receivables enrolled in 2022, 2021 and 2020 (see Note 18).

Contract asset represents the right to consideration that was already delivered by the Group in excess of the amount recognized as installment contracts receivable. This is reclassified as installment contracts receivable when the monthly amortization of the buyer is already due for collection.

Contract liabilities amounting to ₱292.59 million and ₱432.01 million as of December 31, 2022 and 2021, respectively, refer to excess of collections over the good and services transferred by the Group based on POC. Revenue included in the contract liability is recognized based on the movement of the POC. Contract liabilities amounting to ₱240.70 million, ₱304.66 million and ₱432.82 million were recognized as revenue in 2022, 2021 and 2020, respectively. The balance of contract liabilities amounting to ₱285.27 million is expected to be recognized as revenue by year 2023.

Movement in contract liabilities in 2022, 2021 and 2020 were recognized as income based on the POC of the ongoing projects.

No provision for ECL was recorded for the Company's installment contract receivables and contract assets in 2022, 2021 and 2020 (see Note 27).

b. Performance Obligations

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the lot and condominium unit and the Group concluded that there is one performance obligation in each of these contracts. The Group, except for CPI, recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction. CPI recognizes revenue from the sale of these real estate projects at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the buyer. The financing scheme would include down payment of generally 5% to 10% of the contract price with the remaining balance payable through in-house financing which ranges from one (1) month to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the buyer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

In order to cope with the current trend in the real estate industry, the Group offered to customers the "installment down payment" scheme starting 2020 wherein certain projects were offered with 6 to 24 months to pay the corresponding down payment. The new scheme introduced by the Group resulted to sales with percentage of collection lower than 10%. The Group records these collections as “Rental and customers’ deposits” under “Accounts payable and accrued expenses” account in the statement of financial position.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31 are as follows:

	2022	2021
Within one year	**₱729,155,193**	₱612,166,052
More than one year	**47,759,754**	478,347,358
	₱776,914,947	₱1,090,513,410

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group’s real estate projects. The Group’s condominium units are generally completed within three years to five years from start of construction.

c. *Costs to Obtain Contract*

The balances below pertain to the cost to obtain contracts as of December 31 as presented in the consolidated statement of financial position:

	2022	2021
Balances at beginning of year	**₱25,384,085**	₱37,979,710
Additions	**46,715,128**	24,737,150
Amortization	**(53,811,409)**	(37,332,775)
Balances at end of year	**18,287,804**	25,384,085
Less noncurrent portion	**785,182**	11,692,918
Current portion	**₱17,502,622**	₱13,691,167

7. Notes Receivable

Notes receivable pertain to short-term and long-term investments placed by the Group with different financial institutions, which earn interest at the prevailing market interest rates ranging from 1.55% to 5.30% and 1.43% to 3.15% as of December 31, 2022 and 2021, respectively. Details of the notes receivable are as follows:

	2022	2021
Notes receivable	**₱1,388,150,000**	₱1,268,196,456
Less noncurrent portion	**100,000,000**	357,150,000
Current portion	**₱1,288,150,000**	₱911,046,456

There were no properties offered as collaterals for the notes receivable.

Details of notes receivable as of December 31, 2022 and 2021 are as follows:

Date of Placement	Amount	Maturity Date
December 2022	₱245,000,000	March 2023
December 2022	260,000,000	January 2023
November 2022	165,000,000	February 2023
October 2022	146,000,000	January 2023
September 2022	215,000,000	January 2023
July 2021	100,000,000	July 2024
May 2018	257,150,000	November 2023
Balance as of December 31, 2022	₱1,388,150,000	

Date of Placement	Amount	Maturity Date
December 2021	₱51,446,456	December 2022
December 2021	125,000,000	March 2022
December 2021	50,000,000	February 2022
December 2021	60,000,000	January 2022
November 2021	125,000,000	February 2022
November 2021	440,000,000	January 2022
November 2021	9,600,000	January 2022
October 2021	50,000,000	January 2022
July 2021	100,000,000	July 2024
May 2018	257,150,000	November 2023
Balance as of December 31, 2021	₱1,268,196,456	

As of December 31, 2020, the Group's placements amounting to ₱180.00 million and ₱20.00 million have already matured in April and August 2020, respectively. Interest income earned from notes receivable amounted to ₱44.68 million, ₱37.70 million and ₱20.81 million in 2022, 2021 and 2020, respectively (see Note 21). No provision for ECL was recorded for the Group's notes receivable in 2022, 2021 and 2020 (see Note 27).

8. Other Receivables

Other receivables consist of:

	2022	2021
Advances to customers	**₱26,520,855**	₱13,912,587
Rent receivable	**23,993,663**	20,368,553
Accrued interest	**20,494,736**	12,569,998
Advances to condominium corporations	**4,300,991**	4,034,552
Retention	**3,042,088**	3,949,085
Others	**2,655,242**	1,209,199
	81,007,575	56,043,974
Less noncurrent portion	**868,040**	1,218,782
Current portion	**₱80,139,535**	₱54,825,192

Advances to customers are receivables of the Group for the real estate property taxes of sold condominium units initially paid by the Group. Rent receivable arose from the investment properties rented-out under non-cancellable long-term operating lease contracts (see Note 11). Accrued interest pertains to interest income earned as of December 31 but not yet received by the Group. Advances to condominium corporations pertain to disbursements which are collectible from condominium corporations. Retention pertains to the amount held on cash sale of real estate properties. Other receivables include employees' advances and receivables from buyers for expenses initially paid by Group. No provision for ECL was recorded for the Group's other receivables in 2022, 2021 and 2020 (see Note 27).

9. Real Estate Properties for Sale

Real estate properties for sale consist of costs incurred in the development of condominium units and residential lots and housing units for sale. Real estate properties for sale includes deemed cost adjustment amounting to ₱3.48 million and ₱4.21 million as of December 31, 2022 and 2021, respectively (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

The movements in real estate properties for sale are as follows:

	2022	2021
Balances at beginning of year	**₱4,813,087,644**	₱3,903,875,473
Construction/development costs incurred	**1,510,023,576**	1,421,208,275
Disposals (costs of real estate sales)	**(1,388,212,285)**	(842,187,615)
Transfer from real estate properties held for future development (Note 10)	**564,849,294**	52,109,648
Transfer from investment properties (Note 11)	**240,620,710**	226,160
Transfer from property and equipment (Note 12)	**–**	1,494,451
Borrowing costs capitalized (Note 22)	**16,006,641**	16,671,139
Other adjustments - net	**42,913,598**	259,690,113
Balances at end of year	**₱5,799,289,178**	₱4,813,087,644

Real estate properties for sale account include capitalized borrowing costs incurred during each year in connection with the development of the properties. The average capitalization rates used to determine the amount of borrowing costs eligible for capitalization were 1.09%, 1.19% and 1.64% in 2022, 2021 and 2020, respectively.

Other adjustments include realized deemed cost adjustment and the revaluation of repossessed real estate properties at fair value less cost to sell at the date of repossession.

10. Real Estate Properties Held for Future Development

Real estate properties held for future development include land properties reserved by the Group for its future condominium projects.

Movements in real estate properties held for future development are as follows:

	2022	2021
Balances at beginning of year	**₱1,552,432,517**	₱1,601,661,931
Additions	**10,393,846**	27,733,867
Transfer to real estate properties for sale (Note 9)	**(564,849,294)**	(52,109,648)
Transfer from investment properties (Note 11)	**148,225,574**	586,920
Transfer from property and equipment (Note 12)	**–**	907,531
Cost adjustment	**(45,895,169)**	–
	1,100,307,474	1,578,780,601
Recovery on (allowance for) inventory-write down	**26,348,084**	(26,348,084)
	₱1,126,655,558	₱1,552,432,517

In 2019, the Parent Company recognized provision for inventory write-down in its real estate properties held for future development relating to the land improvements in Naic Country Homes amounting to ₱26.35 million. In 2022, the Parent Company sold the said property and, as such, the allowance for inventory write-down was reversed and was treated as a noncash operating activity in the consolidated statement of cash flows.

Cost adjustment amounting to ₱45.90 million pertains to adjustment in the development costs incurred in the previous years allocated to the Parent Company's properties under the "Real estate properties for future development" account.

11. Investment Properties

Investment properties consist of:

	2022	2021
Real estate properties for lease	**₱2,866,851,412**	₱2,341,178,853
Real estate properties held for capital appreciation	**966,477,114**	1,114,702,688
	₱3,833,328,526	₱3,455,881,541

Movements in investment properties are as follows:

	2022			
	Land	**Building**	**Machinery and Equipment**	**Total**
Cost				
Balances at beginning of year	**₱2,488,372,640**	**₱1,158,809,430**	**₱213,806,989**	**₱3,860,989,059**
Additions	**822,908,841**	**1,280,107**	**196,429**	**824,385,377**
Transfer to real estate properties held for future development (Note 10)	**(148,225,574)**	**–**	**–**	**(148,225,574)**
Transfer to real estate properties for sale (Note 9)	**(240,620,710)**	**(3,840,214)**	**–**	**(244,460,924)**
Balances at end of year	**2,922,435,197**	**1,156,249,323**	**214,003,418**	**4,292,687,938**
Depreciation				
Balances at beginning of year	**–**	**316,444,803**	**88,662,715**	**405,107,518**
Depreciation for the year (Notes 18 and 20)	**–**	**46,516,288**	**11,575,820**	**58,092,108**
Transfer to real estate properties for sale (Note 9)	**–**	**(3,840,214)**	**–**	**(3,840,214)**
Balances at end of year	**–**	**359,120,877**	**100,238,535**	**459,359,412**
Net Book Value	**₱2,922,435,197**	**₱797,128,446**	**₱113,764,883**	**₱3,833,328,526**

	2021			
	Land	Building	Machinery and Equipment	Total
Cost				
Balances at beginning of year	₱2,488,152,094	₱1,160,483,937	₱213,794,043	₱3,862,430,074
Additions	807,466	–	12,946	820,412
Transfer to real estate properties held for future development (Note 10)	(586,920)	–	–	(586,920)
Transfer to real estate properties for sale (Note 9)	–	(1,674,507)	–	(1,674,507)
Balances at end of year	2,488,372,640	1,158,809,430	213,806,989	3,860,989,059
Accumulated Depreciation				
Balances at beginning of year	–	271,409,692	75,535,027	346,944,719
Depreciation for the year (Notes 18 and 20)	–	46,483,458	13,127,688	59,611,146
Transfer to real estate properties for sale (Note 9)	–	(1,448,347)	–	(1,448,347)
Balances at end of year	–	316,444,803	88,662,715	405,107,518
Net Book Value	₱2,488,372,640	₱842,364,627	₱125,144,274	₱3,455,881,541

Investment properties as of December 31, 2022 and 2021 include the following buildings for lease registered with Philippine Economic Zone Authority (PEZA) which are leased out to third parties:

	PEZA Registration No.	Date Registered
CityNet1	EZ14-04	March 3, 2014
Citynet Central	EZ15-06	February 17, 2015

The net book values of land and building include net deemed cost adjustment amounting to ₱1,390.88 million as of December 31, 2022 and 2021 (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

Based on the appraisal reports by SEC-accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2022 and 2021, appraised value of these investment properties amounted to ₱12,592.30 million and ₱10,253.74 million as of the dates of appraisal in 2022 and 2021, respectively (see Note 27).

Rental agreements
The Group entered into lease agreements for its building for lease with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, (c) provision of air conditioning and CUSA services and (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations is recognized when services are rendered. The tenant is required to issue post-dated checks on the monthly rental payments. In case of delay in payments, a penalty of about 4% per annum is charged for the amount due for the duration of delay. The lease arrangement for the Group’s term lease transactions would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

The following are the non-cancellable operating lease contracts entered by the Parent Company as of December 31, 2022:

Commencement Date	Lessees (Third Parties)	Term
2022	Restaurant	3 years
2022	Signage Space	3 years
2022	Aesthetic Center	3 years
2022	Office	3 years
2021	Parking Lot	5 years
2020	Domestic Corporation	3 years
2020	Domestic Corporation	3 years
2020	Bank	3 years
2019	Domestic Corporation	3 years
2018	Shopping Center	12 years

CDC and CLDI also entered the following non-cancellable operating lease contracts with various third parties as of December 31, 2022:

Commencement Date	Lessees (Third Parties)	Term
2022	Oil Company	8 years
2022	Domestic Corporation	3 years
2022	Convenience Store	5 years
2022	Domestic Corporation	3 years
2022	Domestic Corporation	5 years
2022	Domestic Corporation	5 years
2021	Fast Food	5 years
2021	Domestic Corporation	3 years
2021	Domestic Corporation	3 years
2021	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	3 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2018	BPO	5 years
2018	Convenience Store	5 years
2017	Fast Food	10 years

The lease contracts include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. As a result of the COVID-19 pandemic, in 2022 and 2021, certain contracts were pre-terminated while some lessees no longer renewed contracts that have ended during 2021 and 2020.

For CDC, one (1) and five (5) lease contracts were terminated in 2022 and 2021, respectively.

The future minimum lease payments for these lease agreements as of December 31 are as follows:

	2022	2021
Not later than one year	**₱192,534,894**	₱170,313,155
After one year but not more than five years	**296,101,350**	382,149,146
Later than five years	**27,535,683**	26,038,518
	₱516,171,927	₱578,500,819

Rent income from investment properties amounted to ₱208.84 million, ₱198.53 million and ₱212.44 million in 2022, 2021 and 2020, respectively. Rent income from investment property is recognized in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the rental income, and are also spread over the term of the lease.

Other lease agreements with third parties are generally for a one-year term renewable every year.

Direct operating expenses on investment properties pertaining to depreciation, real estate taxes and other expenses amounted to ₱104.71 million, ₱113.05 million and ₱115.96 million in 2022, 2021 and 2020, respectively (see Note 30).

12. Property and Equipment

Property and equipment consist of:

	2022						
	Land	**Building**	**Office Premises**	**Furniture, Fixtures and Office Equipment**	**Transportation and Other Equipment**	**Right-of-use Assets**	**Total**
At Cost							
Balances at beginning of year	**₱44,124,342**	**₱9,169,134**	**₱–**	**₱25,842,247**	**₱3,395,510**	**₱14,031,094**	**₱96,562,327**
Additions	–	–	–	–	–	**1,945,412**	**1,945,412**
Disposal and expiration	–	–	–	**(3,973,214)**	–	**(2,025,842)**	**(5,999,056)**
Balances at end of year	**44,124,342**	**9,169,134**	–	**21,869,033**	**3,395,510**	**13,950,664**	**92,508,683**
Accumulated Depreciation							
Balances at beginning of year	–	**1,066,756**	–	**20,568,924**	**3,391,249**	**9,160,739**	**34,187,668**
Depreciation (Notes 18 and 20)	–	**345,975**	–	**1,954,199**	–	**4,213,702**	**6,513,876**
Disposal and expiration	–	–	–	**(3,973,214)**	–	**(2,025,842)**	**(5,999,056)**
Balances at end of year	–	**1,412,731**	–	**18,549,909**	**3,391,249**	**11,348,599**	**34,702,488**
Net Book Value	**44,124,342**	**7,756,403**	–	**3,319,124**	**4,261**	**2,602,065**	**57,806,195**
At Deemed Cost							
Balances at beginning and end of year	–	–	**253,365,628**	–	–	–	**253,365,628**
Accumulated Depreciation							
Balances at beginning of year	–	–	**253,365,496**	–	–	–	**253,365,496**
Depreciation (Notes 18 and 20)	–	–	**132**	–	–	–	**132**
Balances at end of year	–	–	**253,365,628**	–	–	–	**253,365,628**
Net Deemed Cost	–	–	–	–	–	–	–
Total	**₱44,124,342**	**₱7,756,403**	**₱–**	**₱3,319,124**	**₱4,261**	**₱2,602,065**	**₱57,806,195**

	2021						
	Land	Building	Office Premises	Furniture, Fixtures and Office Equipment	Transportation and Other Equipment	Right-of-use Assets	Total
At Cost							
Balances at beginning of year	₱46,526,324	₱8,649,376	₱–	₱36,494,008	₱5,051,760	₱14,297,629	₱111,019,097
Additions	–	519,758	–	–	–	–	519,758
Transfer to real estate properties held for future development (Note 10)	(907,531)	–	–	–	–	–	(907,531)
Transfer to real estate properties for sale (Note 9)	(1,494,451)	–	–	–	–	–	(1,494,451)
Disposal	–	–	–	(10,651,761)	(1,656,250)	(266,535)	(12,574,546)
Balances at end of year	44,124,342	9,169,134	–	25,842,247	3,395,510	14,031,094	96,562,327
Accumulated Depreciation							
Balances at beginning of year	–	720,781	–	28,635,614	5,047,499	4,901,038	39,304,932
Depreciation for the year (Notes 18 and 20)	–	345,975	–	2,585,071	–	4,259,701	7,190,747
Disposal	–	–	–	(10,651,761)	(1,656,250)	–	(12,308,011)
Balances at end of year	–	1,066,756	–	20,568,924	3,391,249	9,160,739	34,187,668
Net Book Value	44,124,342	8,102,378	–	5,273,323	4,261	4,870,355	62,374,659
At Deemed Cost							
Balances at beginning and end of year	–	–	253,365,628	–	–	–	253,365,628
Accumulated Depreciation							
Balances at beginning and end of year	–	–	253,365,496	–	–	–	253,365,496
Net Deemed Cost	–	–	132	–	–	–	132
Total	₱44,124,342	₱8,102,378	₱132	₱5,273,323	₱4,261	₱4,870,355	₱62,374,791

The Group recorded as part of “Property and equipment” the right-of-use assets amounting to ₱2.60 million and ₱4.87 million as of December 31, 2022 and December 31, 2021, respectively. Depreciation expense related to right-of-use assets amounted to ₱4.21 million, ₱4.26 million and ₱4.20 million in 2022, 2021 and 2020, respectively. The additions to the right-of-use asset amounting to ₱1.95 million in 2022 (nil in 2021) and the disposal amounting to nil and ₱0.27 million in 2022 and 2021, respectively, is treated by the Group as a noncash investing activity.

Other lease contracts entered by the Group pertain to short-term leases of office space and transportation equipment with rent expense amounting to ₱0.20 million, ₱0.90 million and ₱0.45 million incurred for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 18). The Group does not have any lease contracts pertaining to low-value assets. Further, the Group does not have any sublease and leaseback transactions. Thus, there were no income arising from sublease, sale and leaseback transaction.

The cost of fully depreciated property and equipment still used in operations amounted to ₱11.29 million and ₱15.26 million as of December 31, 2022 and 2021, respectively.

13. Other Assets

Other current assets amounting to ₱152.18 million and ₱58.79 million as of December 31, 2022 and 2021, respectively, consist of input VAT, advances to contractors and prepaid real estate taxes.

Other noncurrent assets consist of:

	2022	2021
Refundable deposits	**₱26,228,743**	₱26,800,556
Advances to contractors	**8,003,288**	6,434,116
Financial assets at FVOCI	**1,059,202**	1,207,617
Unused input VAT	**366,429**	27,369,075
Others	**1,588,377**	1,588,376
	₱37,246,039	₱63,399,740

Refundable deposits represent payments made by the Group to various utility companies for the installation of electric and water meters for unsold condominium units.

Advances to contractors are advances made by the Group for the contractors' supply requirements.

Financial assets at FVOCI consist of investments in listed equity securities. The fair values of these financial assets were determined based on published prices in an active market.

The unused input VAT arose from the purchase of land and deferred input VAT of capitalized equipment. In previous years, CLDI's purchase of land was recorded as part of "Real estate properties held for future development" account. In 2022, the said property was reclassified to "Real estate properties for sale" account and the related unused input VAT amounting to ₱26.79 million is expected to be utilized within twelve months from the reporting date, thus reclassified to "Other current assets" account (see Note 9).

Other noncurrent assets pertain to insurance premium fund and other prepayments made by the Group.

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	2022	2021
Trade payables	**₱204,253,747**	₱120,484,307
Rental and customers' deposits	**121,549,146**	108,983,049
Accrued expenses:		
Development costs	**830,220,089**	701,512,267
Sick leave (Note 24)	**46,784,025**	50,598,992
Directors' fee (Note 26)	**40,933,292**	20,964,177
Interest	**1,807,996**	1,812,549
Taxes, premiums and others	**825,869**	810,120
Deferred rent income	**51,358,963**	39,705,356
Withholding taxes payable	**19,734,387**	16,709,100
Dividends payable	**16,591,266**	14,246,513
VAT payable	**53,100**	6,445,932
Lease liabilities	**2,926,552**	5,828,331
Others	**10,002,372**	13,237,235
	1,347,040,804	1,101,337,928
Less noncurrent portion	**300,445,888**	210,719,315
Current portion	**₱1,046,594,916**	₱890,618,613

Trade payables consist of payables to suppliers, contractors and other counterparties. Rental and customers' deposits pertain to security deposits made by the lessees on the Group's properties for lease which are typically equivalent to three (3) months rental. This account also includes buyers' reservation fees, collections pertaining to sales transactions with below 10% percentage of collection and collected deposits for water and electric meters of the sold units. Accrued development costs represent the corresponding accrued expenses for the completed and sold condominium units of the Group. Deferred rent income pertains to rent received from long-term operating lease. Other payables consist substantially of commission payable, unclaimed checks of pension holders and payables due to government agencies.

Lease liabilities pertain to the present value of the lease payments that are not yet paid during the remaining lease period. Interest expense related to the lease liabilities amounted to ₱0.21 million, ₱0.37 million and ₱0.56 million in 2022, 2021 and 2020, respectively (see Note 22). There were no expenses relating to variable lease payments that were not included in the measurement of lease liability.

Group as a lessee
The Group has lease contracts for various items of plant assets used in its operations. Leases of plant assets generally have lease terms between 2 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The following are the amounts recognized in consolidated statement of income:

	2022	2021	2020
Depreciation expense of right-of-use assets included in property and equipment (Notes 12 and 20)	**₱4,213,702**	₱4,259,701	₱4,195,203
Interest expense on lease liabilities (Note 22)	**207,967**	368,475	564,957
Expenses relating to short-term leases (Notes 12 and 18)	**197,447**	901,475	452,537
Total amount recognized in consolidated statement of income	**₱4,619,116**	₱5,529,651	₱5,212,697

The rollforward analysis of lease liabilities as of December 31 are as follows:

	2022	2021
Balances at beginning of year	**₱5,828,331**	₱10,271,834
Additions	**1,945,412**	–
Interest expense (Note 22)	**207,967**	368,475
Payments	**(5,055,158)**	(4,545,444)
Rent concession	–	(266,534)
Balances at end of year	**₱2,926,552**	₱5,828,331

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
1 year	**₱2,107,863**	₱4,969,009
More than 1 year to 2 years	**947,619**	1,074,098

Other payables consist of deferred credit and payable to employees.

The movements in dividends payable and accrued interest are as follows:

	January 1, 2022	**Additions**	**Payments**	**Capitalized**	**December 31, 2022**
Dividends payable (Note 16)	**₱14,246,513**	**₱174,068,383**	**(₱171,723,630)**	**₱–**	**₱16,591,266**
Accrued interest (Note 15)	**1,812,549**	**19,761,705**	**(3,759,617)**	**(16,006,641)**	**1,807,996**
	₱16,059,062	**₱193,830,088**	**(₱175,483,247)**	**(₱16,006,641)**	**₱18,399,262**

	January 1, 2021	Additions	Payments	Capitalized	December 31, 2021
Dividends payable (Note 16)	₱13,055,656	₱125,751,005	(₱124,560,148)	₱–	₱14,246,513
Accrued interest (Note 15)	1,838,610	20,878,167	(4,233,089)	(16,671,139)	1,812,549
	₱14,894,266	₱146,629,172	(₱128,793,237)	(₱16,671,139)	₱16,059,062

15. **Notes and Contracts Payable**

The details of notes and contracts payable are as follows:

	2022	2021
Notes payable	**₱1,547,600,000**	₱1,671,600,000
Contracts payable	**7,549,400**	1,257,660
	₱1,555,149,400	₱1,672,857,660

The notes payable pertains to commercial papers with varying maturities ranging from 30 to 365 days and annual interest rates ranging from 0.56% to 1.13% as of December 31, 2022 and 2021 .

On various dates in 2022 and 2021, the SEC authorized the Parent Company and CDC to issue the total aggregated amount of ₱2,000.00 million worth of commercial papers registered with the SEC, in accordance with the provisions of the Securities Regulation Code and its implementing rules and regulations and other applicable laws and orders.

Outstanding commercial papers issued by the Parent Company and CDC as of December 31, 2022 and 2021 aggregated to ₱1,547.60 million and ₱1,671.60 million, respectively.

The movements in notes payable are as follows:

	2022	2021
Beginning balances	**₱1,671,600,000**	₱1,648,837,608
Availments	**8,714,767,343**	8,075,623,218
Payments	**(8,838,767,343)**	(8,052,860,826)
Ending balances	**₱1,547,600,000**	₱1,671,600,000

Interest expense related to notes payable amounted to ₱18.05 million, ₱19.33 million and ₱27.26 million in 2022, 2021 and 2020, respectively (see Note 22). Capitalized borrowing costs amounted ₱16.01 million, ₱16.67 million and ₱21.21 million in 2022, 2021 and 2020, respectively (see Notes 9, 11 and 22). Total interest paid amounted to ₱19.77 million, ₱20.90 million and ₱31.05 million in 2022, 2021 and 2020, respectively (see Note 14).

The Parent Company, CDC, CLDI and CPI (the Cityland Group) have credit lines with financial institutions aggregating to about ₱1,400.00 million and ₱2,300.00 million as of December 31, 2022 and 2021 which are available for drawing by any of the companies in the Cityland Group. No loans were availed by Cityland Group from the credit line in 2022 and 2021.

In 2022 and 2021, the Parent Company has no specific credit lines, while the credit line of CDC amounted to ₱500.00 million. As of December 31, 2022, and 2021, no loans were availed from the credit line.

The carrying values of CDC's investment properties and real estate properties for sale that will be used as collaterals that will be used for the Group's credit lines as of December 31, 2022 and 2021 are as follows:

Investment properties	₱146,666,172
Real estate properties for sale	51,039,017
Total	₱197,705,189

Contracts payable amounting to ₱7.55 million and ₱1.26 million as of December 31, 2022 and 2021, respectively, represents liability arising from contracts entered into by the Group to purchase parcels of land for future development (see Note 10).

The movements in contracts payable are as follows:

	2022	2021
Beginning balances	**₱1,257,660**	₱500,000
Availments	**886,750,000**	2,127,660
Payments	**(880,458,260)**	(1,370,000)
Ending balances	**₱7,549,400**	₱1,257,660

16. **Equity**

a. The Parent Company has 28 and 27 equity holders owning 149,224,534 shares as of December 31, 2022 and 2021, respectively.

The following table summarizes the reconciliation of the issued and outstanding shares of capital stock for each of the following:

	2022		2021		2020	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized shares - ₱10 par value						
Beginning and end of year	**185,000,000**	**₱1,850,000,000**	185,000,000	₱1,850,000,000	135,000,000	₱1,350,000,000
Issued, beginning of year	**149,811,657**	**₱1,498,116,570**	129,785,877	₱1,297,858,770	129,785,877	₱1,297,858,770
Stock dividends declared	–	–	20,025,780	200,257,800	–	–
Issued, end of year	**149,811,657**	**₱1,498,116,570**	149,811,657	₱1,498,116,570	129,785,877	₱1,297,858,770
Outstanding	**149,224,534**	**₱1,492,245,340**	149,224,534	₱1,492,245,340	129,198,754	₱1,291,987,540
Treasury stock	**(587,123)**	**₱–**	(587,123)	₱–	(587,123)	₱–

b. Dividends declared and issued/paid by the Parent Company in 2022, 2021 and 2020 are as follows:

Dividends	BOD Approval Date	Stockholders' Approval Date	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	June 10, 2022	–	₱0.754	June 28, 2022	July 15, 2022
	June 11, 2021	–	₱0.521	July 9, 2021	August 4, 2021
	December 2, 2020	–	₱0.906	December 12, 2020	December 28, 2020
Stock	April 30, 2021	June 15, 2021	5%	July 15, 2021	August 10, 2021
	October 21, 2019	November 19, 2019	10%	January 4, 2021	February 1, 2021

Fractional shares of stock dividends were paid in cash based on the par value. No stock dividends were declared in 2022.

On December 17, 2020, the Securities and Exchange Commission approved the following:

a) Increase its authorized capital stock

From ₱1,350,000,000 divided into 135,000,000 shares with par value of Ten Pesos (₱10.00) to ₱1,850,000,000 divided into 185,000,000 shares with par value of Ten Pesos (₱10.00).

Of the increase in authorized capital stock, the amount of ₱129,198,620 has been actually subscribed and of the said subscription, the ₱129,198,620 divided into 12,919,862 shares have been actually paid in stock dividend. The said 10% stock dividend has been approved by the stockholders representing two-thirds (2/3) of the outstanding capital stock during the special stockholders' meeting held on November 19, 2019. The issuance of shares to stockholders of record as of January 4, 2021 is on February 1, 2021. The stock dividend is recorded as "Stock dividends distributable" in the 2020 consolidated statement of financial position.

b) Amendment of the Seventh provision of the Articles of Incorporation by increasing the authorized capital stock to One Billion Eight Hundred Fifty Million Pesos (₱1,850,000,000.00) divided into One Hundred Eighty-Five Million (185,000,000) shares with a par value of Ten Pesos (₱10.00).

As of December 31, 2022 and 2021, the unappropriated retained earnings attributable to equity holders of the Parent Company and the non-controlling interest include the remaining balance of net deemed cost adjustment which arose when the Group transitioned to PFRSs in 2005.

The components of deemed cost adjustment, net of deferred income tax liabilities included in equity, as of December 31 are as follows:

	2022	2021
Real estate properties for sale (Note 9)	**₱3,484,608**	₱4,213,038
Investment properties (Note 11)	**1,390,875,526**	1,390,875,526
Deemed cost adjustment	**1,394,360,134**	1,395,088,564
Deferred income tax liability (Note 25)	**(348,590,034)**	(348,772,141)
Net deemed cost adjustment	**₱1,045,770,100**	₱1,046,316,423

The net deemed cost adjustment is allocated in the consolidated statement of changes in equity as follows:

	2022	2021
Attributable to:		
Equity holders of the Parent Company	**₱986,679,720**	₱986,973,332
Non-controlling interest	**59,090,380**	59,343,091
	₱1,045,770,100	₱1,046,316,423

The balance of retained earnings is restricted for the payment of dividends to the extent of the following:

	2022	2021
Undistributed earnings of subsidiaries	**₱4,846,401,439**	₱4,432,931,356
Net deemed cost adjustment in properties	**1,045,770,100**	1,046,316,423
Fair value measurement of repossessed inventories, net of tax	**69,575,859**	88,709,564
Deferred income tax assets (Note 25)	**28,140,501**	35,247,565
	₱5,989,887,899	₱5,603,204,908

17. Material Partly Owned Subsidiary

Below are summarized financial information of the subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed are based on financial information included in the consolidated financial statements before intercompany eliminations.

Proportion of equity interest held by non-controlling interests as of December 31, 2022 and 2021 are as follows:

Direct:	
CDC	49.02%
Indirect through CDC (including direct ownership of the Parent Company in CLDI of 29.54% and CPI of 9.18%):	
CLDI	45.11%
CPI	44.53%

As of December 31, the summarized statements of financial position of subsidiaries are as follows:

	2022		
	CDC	**CLDI**	**CPI**
Total assets	**₱10,317,414,546**	**₱2,969,632,422**	**₱349,443,088**
Total liabilities	**2,384,029,134**	**216,525,807**	**33,349,861**
Equity	**7,933,385,412**	**2,753,106,615**	**316,093,227**
Attributable to non-controlling interest	**3,910,485,349**	**1,381,072,376**	**33,531,714**

	2021		
	CDC	CLDI	CPI
Total assets	₱9,181,729,544	₱2,725,175,655	₱357,596,256
Total liabilities	1,981,770,838	340,158,308	48,778,733
Equity	7,199,958,706	2,385,017,347	308,817,523
Attributable to non-controlling interest	3,531,243,802	1,114,963,982	138,767,370

Summarized statements of income for the years ended December 31 are as follows:

	2022		
	CDC	**CLDI**	**CPI**
Revenue and income	**₱2,238,283,623**	**₱1,170,362,612**	**₱19,593,155**
Costs and expenses	**1,148,403,449**	**630,722,980**	**11,915,182**
Provision for income tax	**249,459,570**	**127,386,207**	**368,969**
Net income	**840,420,604**	**412,253,425**	**7,309,004**
Attributable to non-controlling interest	**411,974,180**	**185,967,520**	**3,254,700**
Cash dividends paid to non-controlling interest	**38,342,279**	**22,816,212**	**394,595**

	2021		
	CDC	CLDI	CPI
Revenue and income	₱1,329,401,747	₱660,076,455	₱16,731,787
Costs and expenses	711,797,041	437,326,468	13,325,839
Provision for (benefit from) income tax	115,564,088	48,316,078	(1,026,750)
Net income	502,040,618	174,433,909	4,432,698
Attributable to non-controlling interest	246,100,311	78,687,136	1,973,880
Cash dividends paid to non-controlling interest	47,822,503	3,884,704	–

	2020		
	CDC	CLDI	CPI
Revenue and income	₱1,374,875,380	₱354,467,571	₱31,488,351
Costs and expenses	790,977,269	217,807,433	22,597,765
Provision for income tax	136,001,213	32,106,756	1,513,028
Net income	447,896,898	104,553,382	7,377,558
Attributable to non-controlling interest	219,988,998	47,164,031	3,285,226
Cash dividends paid to non-controlling interest	64,320,866	8,451,393	–

Summarized statements of comprehensive income for the years ended December 31 are as follows:

	2022		
	CDC	**CLDI**	**CPI**
Net income	**₱840,414,907**	**₱412,253,425**	**₱7,309,004**
Other comprehensive income (loss)	**789,798**	**1,223,780**	**(33,300)**
Total comprehensive income	**841,204,705**	**413,477,205**	**7,275,704**
Attributable to non-controlling interest	**412,358,546**	**186,519,567**	**3,239,871**

	2021		
	CDC	CLDI	CPI
Net income	₱502,040,618	₱174,433,909	₱4,432,698
Other comprehensive income	5,886,459	1,920,747	1,203,687
Total comprehensive income	507,927,077	176,354,656	5,636,385
Attributable to non-controlling interest	248,985,854	79,553,585	1,877,505

	2020		
	CDC	CLDI	CPI
Net income	₱448,773,965	₱104,553,382	₱7,377,558
Other comprehensive income (loss)	3,954,681	2,966,991	(418,039)
Total comprehensive income	452,728,646	107,520,373	6,959,519
Attributable to non-controlling interest	221,927,582	48,502,440	2,601,642

Summarized statements of cash flows for the years ended December 31 are as follows:

	2022		
	CDC	**CLDI**	**CPI**
Cash flows from operating activities	**₱456,701,667**	**₱213,188,667**	**₱319,280**
Cash flows from (used in) investing activities	**(81,081,751)**	**(275,988,622)**	**35,518,119**
Cash flows from (used in) financing activities	**70,604,597**	**(45,162,080)**	**–**

	2021		
	CDC	CLDI	CPI
Cash flows from operating activities	₱312,712,046	₱117,258,233	₱13,049,286
Cash flows used in investing activities	(1,419,931,186)	(64,988,669)	(30,138,656)
Cash flows used in financing activities	(235,341,627)	(19,567,213)	–

	2020		
	CDC	CLDI	CPI
Cash flows from operating activities	₱322,354,382	₱30,527,556	₱19,010,573
Cash flows from (used in) investing activities	172,596,173	(48,489,635)	(76,031,711)
Cash flows used in financing activities	(253,060,212)	(41,388,632)	–

18. Operating Expenses

Operating expenses consist of:

	2022	2021	2020
Personnel (Note 19)	**₱298,699,034**	₱251,512,201	₱211,492,732
Taxes and licenses	**92,637,116**	93,748,907	95,654,862
Depreciation (Note 20)	**64,606,116**	66,801,893	66,856,131
Professional fees	**63,885,135**	41,982,292	25,434,399
Light, power and water	**48,521,356**	31,809,882	32,800,660
Outside services	**32,015,283**	27,200,013	24,881,768
Brokers' commission	**24,967,547**	8,646,910	11,509,565
Membership dues	**19,284,591**	11,778,701	8,333,853
Repairs and maintenance	**16,149,781**	13,784,059	11,713,705
Insurance (Note 6)	**15,320,520**	15,599,345	15,429,257
Donations	**15,202,000**	1,200,000	1,350,000
Postage, telephone and telegraph	**3,414,956**	3,609,606	3,208,802
Rent expense (Notes 12 and 14)	**2,145,124**	1,622,018	1,651,680
Transportation and travel	**2,047,789**	1,227,488	1,027,827
Stationery and office supplies	**1,825,589**	1,206,758	1,357,929
Advertising and promotions	**1,614,425**	2,340,847	3,264,956
Others	**15,921,570**	10,323,153	18,340,775
	₱718,257,932	₱584,394,073	₱534,308,901

Rent expense pertains to the lease payments on the short-term lease transactions entered into by the Group. Others include representation expense, pre-need expense and plan benefits.

19. Personnel Expenses

Personnel expenses consist of:

	2022	2021	2020
Salaries and wages	**₱129,937,796**	₱123,605,634	₱114,126,569
Bonuses and other employee benefits	**93,405,851**	89,743,894	57,686,857
Commission	**68,332,255**	29,715,329	29,853,551
Retirement benefits cost (Note 24)	**7,023,132**	8,447,344	9,825,755
	₱298,699,034	₱251,512,201	₱211,492,732

20. Depreciation

Depreciation consists of:

	2022	2021	2020
Investment properties (Note 11)	**₱58,092,108**	₱59,611,146	₱59,767,971
Property and equipment (Note 12)	**6,514,008**	7,190,747	7,088,160
	₱64,606,116	₱66,801,893	₱66,856,131

21. Financial Income

Financial income consists of:

	2022	2021	2020
Interest income from:			
Installment contracts receivable and contract assets (Note 6)	**₱361,595,141**	₱404,449,381	₱451,374,499
Cash equivalents and investments (Note 4)	**77,644,612**	58,700,392	107,458,484
Notes receivable (Note 7)	**44,677,817**	37,702,732	20,811,063
Cash in banks (Note 4)	**149,661**	149,725	209,402
Dividend income	**34,735**	26,674	36,365
	₱484,101,966	₱501,028,904	₱579,889,813

22. Financial Expenses

Financial expenses consist of:

	2022	2021	2020
Interest expense on notes payable (Note 15)	**₱18,054,771**	₱19,327,891	₱27,263,604
Less capitalized borrowing costs (Notes 9, 11 and 15)	**16,006,641**	16,671,139	21,207,706
	2,048,130	2,656,752	6,055,898
Interest expense on security deposits	**1,706,934**	1,550,276	1,394,617
Finance charges and others	**1,571,198**	691,374	1,082,400
Interest expense on lease liabilities (Note 14)	**207,967**	368,475	564,957
	₱5,534,229	₱5,266,877	₱9,097,872

23. Other Income - Net

Other income - net amounting to ₱148.60 million, ₱184.30 million and ₱186.76 million in 2022, 2021 and 2020, respectively, pertains to the gain or loss arising from forfeiture or cancellation of prior years' real estate sales arising from the difference between the outstanding balance of receivables and the original cost of the inventories. In addition, other income - net includes penalties for customers' late payments and sale of scraps, income from mark-up on sharing of expenses and forfeiture of reservations and down payments received on sales which were not consummated.

In 2022, the allowance for inventory write-down initially recognized in 2019 amounting to ₱26.35 million was reversed and recorded as part of "Other income - net" account.

24. Employee Benefits

Under the existing regulatory framework, Republic Act No. 7641, *The Philippine Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees retirement benefit under the collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

Retirement benefits cost
The Group, jointly with affiliated companies, has a funded, noncontributory defined benefit retirement plan, covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of employee's final monthly salary and the number of years of service.

The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan. The committee is responsible for investment strategy of the plan.

The details of net retirement benefits cost which is included in "Personnel expenses" account (see Note 19) are as follows:

	2022	2021	2020
Current service cost	**₱7,802,272**	₱8,544,572	₱9,619,990
Net interest income (loss) on benefit obligation	**(779,140)**	(97,228)	205,765
Net retirement benefits cost	**₱7,023,132**	₱8,447,344	₱9,825,755

The details of re-measurement loss (gain) recognized in the consolidated statement of comprehensive income comprises the following:

	2022	2021	2020
Actuarial loss (gain) on defined benefit obligation:			
Due to change in financial assumption	**(₱8,011,795)**	(₱10,277,818)	(₱7,744,598)
Due to experience adjustments	**1,252,177**	(2,543,343)	(4,430,891)
Actuarial loss (gain) on plan assets excluding amounts included in net interest cost	**2,439,713**	(3,908,074)	1,890,728
Re-measurement loss (gain)	**(4,319,905)**	(16,729,235)	(10,284,761)
Tax effect (Note 25)	**1,079,976**	7,082,604	3,085,428
	(₱3,239,929)	(₱9,646,631)	(₱7,199,333)

The details of the net retirement plan assets are as follows:

	2022	2021
Present value of defined benefit obligation	**₱102,690,349**	₱112,737,758
Fair value of plan assets	**120,338,903**	128,384,380
Net retirement plan assets	**(₱17,648,554)**	(₱15,646,622)

The breakdown of net retirement plan assets (past service liabilities) per company as of December 31 are shown below:

	2022	2021
Net retirement plan assets:		
Parent Company	**₱16,443,792**	₱18,145,510
CLDI	**1,232,592**	–
CPI	**–**	34,404
	17,676,384	18,179,914
Net retirement benefit liability:		
Parent Company	**(24,061)**	(1,558,000)
CLDI	**–**	(975,292)
CPI	**(3,769)**	–
	(27,830)	(2,533,292)
Net retirement plan assets	**₱17,648,554**	₱15,646,622

Changes in net retirement plan assets (past service liabilities) are as follows:

	2022	2021
Beginning balances	**₱15,646,622**	₱2,659,572
Retirement benefits cost	**(7,023,132)**	(8,447,344)
Re-measurement gain	**4,319,905**	16,729,235
Contributions	**4,705,159**	4,705,159
Ending balances	**₱17,648,554**	₱15,646,622

Changes in present value of defined benefit obligation are as follows:

	2022	2021
Defined benefit obligation, January 1	**₱112,737,758**	₱120,473,297
Current service cost	**7,802,272**	8,544,572
Interest cost on benefit obligation	**5,609,049**	4,524,576
Benefits paid	**(16,699,112)**	(7,983,526)
Actuarial gain	**(6,759,618)**	(12,821,161)
Defined benefit obligation, December 31	**₱102,690,349**	₱112,737,758

Changes in fair value of plan assets are as follows:

	2022	2021
Fair value of plan assets, January 1	**₱128,384,380**	₱123,132,869
Interest income on benefit obligation	**6,388,189**	4,621,804
Actuarial gains (loss) excluding amount recognized in net interest cost	**(2,439,713)**	3,908,074
Contributions to the plan	**4,705,159**	4,705,159
Benefits paid	**(16,699,112)**	(7,983,526)
Fair value of plan assets, December 31	**₱120,338,903**	₱128,384,380

The major categories of plan assets of the Group with its affiliated companies as a percentage of the fair value of net plan assets are as follows:

	2022	2021
Investment properties	**51.79%**	48.29%
Cash and cash equivalents	**44.74%**	48.25%
Investments in equity securities	**3.37%**	3.52%
Receivables	**0.17%**	0.01%
Payables	**(0.07%)**	(0.07%)
	100.00%	100.00%

Cash and cash equivalents consist of savings deposits and short-term time deposits with maturities of less than three months. Investment properties pertain to condominium units which are held for lease and are stated at fair value (see Note 27). Investments in equity securities consist of investment in shares of stock of listed companies. Investments in equity securities have quoted market prices in an active market. Receivables include loans to individuals and accrued interest income.

The actual return amounted to ₱3.95 million and ₱8.53 million in 2022 and 2021, respectively.

The Group does not currently employ any asset-liability matching strategy.

The latest actuarial valuation report is as of December 31, 2022. The principal assumptions used in determining retirement benefits cost for the Group's plan as of January 1 are as follows:

	2022	2021
Discount rate per annum	**4.80% - 4.98%**	3.29%-3.77%
Future annual increase in salary	**3.00%**	3.00%
Mortality rate	**1994 GAM***	1994 GAM*
Disability rate	**1952 Disability Study**	1952 Disability Study

**Group Annuity Mortality Table*

As of December 31, 2022, the discount rate is 7.11% - 7.12% and future increase in salary is 4.00%.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022 and 2021, assuming all other assumptions were held constant.

The Group expects to contribute ₱8.91 million to the retirement fund in 2023.

	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation	
		2022	2021
Discount rate	+0.50%	**(₱4,011,508)**	(₱3,542,170)
	-0.50%	**4,382,964**	3,917,125
Salary increase rate	+1.00%	**9,034,929**	8,079,013
	-1.00%	**(5,243,331)**	(6,733,107)

There are no changes in the method of computing for sensitivity analysis for the years ended December 31, 2022 and 2021.

Shown below is the maturity analysis of the undiscounted expected benefit payments as of December 31, 2022:

Plan year	Number of retirees	Total benefits
One year and less	3	₱12,034,652
More than one year to five years	14	51,446,725
More than five years to 10 years	22	60,394,669
More than 10 years to 15 years	14	49,765,543
More than 15 years to 20 years	17	55,566,671
More than 20 years	180	687,156,539
	250	₱916,364,799

The average duration of the defined benefit obligation of each company as of December 31 are as follows:

	2022	2021
Parent Company	**21 years**	20 years
CLDI	**22 years**	21 years
CPI	**28 years**	13 years
CDC	**21 years**	20 years

Accrued sick leave
Employees are entitled to paid sick leave of 15 days per year of service after issuance of regular appointment, computed at 1.25 days per month of service, enjoyable only after one year of regular service. Unused sick leaves are cumulative and convertible to cash based on the employee's salary at the time that the employee is leaving the Group. Accrued sick leave, presented under “Accounts payable and accrued expenses - noncurrent portion” account, amounted to ₱46.78 million and ₱50.60 million as of December 31, 2022 and 2021, respectively (see Note 14).

25. Income Taxes

a. Provision for (benefit from) income tax consists of:

	2022	2021	2020
Current	**₱317,323,069**	₱115,477,219	₱136,401,819
Deferred	**101,408,213**	1,501,897	62,878,305
	418,731,282	116,979,116	199,280,124
Final tax on interest income	**24,489,822**	19,307,292	25,689,229
	₱443,221,104	₱136,286,408	₱224,969,353

b. The components of the net deferred income tax liabilities are as follows:

	2022	2021
Deferred income tax assets on:		
Accrued expenses	**₱21,874,864**	₱17,835,537
Unearned rent revenue	**4,725,301**	5,799,193
Unamortized past service cost	**1,459,214**	1,637,414
Lease liabilities (Notes 12 and 14)	**81,122**	239,494
Allowance for inventory write-down (Note 10)	–	6,587,021
Cost to obtain contract (Note 6)	–	3,148,906
	28,140,501	35,247,565
Deferred income tax liabilities on:		
Deemed cost adjustment in properties (Note 16)	**(334,690,022)**	(334,872,129)
Difference between tax basis and book basis of accounting for real estate transactions	**(225,257,184)**	(119,950,932)
Capitalized borrowing costs	**(23,606,380)**	(24,167,498)
Net retirement plan assets	**(11,171,551)**	(13,679,110)
Cost to obtain contract (Note 6)	**(4,571,951)**	(9,494,927)
Rent receivable, net of unearned rent revenue	**(442,014)**	(3,273,357)
	(599,739,102)	(505,437,953)
	(571,598,601)	(470,190,388)
Deferred income tax liability recognized in retained earnings upon realization - deemed cost adjustment (Note 16)	**(13,900,013)**	(13,900,013)
Deferred income tax asset recognized in other comprehensive income - actuarial loss on defined benefit plan	**8,687,482**	9,767,459
Net deferred income tax liabilities	**(₱576,811,132)**	(₱474,322,942)

The breakdown of net deferred income tax liabilities as of December 31 per entity follows:

	2022	2021
Deferred income tax liabilities - net:		
Parent Company	**(₱361,173,314)**	(₱357,188,275)
CDC	**(193,856,246)**	(110,776,240)
CLDI	**(19,637,281)**	(4,593,745)
CPI	**(2,144,291)**	(1,764,682)
	(₱576,811,132)	(₱474,322,942)

Provision for deferred income tax recognized in other comprehensive income amounted to ₱1.08 million, ₱7.08 million and ₱3.09 million in 2022, 2021 and 2020, respectively (see Note 24). Benefit from deferred income tax recognized in retained earnings amounted nil, ₱2.78 million and nil in 2022, 2021 and 2020, respectively.

c. The reconciliation of income tax computed at statutory tax rate to the provision for income tax follows:

	2022	2021	2020
Income tax at statutory tax rate	**₱437,317,430**	₱261,835,784	₱286,012,594
Adjustments to income tax resulting from:			
Tax-exempt interest income	**(31,336,946)**	(34,645,125)	(53,131,788)
Interest income subjected to final tax	**(30,612,277)**	(24,138,212)	(38,543,684)
Final tax on interest income	**24,489,822**	19,307,292	25,689,228
Nondeductible interest expense	**4,022,554**	5,069,698	7,946,142
Trust fund income subjected to final tax	**(109,309)**	(208,116)	(688,128)
Non-taxable dividend income	**(5,319)**	(6,669)	(10,910)
Effect of CREATE Law	–	(88,735,631)	–
Others - net (Note 26)	**39,455,149**	(2,192,615)	(2,304,101)
Provision for income tax	**₱443,221,104**	₱136,286,406	₱224,969,353

d. On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as on the next page:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT rate from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

The implementation of CREATE Law resulted to the following:

	As reflected in the 2020 Audited FS	As per implementation of CREATE Law	Difference
Provision for income tax			
Current	₱136,401,819	₱124,622,312	₱11,779,507
Deferred	62,878,305	(14,077,819)	76,956,124
Remeasurement gain on defined benefit plan	16,729,235	13,828,940	2,900,295
Income tax payable	18,092,604	5,511,190	12,581,414
Retained earnings attributable to Parent Company	6,465,673,373	6,467,224,194	1,550,821

26. **Related Party Transactions**

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 entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

The Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

	Amount of Transactions			**Outstanding balance Payable** (Note 14)		
	2022	2021	2020	**2022**	2021	Terms and Conditions
Retirement plans						
Contributions to the plans (Note 26d)	**₱4,705,159**	₱4,705,159	₱6,288,002	**₱–**	₱–	Settled in cash
Key management personnel						
Salaries and other compensation (Note 26g)	**31,023,430**	27,087,995	26,834,188	**–**	–	Settled in cash
Board of Directors						
Directors' fees	**22,352,174**	18,382,606	19,609,345	**40,933,292**	20,964,177	Settled in cash
Shares of stock (Note 26e)	–	–	–	**–**	–	Pertains to 58,355,322 common shares at ₱10 par value in 2022 and 2021

The transactions of the Parent Company with CDC, CLDI, CPI, CAI and CLHI are eliminated in the consolidated statement of financial position and consolidated statement of income.

a. The Parent Company has an existing management contract with CDC, wherein the Parent Company provides management services to CDC. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other party six months prior to expiration. Management fee is based on a certain percentage of net income of CDC as mutually agreed upon by both parties. The management fees for 2021 and 2020 were waived by the Parent Company. There are no conditions attached to the waiver of these management fees. In December 2021, the Parent Company and CDC amended its management agreement thereby terminating such contract.

b. In 2019, the Parent Company entered into a Memorandum of Agreement with CDC whereby CDC shall assign its parcel of land to the Parent Company in exchange of certain number of condominium units and parking lots on One Premier, a project that is currently being constructed by the Parent Company. The said land is recorded under “Real Estate Properties Held for Future Development” account. In 2021, additional units were allocated to CDC.

   In 2022, the project was completed and the Parent Company and CDC executed a Deed of Exchange relating to the exchange of properties. Other income recognized by the Parent Company and CDC from the said exchange amounted to ₱4.26 million and ₱155.56 million, respectively. The said income was eliminated in the consolidated statement of income. The income tax effect of the exchange of properties amounted to ₱39.95 million is included as adjustment in the reconciliation of income tax under Others - net (see Note 25).

c. The Parent Company has dividend receivable pertaining to cash dividend declared by CLHI.

   The Parent Company has an existing agreement with CLDI, CDC and CPI whereby personnel costs and common recurring expenses such as water, electricity, rental, and other expenses for which the companies have benefited from such service shall be shared among the companies and billed with a pre-agreed mark-up rate. These are recorded as part of “Operating expenses” in the statement of income. The income recognized as a result of the mark-up charged is recorded as “Other income - net” in the statement of income. These are unsecured, unguaranteed, noninterest bearing, and due within 30-60 days.

d. The Group, jointly with affiliated companies under common control, has a trust fund for the retirement plan of their employees. The trust fund is being maintained by a third-party trustee bank under the supervision of the Retirement Committee of the plan. The committee is responsible for the investment strategy of the plan. The fair value of the Group’s plan assets amounted to ₱120.34 million and ₱128.38 million as of December 31, 2022 and 2021, respectively. The Group’s share in the carrying value of plan assets is equivalent to its share in the fair value.

   The major categories of plan assets are cash and cash equivalents, investments in equity securities, loans and receivables and investment properties (see Note 24). Investments in equity securities of plan assets include investment in shares of CDC. The third-party trustee bank exercises the voting rights over the shares. The fair value of the investment in CDC amounted to ₱4.27 million and ₱4.78 million as of December 31, 2022 and 2021, respectively, with original cost of ₱3.40 million. Unrealized gain on changes of fair value of these investments amounted to nil as of December 31, 2022 and 2021. Loans and receivables of plan assets include installment contracts receivable purchased in prior years on a non-recourse basis from CDC amounting to ₱0.21 million as of December 31, 2022 and December 31, 2021. The retirement plan assets as of December 31, 2022 and 2021 include investment properties held for lease amounting to ₱65.60 million which was purchased from CDC in 2013. The sale was conducted in the normal course of business and was measured at current selling price and settled in cash.

   Contributions to the fund amounted to ₱4.71 million in 2022 and 2021 (see Note 24).

e. Shares of stock of the Company held by members of the BOD aggregated to about 58,355,322 shares equivalent to ₱583.55 million as of December 31, 2022 and 2021. In December 2021, one of the members of the BOD retired resulting to the decline in the shares held by the BOD as of December 2021.

f. The Parent Company, CDC and CLDI, through CLHI, issued a cash bond aggregating to ₱361.15 million in favor of HLURB in relation to the construction and development of its ongoing projects which was recorded as part of "Notes receivable" in 2022 and 2021 consolidated statement of financial position. The said amount was placed by CLHI with financial institutions with a maturity of three (3) to five (5) years. In various dates in 2022, the Parent Company and CLDI issued a cash bond amounting to ₱40.00 million and ₱62.99 million, respectively, while in June 2021, cash bond amounting to ₱70.00 million have already matured. Interest income earned amounted to ₱14.60 million, ₱15.87 million and ₱16.46 million in 2022, 2021 and 2020, respectively, and was eliminated during consolidation.

g. Compensation of key management personnel are as follows:

	2022	2021	2020
Short-term benefits:			
Salaries	**₱13,319,162**	₱12,202,963	₱13,264,131
Bonuses	**3,446,659**	3,170,061	2,285,532
Other benefits	**11,333,589**	9,175,233	8,707,235
Long-term benefits	**2,924,020**	2,539,738	2,577,290
	₱31,023,430	₱27,087,995	₱26,834,188

Other benefits consist of incentives and performance bonuses.

The Group has no standard arrangements with regard to the remuneration of its directors. In 2022, 2021 and 2020, the BOD received a total of ₱22.35 million, ₱18.38 million and ₱19.61 million, respectively. Moreover, the Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Group does not have any arrangements for stock warrants or options offered to its employees.

h. The following are the balances and transactions among related parties which are eliminated during consolidation:

Amounts owed by	Amounts owed to	Nature	**2022**	2021	2020
CDC	Parent Company	Sharing of expenses	**₱1,057,854**	₱7,827,645	₱2,936,768
CPI	Parent Company	Sharing of expenses	**33,192**	82,092	88,325
CLDI	Parent Company	Sharing of expenses	**72,429**	4,885,931	1,444,845
CLHI	Parent Company	Dividend income	–	95,000	235,000
CLHI	CI , CLDI and CDC	Investment placement	**361,149,438**	257,150,000	327,150,000

Revenue and income by	Capitalizable cost and expensed by	Nature	**2022**	2021	2020
Parent Company	CPI	Retention	**₱150,000**	₱150,000	₱150,000
CLDI	CPI	Sale of real estate properties	**–**	–	–
Parent Company	CDC	Shares of Stock	**54,948,128**	49,974,277	67,350,786
Parent Company	CLDI	Shares of Stock	**13,407,494**	5,827,008	12,350,121
Parent Company	CDC	Exchange of property	**4,225,623**	–	–
CDC	Parent Company	Exchange of Property	**155,559,698**	–	–

Dividend declared to	Dividend declared by	**2022**	2021	2020
Parent Company	CDC	**₱54,948,128**	₱49,974,277	₱67,350,786
Parent Company	CLDI	**13,407,494**	5,827,008	12,350,121
Parent Company	CLHI	**–**	95,000	235,000
CLHI	CLDI	**233,747**	102,642	215,313

27. Financial Instruments

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term and long-term investments and notes and contracts payable. The main purpose of these financial instruments is to finance the Group's operations. The Group's other financial instruments consist of financial assets at fair value through profit or loss and financial assets at FVOCI, which are held for investing purposes and investments in trust funds to cover pre-need reserves obligation. The Group has various other financial instruments such as installment contracts receivable, contract assets, notes receivable, other receivables and accounts payable and accrued expenses, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risks (i.e., cash flow interest rate and equity price risks), credit risk, and liquidity risk.

The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Market risk

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's short-term notes payable, all with repriced interest rates.

The Group's policy in addressing volatility in interest rates includes maximizing the use of operating cash flows to be able to fulfill principal and interest obligations even in periods of rising interest rates.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates based on forecasted and average movements of interest rates (with all other variables held constant):

	Change in bps	**Effect on income before income tax**
December 31, 2022	**-/+ 11 bps**	**-/+₱16,367,418**
December 31, 2021	-/+ 11 bps	-/+₱19,927,144

There is no impact on the Group's equity other than those already affecting income before income tax.

Equity price risk
Equity price risk is the risk that the fair values of investments in equity securities will decrease as a result of changes in the market value of individual shares of stock. The Group is exposed to equity price risk because of investments held by the Group classified as financial assets at FVOCI included under "Other noncurrent assets" account in the consolidated statement of financial position. The Group employs the service of a third-party stockbroker to manage its investments in shares of stock.

The following table demonstrates the sensitivity analysis of the Group's equity to a reasonably possible change in equity price based on forecasted and average movements of equity prices (with all other variables held constant):

	Change in equity price	Effect on equity
2022	**+/- 0.07**	**+/- ₱205,059**
2021	+/- 0.07	+/- ₱208,445

Credit risk
Credit risk arises when the Group will incur a loss because its buyers, clients or counterparties failed to discharge their obligations. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all buyers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the objective that the Group's exposure to bad debts is not significant. The risk is further mitigated because the Group holds the title to the real estate properties with outstanding installment contracts receivable balance and the Group can repossess such real estate properties upon default of the buyer in paying the outstanding balance. The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Group.

The tables below show the Group's exposure to credit risk for the components of the consolidated statement of financial position. The exposure as of December 31, 2022 and 2021 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancements, and at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

December 31, 2022:

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit enhancement
Financial assets				
Investments in trust funds	**₱34,235,354**	**₱–**	**₱34,235,354**	**₱–**
Cash and cash equivalents, excluding cash on hand*	**1,424,378,663**	**–**	**1,424,378,663**	**–**
Short-term investments	**691,700,000**	**–**	**691,700,000**	**–**
Long-term investments	**303,999,438**	**–**	**303,999,438**	**–**
Installment contracts receivable	**33,412,546**	**392,982,177**	**–**	**33,412,546**
Refundable deposits	**26,228,743**	**–**	**26,228,743**	**–**
Notes receivable	**1,388,150,000**	**–**	**1,388,150,000**	**–**
Other receivables:				
Advances to customers	**26,520,855**	**–**	**26,520,855**	**–**
Rent receivable	**23,993,663**	**–**	**23,993,663**	**–**

(Forward)

	Gross maximum exposure	**Fair value of collaterals/credit enhancements**	**Net exposure**	**Financial effect of collaterals/credit enhancement**
Accrued interest	**₱20,494,736**	**₱–**	**₱20,494,736**	**₱–**
Advances to condominium corporations	**4,300,991**	**–**	**4,300,991**	**–**
Retention	**3,042,088**	**–**	**3,042,088**	**–**
Others	**2,655,242**	**–**	**2,655,242**	**–**
Contract assets	**3,190,928,270**	**6,925,684,770**	**–**	**3,190,928,270**
Total credit risk exposure	**₱7,174,040,589**	**₱7,318,666,947**	**₱3,949,699,773**	**₱3,224,340,816**

**Excluding cash on hand amounting to ₱211,268.*

December 31, 2021:

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit enhancement
Financial assets				
Investments in trust funds	₱39,457,254	₱–	₱39,457,254	₱–
Cash and cash equivalents, excluding cash on hand*	1,272,045,180	–	1,272,045,180	–
Short-term investments	1,649,505,733	–	1,649,505,733	–
Long-term investments	100,500,000	–	100,500,000	–
Installment contracts receivable	47,139,184	580,987,019	–	47,139,184
Refundable deposits	26,800,556	–	26,800,556	–
Notes receivable	1,268,196,456	–	1,268,196,456	–
Other receivables:				
Rent receivable	20,368,553	–	20,368,553	–
Advances to customers	13,912,587	–	13,912,587	–
Accrued interest	12,569,998	–	12,569,998	–
Advances to condominium corporations	4,034,552	–	4,034,552	–
Retention	3,949,085	–	3,949,085	–
Others	1,209,199	–	1,209,199	–
Contract assets	2,493,180,179	6,310,901,126	–	2,493,180,179
Total credit risk exposure	₱6,952,868,516	₱6,891,888,145	₱4,412,549,153	₱2,540,319,363

** Excluding cash on hand amounting to ₱244,500.*

The Group has performed an ECL calculation for its financial assets at amortized cost. The ECL is a product of the probability of default, loss given default and exposure at default.

In determining the probability of default, the Group used historical default rates for the last five years for the installment sales from its buyers and last two years for other receivables. The Group applied the possible effects of macroeconomic factors to the historical loss rate. For loss given default, the Group determined that the fair value less cost of repossession of collaterals upon default is higher than the exposure at default. Thus, no expected credit loss was recognized for the Group’s installment contract receivables, contract assets and other receivables from its buyer.

The Group considers its cash and cash equivalent and short-term and long-term investments as high grade since these are placed in financial institution of high credit standing. Accordingly, ECL relating to cash and cash equivalents and short-term and long-term investment rounds to nil.

The Group considers installment contract receivables, notes receivable, guaranty deposits, refundable deposits and other receivables from third parties and related parties as medium grade. Third parties are primarily managed through screening based on credit history and financial information submitted. Whereas, related parties have low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

The following tables summarize the aging analysis of receivables and contract assets on which expected credit loss rate was applied:

December 31, 2022:

	Contract asset	Current	Noncurrent	Days past due Less than 30 days	30-60 days	61-90 days	Over 90 days	Total
Installment contracts receivable	**₱–**	**₱1,331,438**	**₱15,479,329**	**₱15,200,914**	**₱513,723**	**₱184,168**	**₱702,974**	**₱33,412,546**
Contract assets	**3,190,928,270**	–	–	–	–	–	–	**3,190,928,270**
Notes receivable	–	**100,000,000**	**1,288,150,000**	–	–	–	–	**1,388,150,000**
Refundable deposits	–	**26,228,743**	–	–	–	–	–	**26,228,743**
Other receivables:			–					
Advances to customers	–	**24,175,858**	**93,569**	–	**137,011**	**197,661**	**1,916,756**	**26,520,855**
Rent receivable	–	**23,993,663**	–	–	–	–	–	**23,993,663**
Accrued interest	–	**20,494,736**	–	–	–	–	–	**20,494,736**
Advances to condominium corporations	–	**3,669,757**	**631,234**	–	–	–	–	**4,300,991**
Retention	–	**3,022,088**	**20,000**	–	–	–	–	**3,042,088**
Others	–	**2,655,242**	–	–	–	–	–	**2,655,242**
	₱3,190,928,270	**₱205,571,525**	**₱1,304,374,132**	**₱15,200,914**	**₱650,734**	**₱381,829**	**₱2,619,730**	**₱4,719,727,134**

December 31, 2021:

	Contract asset	Current	Noncurrent	Days past due Less than 30 days	30-60 days	61-90 days	Over 90 days	Total
Installment contracts receivable	₱–	₱4,176,670	₱17,158,472	₱22,022,354	₱397,226	₱273,316	₱3,111,146	₱47,139,184
Contract assets	2,493,180,179	–	–	–	–	–	–	2,493,180,179
Notes receivable	–	911,046,456	357,150,000	–	–	–	–	1,268,196,456
Refundable deposits	–	26,800,556	–	–	–	–	–	26,800,556
Other receivables:			–					
Rent receivable	–	20,368,553	–	–	–	–	–	20,368,553
Advances to customers	–	10,935,751	126,391	–	167,501	321,590	2,361,354	13,912,587
Accrued interest	–	12,569,998	–	–	–	–	–	12,569,998
Advances to condominium corporations	–	3,408,763	625,789	–	–	–	–	4,034,552
Retention	–	3,502,088	446,997	–	–	–	–	3,949,085
Others	–	1,189,594	19,605	–	–	–	–	1,209,199
	₱2,493,180,179	₱993,998,429	₱375,527,254	₱22,022,354	₱564,727	₱594,906	₱5,472,500	₱3,891,360,349

The tables below show the credit quality by class of asset for loan-related consolidated statement of financial position lines based on the Group's credit rating system:

December 31, 2022:

	High Grade*	Medium Grade**	Total
Financial assets			
Investments in trust funds	**₱34,235,354**	**₱–**	**₱34,235,354**
Cash and cash equivalents, excluding cash on hand***	**1,424,378,663**	–	**1,424,378,663**
Short-term investments	**691,700,000**	–	**691,700,000**
Long-term investments	**303,999,438**	–	**303,999,438**
Refundable deposits	–	**26,228,743**	**26,228,743**
Installment contracts receivable	–	**33,412,546**	**33,412,546**
Notes receivable	–	**1,388,150,000**	**1,388,150,000**
Other receivables:			
Advances to customers	–	**26,520,855**	**26,520,855**
Rent receivable	–	**23,993,663**	**23,993,663**
Accrued interest	–	**20,494,736**	**20,494,736**
Advances to condominium corporations	–	**4,300,991**	**4,300,991**
Retention	–	**3,042,088**	**3,042,088**
Others	–	**2,655,242**	**2,655,242**
Contract assets	–	**3,190,928,270**	**3,190,928,270**
Total	**₱2,454,313,455**	**₱4,719,727,134**	**₱7,174,040,589**

**High Grade – financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.*
***Medium Grade – financial assets for which there is low risk of default of counterparties.*
****Excluding cash on hand amounting to ₱211,268.*

December 31, 2021:

	High Grade*	Medium Grade**	Total
Financial assets			
Investments in trust funds	₱39,457,254	₱–	₱39,457,254
Cash and cash equivalents, excluding cash on hand***	1,272,045,180	–	1,272,045,180
Short-term investments	1,649,505,733	–	1,649,505,733
Long-term investments	100,500,000	–	100,500,000
Refundable deposits	–	26,800,556	26,800,556
Installment contracts receivable	–	47,139,184	47,139,184
Notes receivable	–	1,268,196,456	1,268,196,456
Other receivables:			
Rent receivable	–	20,368,553	20,368,553
Advances to customers	–	13,912,587	13,912,587
Accrued interest	–	12,569,998	12,569,998
Advances to condominium corporations	–	4,034,552	4,034,552
Retention	–	3,949,085	3,949,085
Others	–	1,209,199	1,209,199
Contract assets	–	2,493,180,179	2,493,180,179
Total	₱3,061,508,167	₱3,891,360,349	₱6,952,868,516

**High Grade – financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.*
***Medium Grade – financial assets for which there is low risk of default of counterparties.*
****Excluding cash on hand amounting to ₱244,500.*

Liquidity risk
Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of commercial papers.

The tables below summarize the maturity analysis of the Group's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments.

December 31, 2022:

	30 days	31 – 90 days	91 – 180 days	181 – 365 days	Above 1 year	Total
Financial Liabilities						
Accounts payable and accrued expenses*	**₱984,137,273**	**₱3,142,182**	**₱26,962,860**	**₱1,864,003**	**₱132,678,473**	**₱1,148,784,791**
Lease liabilities**	**428,195**	**538,319**	**624,466**	**516,883**	**947,619**	**3,055,482**
Notes payable and contracts payable**	**740,626,361**	**742,951,400**	**80,870,960**	**7,549,400**	**–**	**1,571,998,121**
Pre-need reserves	**70,000**	**134,600**	**201,900**	**416,343**	**23,192,535**	**24,015,378**
	1,725,261,829	**746,766,501**	**108,660,186**	**10,346,629**	**156,818,627**	**2,747,853,772**
Financial Assets						
Cash and cash equivalents	**870,589,931**	**554,000,000**	**–**	**–**	**–**	**1,424,589,931**
Short-term investments***	**128,292,389**	**414,496,139**	**121,786,632**	**31,062,833**	**–**	**695,637,993**
Long-term investments***	**–**	**–**	**–**	**–**	**327,021,888**	**327,021,888**
Installment contracts receivable****	**9,459,378**	**4,746,997**	**1,492,976**	**2,259,513**	**15,829,573**	**33,788,437**
Notes receivable****	**125,098,958**	**381,721,730**	**528,705,532**	**259,503,099**	**104,245,578**	**1,399,274,897**
Refundable deposits	**–**	**–**	**–**	**–**	**26,228,743**	**26,228,743**
Other receivables	**34,744,478**	**22,492,321**	**9,317,703**	**12,234,639**	**2,218,434**	**81,007,575**
Financial assets at FVOCI	**–**	**–**	**–**	**–**	**1,059,202**	**1,059,202**
Contract assets	**96,893,616**	**148,427,086**	**151,547,701**	**354,315,199**	**2,439,744,668**	**3,190,928,270**
	1,265,078,750	**1,525,884,273**	**812,850,544**	**659,375,283**	**2,916,348,086**	**7,179,536,936**
Liquidity Position (Gap)	**(₱460,183,079)**	**₱779,117,772**	**₱704,190,358**	**₱649,028,654**	**₱2,759,529,459**	**₱4,431,683,164**

**Excludes statutory liabilities amounting to ₱20,613,356, interest payable amounting to ₱1,807,996, deferred rent income amounting to ₱51,358,963, rental and customers' deposits amounting to ₱121,549,146, and lease liabilities amounting to ₱2,926,552.*
***Includes forecasted interest expense until the end of lease term of lease liabilities amounting to ₱128,930 and interest expense until maturity amounting to ₱16,848,721.*
****Includes future interest cash flows until maturity for short-term investments amounting to ₱3,937,993 and long-term investments amounting to ₱23,022,450.*
*****Includes future interest cash flows until maturity for installment contracts receivable amounting to ₱375,891 and notes receivable amounting to ₱11,124,897.*

December 31, 2021:

	30 days	31 – 90 days	91 – 180 days	181 – 365 days	Above 1 year	Total
Financial Liabilities						
Accounts payable and accrued expenses*	₱789,036,586	₱2,519,259	₱21,617,597	₱1,494,473	₱106,375,576	₱921,043,491
Lease liabilities**	411,558	823,116	1,251,310	2,483,025	1,074,098	6,043,107
Notes payable and contracts payable**	798,409,711	859,121,431	33,897,377	1,257,660	–	1,692,686,179
Pre-need reserves	148,111	296,222	444,333	888,667	34,912,825	36,690,158
	1,588,005,966	862,760,028	57,210,617	6,123,825	142,362,499	2,656,462,935
Financial Assets						
Cash and cash equivalents	354,489,680	917,800,000	–	–	–	1,272,289,680
Short-term investments***	–	336,353,581	603,336,165	712,153,456	–	1,651,843,202
Long-term investments***	–	–	–	–	104,182,069	104,182,069
Installment contracts receivable****	22,604,973	1,375,731	4,188,544	2,148,747	17,351,505	47,669,500
Notes receivable****	9,602,067	660,888,055	190,303,629	53,043,036	368,991,363	1,282,828,150
Refundable deposits	–	–	–	–	26,800,556	26,800,556
Other receivables	21,247,224	14,703,667	7,739,356	11,134,945	1,218,782	56,043,974
Financial assets at FVOCI	–	–	–	–	1,207,617	1,207,617
Contract assets	50,038,824	68,957,845	97,639,784	186,200,020	2,090,343,706	2,493,180,179
	457,982,768	2,000,078,879	903,207,478	964,680,204	2,610,095,598	6,936,044,927
Liquidity Position (Gap)	(₱1,130,023,198)	₱1,137,318,851	₱845,996,861	₱958,556,379	₱2,467,733,099	₱4,279,581,992

**Excludes statutory liabilities amounting to ₱23,965,152, interest payable amounting to ₱1,812,549, deferred rent income amounting to ₱39,705,356, rental and customers' deposits amounting to ₱108,983,049, and lease liabilities amounting to ₱5,828,331.*
***Includes forecasted interest expense until the end of lease term amounting to ₱214,776 and interest expense until maturity amounting to ₱19,828,519.*
****Includes future interest cash flows until maturity for short-term investments amounting to ₱2,337,469 and long-term investments amounting to ₱3,682,069.*
*****Includes future interest cash flows until maturity for installment contracts receivable amounting to ₱530,316 and notes receivable amounting to ₱14,631,694.*

Fair Values

The following tables provide fair value hierarchy of the Group's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

Date of Valuation: December 31, 2022

	Fair value		
	Level 1	**Level 2**	**Level 3**
Assets measured at fair value			
Investments in trust funds			
Financial assets at FVPL	**₱1,514,821**	**₱–**	**₱–**
Financial assets at FVOCI			
Debt securities	**1,002,449**	**–**	**–**
Equity securities - listed	**631,623**	**–**	**–**
Investment properties	**–**	**–**	**6,706,000**
Financial assets at FVOCI	**1,059,202**	**–**	**–**
Assets for which fair values are disclosed			
Investment properties	**–**	**–**	**12,592,300,668**

Date of Valuation: December 31, 2021

	Fair value		
	Level 1	Level 2	Level 3
Assets measured at fair value			
Investments in trust funds			
Financial assets at FVPL	₱2,422,135	₱–	₱–
Financial assets at FVOCI			
Debt securities	1,056,449	–	–
Equity securities - listed	705,931	–	–
Investment properties	–	–	5,791,200
Financial assets at FVOCI	1,207,617	–	–
Assets for which fair values are disclosed			
Investment properties	–	–	10,253,739,000

The following method and assumptions were used to estimate the fair value of each class of financial instruments, repossessed real estate properties for sale and investment properties, for which it is practicable to estimate such value.

Cash and cash equivalents, short-term and long-term investments, notes receivable, contract assets, installment contracts receivable, other receivables, refundable deposits, accounts payable and accrued expense, notes and contracts payable.
Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term and long-term investments, notes receivable, other receivables, refundable deposits, accounts payable and accrued expenses, notes and contracts payable approximate their carrying amounts. The fair values of short-term and long-term investments, notes receivable, installment contracts receivable and contract assets approximate their carrying amounts as they carry interest rates that approximate the interest rates for comparable instruments in the market.

Financial assets at FVPL and financial assets at FVOCI
Financial assets at FVPL and financial asset at FVOCI are stated at fair value based on quoted market prices.

Investment properties
The fair value of certain investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use.

Another method used in determining the fair value of other land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others.

The fair values of the investment properties as of December 31, 2022 and 2021 approximate and represent the highest and best use of the said properties.

28. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. It monitors its use of capital using leverage ratios on both gross debt and debt coverage basis. Debt consists of short-term debt. Debt coverage includes short-term debt less cash and cash equivalents and short-term investments. The Group considers as capital the equity holders of the parent company excluding unrealized fair value changes on financial assets at FVOCI and accumulated re-measurement on defined benefit plan.

The Group was able to meet its capital management objectives as of December 31, 2022 and 2021.

As of December 31, 2022 and 2021, the Group has the following ratios:

	2022	2021
Notes and contracts payable	**₱1,555,149,400**	₱1,672,857,660
Total equity holders of the Parent Company	**9,049,508,299**	8,454,679,120
Add (less):		
Unrealized fair value changes on equity securities at FVOCI	**(354,784)**	(499,622)
Accumulated re-measurement on defined benefit plan	**20,689,845**	22,891,845
Capital	**₱9,069,843,360**	₱8,477,071,343
Debt to capital ratio	**0.17:1**	0.20:1

	2022	2021
Cash and cash equivalents	**₱1,424,589,931**	₱1,272,289,680
Short-term investments	**691,700,000**	1,649,505,733
Current portion of notes receivable	**1,288,150,000**	911,046,456
Notes and contracts payable	**(1,555,149,400)**	(1,672,857,660)
Current portion of lease liabilities	**(2,006,370)**	(4,770,632)
Debt coverage	**₱1,847,284,161**	₱2,155,213,577

As of December 31, 2022 and 2021, the Group has no externally imposed capital requirements.

29. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	2022	2021	2020
Net income attributable to equity holders of the parent	**₱705,287,314**	₱584,295,400	₱457,967,706
Weighted average number of outstanding shares	**149,224,534**	149,224,534	149,224,534*
Basic/diluted earnings per share	**₱4.73**	₱3.92	₱3.07

**After retroactive effect of 5% stock dividends in 2021.*

The Group has no potential dilutive common shares as of December 31, 2022, 2021 and 2020. Thus, the basic and diluted earnings per share are the same as of those dates.

30. Business Segments

The Group derives its revenues primarily from the sale and lease of real estate properties and its investments in trust funds. These are the operating segments classified as business groups which are consistent with the segments reported to the BOD, its Chief Operating Decision Maker (CODM).

The Group does not have any major buyers and all sales and leases of real estate properties are made to external buyers.

Segment Revenue and Expenses

	2022			
	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Pension Plan Operations**	**Total**
Revenue:				
Sales of real estate	**₱3,019,729,206**	**₱–**	**₱–**	**₱3,019,729,206**
Financial income	**483,990,179**	**–**	**111,787**	**484,101,966**
Rent income	**–**	**208,842,017**	**–**	**208,842,017**
Other income - net	**148,143,086**	**–**	**457,889**	**148,600,975**
Costs of real estate sales	**1,388,212,285**	**–**	**–**	**1,388,212,285**
Operating expenses				
Personnel	**298,033,278**	**–**	**665,756**	**298,699,034**
Taxes and licenses	**63,342,072**	**29,280,035**	**15,009**	**92,637,116**
Depreciation	**10,556,423**	**52,596,273**	**1,453,420**	**64,606,116**
Outside services	**32,015,283**	**–**	**–**	**32,015,283**
Insurance	**15,320,520**	**–**	**–**	**15,320,520**
Others	**190,104,113**	**22,833,228**	**2,042,522**	**214,979,863**
Financial expenses	**5,534,229**	**–**	**–**	**5,534,229**
Provision for (benefit from) income tax	**401,598,192**	**44,104,193**	**(2,481,281)**	**443,221,104**
Net income (loss)	**₱1,247,146,076**	**₱60,028,288**	**(₱1,125,750)**	**₱1,306,048,614**

	2021			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Revenue:				
Sales of real estate	₱1,595,333,794	₱–	₱–	₱1,595,333,794
Financial income	500,770,808	–	258,096	501,028,904
Rent income	–	198,527,363	–	198,527,363
Other income - net	183,336,379	–	965,260	184,301,639
Costs of real estate sales	842,187,615	–	–	842,187,615
Operating expenses				
Personnel	250,609,474	–	902,727	251,512,201
Taxes and licenses	63,224,996	30,505,958	17,953	93,748,907
Depreciation	7,190,748	59,611,145	–	66,801,893
Outside services	27,200,013	–	–	27,200,013
Insurance	15,599,345	–	–	15,599,345
Others	100,034,742	22,934,797	6,562,175	129,531,714
Financial expenses	5,266,877	–	–	5,266,877
Provision for (benefit from) income tax	118,003,870	21,368,866	(3,086,328)	136,286,408
Net income (loss)	₱850,123,301	₱64,106,597	(₱3,173,171)	₱911,056,727

	2020			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Revenue:				
Sales of real estate	₱1,279,504,162	₱–	₱–	₱1,279,504,162
Financial income	579,430,925	–	458,888	579,889,813
Rent income	–	212,443,491	–	212,443,491
Other income - net	184,420,109	–	2,335,890	186,755,999
Costs of real estate sales	761,811,378	–	–	761,811,378
Operating expenses				
Personnel	210,638,535	–	854,197	211,492,732
Taxes and licenses	62,096,878	33,332,860	225,124	95,654,862
Depreciation	7,391,342	59,464,789	–	66,856,131

(Forward)

	2020			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Outside services	₱24,881,768	₱–	₱–	₱24,881,768
Insurance	15,429,257	–	–	15,429,257
Others	84,313,476	23,159,829	12,520,846	119,994,151
Financial expenses	9,097,872	–	–	9,097,872
Provision for (benefit from) income tax	199,786,573	28,945,804	(3,763,024)	224,969,353
Net income (loss)	₱667,908,117	₱67,540,209	(₱7,042,365)	₱728,405,961

Segment Assets and Liabilities

December 31, 2022:

	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Pension Plan Operations**	**Total**
Total assets	**₱14,258,952,672**	**₱3,833,328,526**	**₱98,211,441**	**₱18,190,492,639**
Total liabilities	**3,783,735,628**	**2,926,552**	**29,232,721**	**3,815,894,901**
Additions to:				
Real estate properties held for future development	**10,393,846**	**–**	**–**	**10,393,846**
Investment properties	**–**	**824,385,376**	**–**	**824,385,376**

December 31, 2021:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Total assets	₱13,396,829,453	₱3,455,881,541	₱123,133,796	₱16,975,844,790
Total liabilities	3,687,723,872	4,685,728	43,780,916	3,736,190,516
Additions to:				
Real estate properties held for future development	27,733,866	–	–	27,733,866
Investment properties	–	820,412	–	820,412

31. Contingencies

The Group is contingently liable for certain lawsuits or claims filed by third parties which are either pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statement. Hence, no provision was recognized as of December 31, 2022 and 2021.

32. Other Matters

Continuing COVID-19 Outbreak

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic. As such, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020.

On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. After which, modified ECQ was implemented in Metro Manila until May 31, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines.

As at March 29, 2023, community quarantine restrictions of varying levels are still in effect in Metro Manila and other parts of the country in order to manage the spread of the virus. During the pandemic period, the Group observed decline in general business but economic recovery was seen in 2021 and is expected in the succeeding periods as a result of the decline in the number of COVID-19 cases and thereby loosening the community quarantines.

Russia-Ukraine Conflict
This ongoing Russia-Ukraine conflict sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine or Russia.

The scale and duration of these developments and events remain uncertain as of March 29, 2023. It is not possible to estimate the overall impact of the outbreak and war’s near-term and longer effects. Considering the evolving nature of the pandemic and the war, the Group will continue to closely monitor these situations.

SGV
Building a better
working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Cityland, Inc.
3/F, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cityland, Inc. and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated March 29, 2023. 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 Consolidated Financial Statements and 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 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.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
Tax Identification No. 102-089-397
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 72557-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9564694, January 3, 2023, Makati City

March 29, 2023

CITYLAND, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

CITYLAND, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

The table below presents the reconciliation of retained earnings available for dividend declaration as of December 31, 2022:

Retained earnings, beginning	₱2,328,458,023
Deemed cost adjustment in properties, net of tax	(924,246,887)
Fair value adjustment arising from repossessed inventories, beginning	(88,709,564)
Deferred income tax assets, beginning	(12,287,866)
Retained earnings, as adjusted to available for dividend declaration, beginning	1,303,213,706
Net income during the year closed to retained earnings	292,463,654
Realized deemed cost adjustment in properties	30,813
Fair value adjustment arising from repossessed inventories, net of tax	19,133,704
Movement in deferred income tax assets	6,976,022
Net income actually earned/realized during the year	318,604,193
Cash dividends declared during the year	(112,515,299)
Retained earnings available for dividend declaration, end	₱1,509,302,600

SCHEDULE II

CITYLAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E

Schedule A. Financial Assets

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Statements of Financial Position Date	Income Received and Accrued
Cash and Cash Equivalents				
Cash on hand and in banks	₱–	₱114,271,815	₱114,271,815	₱149,661
Cash equivalents				
Amalgamated Investment Bancorporation	–	–	–	10,428,563
Citysavings Banks	–	208,000,000	208,000,000	12,763,580
China Bank Savings		192,000,000	192,000,000	4,121,311
Metrobank		9,000,000	9,000,000	326,000
First Metro Investment Corporation	–	–	–	10,557,344
Philippine Savings Bank	–	335,000,000	335,000,000	2,972,286
Malayan Bank	–	70,000,000	70,000,000	3,471,557
Philippine National Bank	–			1,731,839
Philippine Trust Company	–	304,500,000	304,500,000	18,453,107
Philippine Veterans Bank	–	–	–	14
Robinsons Savings Bank	–	–	–	2,301,956
UCPB Savings Bank	–	191,818,116	191,818,116	2,150,256
	₱–	**₱1,424,589,931**	**₱1,424,589,931**	**₱69,427,474**

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Statements of Financial Position Date	Income Received and Accrued
Short-Term Investments				
China Bank Savings	₱–	₱99,200,000	₱99,200,000	₱1,304,829
Citysavings Banks	–	78,500,000	68,500,000	398,765
Amalgamated Investment Bancorporation	–	35,600,000	35,600,000	1,090,823
Philippine Savings Bank	–	69,100,000	69,100,000	438,342
Malayan Bank	–	31,500,000	31,500,000	126,655
Metrobank	–	118,000,000	118,000,000	944,000
Philippine National Bank	–	–	–	83,749
Philippine Trust Company	–	190,300,000	190,300,000	2,558,865
UCPB Savings Bank	–	69,500,000	69,500,000	641,462
BPI Philam	–	–	–	17,600
	₱–	**₱691,700,000**	**₱681,700,000**	**₱7,605,090**
Long-Term Investments				
First Metro Investment Corporation	**₱–**	**₱200,000,000**	**₱200,000,000**	**₱761,708**

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Statements of Financial Position Date	Income Received and Accrued
Financial Assets at FVOCI				
A. Brown	6,720	₱4,906	₱4,906	₱–
Ayala Land B -Preferred	25,539	160,296	160,296	–
Ayala Land B –Common	112	3,450	3,450	–
Cebu Holdings	13,125	79,800	79,800	–
Empire East	768,805	144,535	144,535	–
Filinvest	272,440	245,196	245,196	–
First Holding B	5,126	310,379	310,379	–
PLDT Common	84	110,628	110,628	–
Swift foods	150	12	12	–
	1,092,101	**1,059,202**	**1,059,202**	**–**
Investments in Trust Funds	**–**	**34,235,354**	**34,235,354**	**–**
Installment Contracts Receivable and Contract Assets	**–**	**3,224,340,816**	**3,224,340,816**	**361,595,141**
Notes Receivable	**–**	**1,388,150,000**	**1,388,150,000**	**44,677,817**
Refundable Deposit	**–**	**26,228,743**	**26,228,743**	**–**
Other Receivables	**–**	**81,007,574**	**81,007,574**	**–**
	–	**4,753,962,487**	**4,753,962,487**	**406,272,958**
	1,092,101	**₱7,071,311,620**	**₱7,071,311,620**	**₱484,067,231**

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

Name of Designation or Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period

Not applicable, no directors, officers, employees, and principal stockholders (other than related parties) from whom an aggregate indebtedness of more than P100,000 or one per cent of total assets, whichever is less, is owed.

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
CDC (subsidiary)	₱7,827,645	₱18,860,996	₱25,630,787	₱–	₱1,057,854	₱–	₱1,057,854
CLDI (subsidiary)	4,885,931	14,827,413	19,041,303	–	72,429	–	72,429
CPI (subsidiary)	82,092	265,378	314,278	–	33,192	–	33,192
CLHI (subsidiary)	227,245,000	103,999,438	29,905,000	–	257,150,000	103,999,438	361,149,438

The Group’s transactions with CDC, CLDI, CPI, CLHI and CAI are eliminated in the consolidated statements of financial position.

SCHEDULE D. INTANGIBLE ASSETS - OTHER ASSETS

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance

Not Applicable. The Group has no intangible assets.

SCHEDULE E. LONG-TERM DEBT

Title of Issue and type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statements of financial position	Amount shown under caption "Long-Term Debt" in related statements of financial position
	Not applicable, the Group has no long-term debt.		

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES

Name of related parties	Balance at beginning of period	Balance at end of period
Directors' fees	₱20,964,177	₱40,933,292

SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS

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, the Group has no guarantees of securities of other issuers.			

SCHEDULE H. CAPITAL STOCK

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock - ₱10 par value	185,000,000	149,224,534		–	58,355,322	90,869,212

CITYLAND, INC.

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2022

SEC-MSRD Order No. 90, Series of 2021 dated December 13, 2021

A. As stated in the Final Prospectus (December 13, 2021 to December 13, 2022)

Gross Proceeds		**₱500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱3,750,000	
Registration Fees	441,875	
Exemptive Relief	50,500	
Printing Costs	25,000	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	4,311,275
Net Proceeds		**₱495,688,725**
Use of Proceeds		
Project-related Costs		₱315,000,000
Payment of Maturing Notes		175,333,225
Interest Expense		5,355,500
Total		**₱495,688,725**

B. Use of Proceeds (December 13, 2021 to December 13, 2022)

Gross Proceeds as of September 30, 2022	₱1,655,900,000	
Add: Issued Notes (October 1 to December 13, 2022)	389,550,000	
Total Gross Proceeds as December 31, 2022		₱2,045,450,000
Less: Expenses		
Documentary Stamps Tax	₱2,979,197	
Registration Fees	441,875	
Exemptive Relief	50,500	
Publication Fees	23,900	
Printing Costs	29,500	
Legal and Accounting Fees	20,000	3,544,972
Total Net Proceeds		₱2,041,905,028
Less: Use of Proceeds		
Payment of Maturing Notes	₱1,448,110,004	
Project-related Costs	593,795,024	2,041,905,028
Balance of Proceeds as of December 31, 2022		₱–

CITYLAND, INC.
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2022

SEC-MSRD Order No. 89, Series of 2022 dated December 12, 2022

A. As stated in the Final Prospectus (December 12, 2022 to December 12, 2023)

Gross Proceeds		**₱500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱3,750,000	
Registration Fees	441,875	
Exemptive Relief	50,500	
Printing Costs	25,000	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	4,311,275
Net Proceeds		**₱495,688,725**
Use of Proceeds		
Project-related Costs		₱311,750,000
Payment of Maturing Notes		178,556,725
Interest Expense		5,382,000
Total		**₱495,688,725**

B. Use of Proceeds (December 13, 2022 to December 31, 2022)

Gross Proceeds as of September 30, 2022	₱–	
Add: Issued Notes (December 13 to December 31, 2022)	16,850,000	
Total Gross Proceeds as December 31, 2022		₱16,850,000
Less: Expenses		
Registration Fees	₱441,875	
Exemptive Relief	50,500	
Publication Fees	23,900	
Documentary Stamps Tax	23,459	
Legal and Accounting Fees	20,000	
Printing Costs	100	559,834
Total Net Proceeds		₱16,290,166
Less: Use of Proceeds		
Project-related Costs		16,290,166
Balance of Proceeds as of December 31, 2022		₱–

C. Outstanding Commercial Papers as of December 31, 2022

SEC-MSRD Order No. 90, Series of 2021 dated December 13, 2021	₱404,900,000
SEC-MSRD Order No. 89, Series of 2022 dated December 12, 2022	16,850,000
TOTAL	**₱421,750,000**

CITYLAND, INC.

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2021

SEC-MSRD Order No. 22, Series of 2020 dated December 23, 2020

A. As stated in the Final Prospectus (December 23, 2020 to December 23, 2021)

Gross Proceeds		**₱815,000,000**
Less: Expenses		
Documentary Stamps Tax	₱6,112,500	
Registration Fees	584,538	
Exemptive Relief	50,500	
Printing Costs	40,750	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	6,832,188
Net Proceeds		**₱808,167,812**
Use of Proceeds		
Project-related Costs		₱558,900,000
Payment of Maturing Notes		237,985,767
Interest Expense		11,282,045
Total		**₱808,167,812**

B. Use of Proceeds (December 23, 2020 to December 23, 2021)

Gross Proceeds as of September 30, 2021	₱1,845,623,219	
Add: Issued Notes (October 1 to December 23, 2021)	762,300,000	
Total Gross Proceeds as December 31, 2021		₱2,607,923,219
Less: Expenses		
Documentary Stamps Tax	₱3,897,945	
Registration Fees	584,538	
Exemptive Relief	50,500	
Printing Costs	38,900	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	4,615,783
Total Net Proceeds		₱2,603,307,436
Less: Use of Proceeds		
Payment of Maturing Note	₱2,132,830,108	
Project-related Costs	375,586,244	
Interest Expense	851,820	2,509,268,172
Balance of Proceeds as of December 31, 2021		**₱94,039,264**

SEC-MSRD Order No. 90, Series of 2021 dated December 13, 2021

A. As stated in the Final Prospectus (December 13, 2021 to December 13, 2022)

Gross Proceeds		**₱500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱3,750,000	
Registration Fees	441,875	
Exemptive Relief	50,500	
Printing Costs	25,000	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	4,311,275
Net Proceeds		**₱495,688,725**
Use of Proceeds		
Project-related Costs		₱315,000,000
Payment of Maturing Notes		175,333,225
Interest Expense		5,355,500
Total		**₱495,688,725**

B. Use of Proceeds (December 13, 2021 to December 31, 2021)

Gross Proceeds as of September 30, 2021	₱–	
Add: Issued Notes (December 13 to December 31, 2021)	₱44,900,000	
Total Gross Proceeds as December 31, 2021		₱44,900,000
Less: Expenses		
Registration Fees	₱441,875	
Documentary Stamps Tax	63,745	
Exemptive Relief	50,500	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	
Printing Costs	200	600,220
Total Net Proceeds		₱44,299,780
Less: Use of Proceeds		
Project-related Costs		44,299,78(
Balance of Proceeds as of December 31, 2021		₱–

C. Outstanding Commercial Papers as of December 31, 2021

SEC-MSRD Order No. 22, Series of 2020 dated December 23, 2020	₱677,500,000
SEC-MSRD Order No. 90, Series of 2021 dated December 13, 2021	44,900,000
	₱722,400,000

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2022

SEC-MSRD Order No. 69, Series of 2021 dated October 20, 2021

A. As stated in the Final Prospectus (October 20, 2021 to October 20, 2022)

Gross Proceeds		**₱1,500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱11,250,000	
Registration Fees	757,500	
Printing Costs	75,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	12,175,800
Net Proceeds		**₱1,487,824,200**
Use of Proceeds		
Project-related Costs		₱952,700,000
Payment of Maturing Notes		517,217,200
Interest Expense		17,907,000
Total		**₱1,487,824,200**

B. Use of Proceeds (October 20, 2021 to October 20, 2022)

Gross Proceeds as of September 30, 2022	₱6,070,450,000	
Add: Issued Notes (October 1 to October 20, 2022)	381,750,000	
Total Gross Proceeds as of December 31, 2022		₱6,452,200,000
Less: Expenses		
Documentary Stamps Tax	₱8,773,634	
Registration Fees	757,500	
Printing Costs	80,750	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	9,705,184
Total Net Proceeds		₱6,442,494,816
Less: Use of Proceeds		
Payment of Maturing Notes	₱5,836,642,452	
Project-related Costs	600,563,926	
Interest Expense	5,288,438	6,442,494,816
Balance of Proceeds as of December 31, 2022		₱–

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2022

SEC-MSRD Order No. 72, Series of 2022 dated October 20, 2022

A. As stated in the Final Prospectus (October 20, 2022 to October 20, 2023)

Gross Proceeds		**₱1,500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱11,250,000	
Registration Fees	757,500	
Printing Costs	75,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	12,175,800
Net Proceeds		**₱1,487,824,200**
Use of Proceeds		
Project-related Costs		₱1,189,730,000
Payment of Maturing Notes		281,723,200
Interest Expense		16,371,000
Total		**₱1,487,824,200**

B. Use of Proceeds (October 20, 2022 to December 31, 2022)

Gross Proceeds as of September 30, 2022	₱-	
Add: Issued Notes (October 20 to December 31, 2022)	992,250,000	
Total Gross Proceeds as of December 31, 2022		₱992,250,000
Less: Expenses		
Documentary Stamps Tax	₱1,598,903	
Registration Fees	757,500	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	
Printing Costs	11,300	2,461,003
Total Net Proceeds		₱989,788,997
Less: Use of Proceeds		
Payment of Maturing Notes	₱792,819,725	
Project-related Costs	196,969,272	989,788,997
Balance of Proceeds as of December 31, 2022		₱–

C. Outstanding Commercial Papers as of December 31, 2022

SEC-MSRD Order No. 69, Series of 2021 dated October 20, 2021	₱185,050,000
SEC-MSRD Order No. 72, Series of 2022 dated October 20, 2022	940,800,000
TOTAL	**₱1,125,850,000**

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2021

SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020

A. As stated in the Final Prospectus (October 28, 2020 to October 28, 2021)

Gross Proceeds		**₱1,400,000,000**
Less: Expenses		
Documentary Stamps Tax	₱10,500,000	
Registration Fees	732,250	
Printing Costs	70,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	11,395,550
Net Proceeds		**₱1,388,604,450**
Use of Proceeds		
Project-related Costs		₱883,100,000
Payment of Maturing Notes		485,870,850
Interest Expense		19,633,600
Total		**₱1,388,604,450**

B. Use of Proceeds (October 28, 2020 to October 28, 2021)

Gross Proceeds as of September 30, 2021	₱5,112,750,000	
Add: Issued Notes (October 1 to October 28, 2021)	473,750,000	
Total Gross Proceeds as of December 31, 2021		₱5,586,500,000
Less: Expenses		
Documentary Stamps Tax	₱8,654,172	
Registration Fees	732,250	
Printing Costs	71,050	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	9,550,772
Total Net Proceeds		₱5,576,949,228
Less: Use of Proceeds		
Payment of Maturing Notes	₱4,929,827,233	
Project-related Costs	644,809,179	
Interest Expense	2,312,816	5,576,949,228
Balance of Proceeds as of December 31, 2021		₱–

SEC-MSRD Order No. 69, Series of 2021 dated October 20, 2021

A. As stated in the Final Prospectus (October 20, 2021 to October 20, 2022)

Gross Proceeds		**₱1,500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱11,250,000	
Registration Fees	757,500	
Printing Costs	75,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	12,175,800
Net Proceeds		**₱1,487,824,200**
Use of Proceeds		
Project-related Costs		₱952,700,000
Payment of Maturing Notes		517,217,200
Interest Expense		17,907,000
Total		**₱1,487,824,200**

B. Use of Proceeds (October 20, 2021 to December 31, 2021)

Gross Proceeds as of September 30, 2021	-	
Add: Issued Notes (October 20 to December 31, 2021)	₱754,150,000	
Total Gross Proceeds as of December 31, 2021		₱754,150,000
Less: Expenses		
Documentary Stamps Tax	₱1,034,376	
Registration Fees	757,500	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	
Printing Costs	9,250	1,894,426
Total Net Proceeds		₱752,255,574
Less: Use of Proceeds		
Payment of Maturing Notes	₱546,213,116	
Project-related Costs	206,042,458	752,255,574
Balance of Proceeds as of December 31, 2021		₱–

C. Outstanding Commercial Papers as of December 31, 2021

SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020	₱252,750,000
SEC-MSRD Order No. 69, Series of 2021 dated October 20, 2021	696,450,000
	₱949,200,000

SGV
Building a better working world

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1226 Makati City
Philippines

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

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Cityland, Inc.
3/F, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cityland, Inc. and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 29, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of 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 Securities and Exchange Commission, 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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
Tax Identification No. 102-089-397
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 72557-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9564694, January 3, 2023, Makati City

March 29, 2023

CITYLAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	December 31		
	2022	2021	2020
Basic/diluted earnings per share	**4.73**	3.92	3.07
Return on equity	**7.79%**	6.91%	5.77%
Return on asset	**7.18%**	5.37%	4.55%
Net profit margin	**33.82%**	36.75%	32.25%
Solvency	**0.36**	0.26	0.22
Interest rate coverage	**328.76**	212.54	113.14
Asset-to-liability	**4.77**	4.54	4.47
Asset-to-equity	**2.01**	2.00	2.01
Debt-to-equity	**0.17**	0.20	0.21
Current ratio	**3.52**	3.26	3.14
Acid-test ratio	**1.46**	1.53	1.58

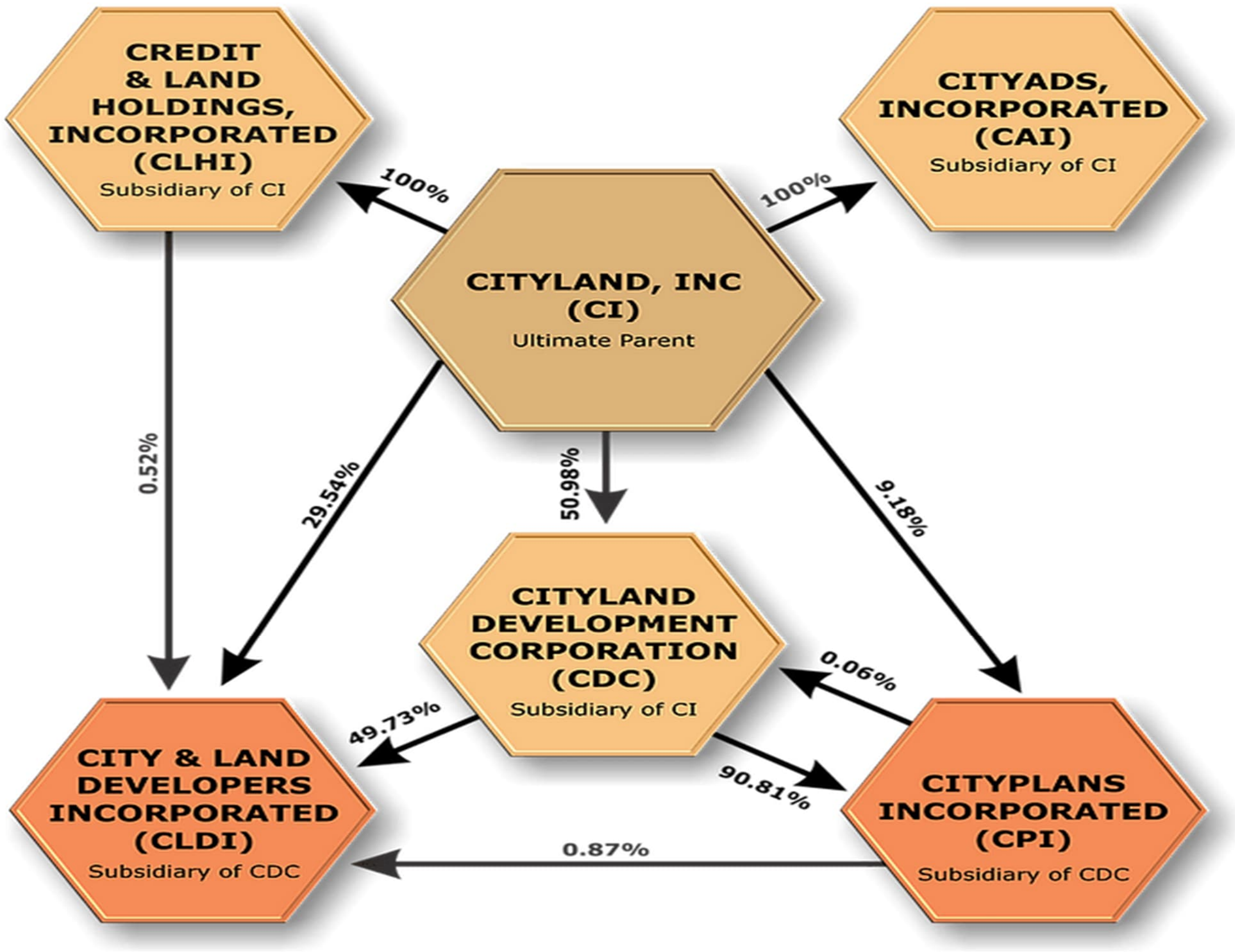
Manner of Calculation:

Basic/diluted earnings per share	=	Net income after Tax / Outstanding shares
Return on equity ratio	=	Net Income after Tax attributable to Parent Company / Stockholder's Equity attributable to Parent Company
Return on asset ratio	=	Net Income after Tax / Total Assets
Net profit margin	=	Net Income after Tax / Total Revenue and Income
Solvency ratio	=	Net Income after Tax + Depreciation Expense / Total Liabilities
Interest rate coverage ratio	=	Net Income Before Tax + Depreciation Expense + Interest Expense / Interest Expense
Asset-to-liability ratio	=	Total Assets / Total Liabilities
Asset-to-equity ratio	=	Total Assets / Total equity attributable to equity holders of the Parent Company (net of unrealized fair value changes on financial assets at fair value through FVOCI and accumulated re-measurement on defined benefit plan)
Debt-to-equity ratio	=	Notes and Contracts Payable / Total equity (net of unrealized fair value changes on financial assets at fair value through FVOCI and accumulated re-measurement on defined benefit plan)
Current ratio	=	Total Current Assets / Total Current Liabilities
Acid-test ratio	=	Cash and Cash Equivalents + Short-term Investments + Installment Contracts Receivable, current + Contract Assets, current + Notes Receivable, current + Other Receivables, current / Total Current Liabilities

SCHEDULE V

CITYLAND, INC.

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



COVER SHEET

SEC Registration Number

8	6	1	8	8						

COMPANY NAME

CITYLAND, INC. AND SUBSIDIARIES

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

3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q(A)	MSRD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ci_rg@cityland.net	**8-893-6060**	**0968-545-1452**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
28 (As of March 31, 2023)	**3rd Tuesday of June**	**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
RUDY GO	**cdc_rg@cityland.net**	**8-893-6060**	**0968-545-1452**

CONTACT PERSON'S ADDRESS

3/F Floor Cityland Condominium 10, Tower II, 154 H.V. dela Costa Street, 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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17- Q

**QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 177
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **March 31, 2023**

2. SEC Identification Number **86188** 3. BIR Tax Identification No. **000-662-829**

4. **CITYLAND, INC.**
   Exact name of issuer as specified in its charter

5. **Makati City, Philippines**
   Province, country or other jurisdiction of incorporation

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

7. **3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City** **1226**
   Address of Principal Office Postal Code

8. **(632)-8-893-6060**
   Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report **N/A**

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Unclassified Common Shares	**149,224,534** **(net of 587,123 treasury shares)**

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

    Yes [ ] No [**x**]

12. Check whether the issuer:

    (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 177 of the Revised 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 90 days?

    Yes [**x**] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements and accompanying notes to the financial statements of Cityland, Inc. and Subsidiaries (the Group) are filed as part of this form (pages 14 to 84).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Philippine real estate industry showed resurgence in 2022 despite the challenges brought about by COVID-19 pandemic. Throughout the year, the real estate sector proved to be resilient, providing significant contributions to the country's economic growth. One of the key factors that drove the industry's success was the demand for housing. With the increase in population, there is a growing demand for affordable housing especially for the middle-income segment of the market. As a result, developers took advantage of this opportunity by constructing and launching projects within the areas with high demand. Other than the housing options, the increase in demand for office and commercial spaces was also noted in 2022 due to the continuous decline in COVID-19 cases which allowed the increase in business activities. As the economy recovers, more businesses are expanding thus, increasing the demand for office and commercial spaces.

In addition, the Philippine government's infrastructure projects also drove the growth in real estate industry. The Build Build Build program aims to improve the country's transportation and logistics infrastructure which provided more opportunities to for real estate developers. The Philippine Gross Domestic Product (GDP) posted a growth of 7.2 percent in the fourth quarter of 2022, resulting to a 7.6 percent full-year growth in 2022.
(Source:https://psa.gov.ph/content/gdp-expands-72-percent-fourth-quarter-2022-and-76-percent-full-year-2022)

The Philippines' GDP grew by 6.4 percent in the first quarter of 2023, the slowest pace in seven quarters since the 12 percent in the second quarter of 2021, according to the Philippine Statistics Authority. The 1st quarter GDP is said to be better and above the median forecast of 6.2 percent by private sector economists. Further, at the national level, the headline inflation rate for the Philippines likewise slowed down to 7.6 percent in March 2023 from 8.6 percent in February 2023.
Sources:
https://business.inquirer.net/400371/philippines-gdp-growth-above-target-at-6-4-in-q12023)
https://rssoncr.psa.gov.ph/article/summary-inflation-report-consumer-price-index-2018100-national-capital-region-march-2023

The pandemic allowed companies to explore alternatives to continuously generate income despite the strict quarantine restrictions implemented in the previous years. In the real estate sector, companies explored the virtual house tours and virtual meetings together with the implementation of online sales portal to take advantage of the technology. These initiatives were continuously being utilized in 2022 which provided convenient way and faster processing of transactions. Overall, the Philippine real estate industry has shown significant growth and is expected to continue in the subsequent years.

The Cityland Group of Companies *[consists of City & Land Developers, Incorporated (CLDI), Cityland Development Corporation (CDC), Cityland, Inc. (CI) and Cityplans, Incorporated (CPI)]* will continue to monitor the demand in housing projects and implement strategies to cope with the changes in the environment and increase in demand.

1. Brief Company History

Cityland, Inc. (the Parent Company or CI) is a domestic corporation which is duly organized and existing under and by virtue of the laws of the Philippines since May 15, 1979 with the primary purpose of engaging in real estate development.

2. Subsidiaries

The Parent Company has a majority-owned subsidiary, Cityland Development Corporation (CDC), a publicly listed company, and two wholly-owned subsidiaries, Credit & Land Holdings, Inc. (CLHI) and Cityads Incorporated (CAI).

CDC has two majority-owned subsidiaries, City & Land Developers, Incorporated (CLDI), another publicly listed company, and Cityplans, Incorporated (CPI). The primary purpose of CI and its subsidiaries (the Group), which are all domiciled in the Philippines, is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate, except for CPI which is engage in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing, and selling pension plans. CPI's secondary purpose is to own or otherwise acquire by deed, purchase or otherwise, the necessary property, building and equipment essential or incidental to said business and to purchase, own, hold, possess, lease, or otherwise acquire, and to use, operate, maintain, sell, pledge, mortgage, transfer or assign any real or personal property in the furtherance of the business and purpose of CPI.

The Group's registered office and principal place of business is at 2nd and 3rd Floors, Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City.

CAI was incorporated on February 20, 1980 for the purpose of engaging in general advertising business. Its registered office and principal place of business is at 2F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Salcedo Village, Makati City.

CLHI was incorporated on July 16, 1980 for the purpose of purchasing, selling or disposing of real and personal property of any kind including shares of stocks and securities. Its registered office and principal place of business is at 2F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Salcedo Village, Makati City.

The Parent Company, CDC and CLDI are selling the following projects as of March 31, 2023:

CI

Two Premier

Two Premier is 32-storey residential, office, and commercial condominium near the corner of Investment Drive leading to Daang Hari, Las Pinas City. The project is situated beside One Premier, and it is estimated to be completed in June 2025.

One Premier

One Premier is a 27-storey commercial and residential condominium project located in one of the upmarket addresses in the South - Alabang Premier, Km. 21 Alabang-Zapote Road, Brgy. Almanza Uno, Las Piñas City. It was designed in the style and function of metropolitan living with amenities like swimming pool, gym, playground, multi-purpose function room, viewing deck and 24-hour association security will ensure convenient living.

The Manila Residences II

The Manila Residences II is a 39-storey office, commercial and residential condominium located along Taft Avenue, Manila. Amenities include swimming pool, mini-gym, and sauna for men and women, function room, viewing deck, children's playground and 24-hour association security.

Tagaytay Prime Residences

Tagaytay Prime Residences is a 21-storey commercial and residential condominium located at Tagaytay Prime Rotunda, Brgy. San Jose, Tagaytay City. Amenities include common viewing balcony for residential floors, swimming pool, multi-purpose area, viewing deck with jogging path and a 24-hour association security.

The Manila Residences I

The Manila Residences I is a 39-storey office, commercial and residential condominium located along Taft Avenue. Amenities include swimming pool, mini-gym, sauna for men and women, function room, viewing deck, children's playground and 24-hour association security.

Brentwood Mansion

Brentwood Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitors' lounge, provision for cable TV and telephone line, individual water submeter / Meralco meter and 24-hour association security.

Tagaytay Country Homes 2-B

Tagaytay Country Homes 2-B is a residential subdivision located at Barangay Neogan, Tagaytay City. Features include multi-purpose hall, swimming pool and 24-hour association security.

CDC

Pioneer Heights 1

Pioneer Heights 1 is a 24-storey residential and commercial condominium to be located in Pioneer St., Mandaluyong City. Its amenities include swimming pool, children's playground, multi-purpose function room, laundry room, information area, administration room and 24-hour association security.

Estimated Date of Completion: December 2023

101 Xavierville

101 Xavierville is a 40-storey residential and commercial condominium to be located along Xavierville Avenue, Loyola Heights, Quezon City. The project is easily accessible to various schools such as Ateneo de Manila University, University of the Philippines and Miriam College; recreational parks and leisure places.

Estimated Date of Completion: February 2024

Pines Peak Tower I

Pines Peak Tower I is a 27-storey residential condominium located at Union corner Pines St., Barangka, Mandaluyong City. Its amenities include swimming pool, viewing deck, multi-purpose function room with movable children play set, gym and 24-hour association security.

Pines Peak Tower II

Pines Peak Tower II is a 27-storey residential condominium conceptualized for the fast-paced Filipino family. It is beside Pines Peak Tower I along Pines St., Brgy. Barangka Ilaya, Mandaluyong City. It is only a block away from the major thoroughfare of EDSA, near Shaw Boulevard, Pioneer and MRT Boni Station. The project is easily accessible to various commercial centers like Shangri-La Mall, Star Mall, Robinson's Place Pioneer, SM Megamall, The Podium, Metrowalk and schools like Lourdes School of Mandaluyong, St. Paul College and University of Asia and the Pacific. This project was completed in May 2019.

Grand Central Residences

Grand Central Residences is a 40-storey office, commercial and residential condominium located at EDSA corner Sultan St., (fronting MRT Shaw), Mandaluyong City. It is in close proximity to schools, churches, malls and hospitals. It is equipped with swimming pool, multi-purpose function room, gym, multi-purpose deck, CCTV and 24-hour association security.

Makati Executive Tower IV

Makati Executive Tower IV is a 29-storey commercial and residential condominium located at Cityland Square, Sen. Gil Puyat Ave., cor. P. Medina St., Makati City. It is in close proximity to schools, malls, hypermarkets and hospitals. Its amenities include swimming pool, gym, playground, function room, roof deck and 24-hour association security.

Makati Executive Tower III

Makati Executive Tower III is a 37-storey commercial, office, and residential condominium located at Cityland Square, Sen. Gil Puyat Avenue, Pio Del Pilar, Makati City. Its amenities include swimming pool, sauna, viewing deck, jogging area, mini-gym, children's playground, function room and 24-hour association security.

CDC is also leasing out the following buildings:

- *CityNet Central*

  CityNet Central is a 22-storey commercial and PEZA-registered building located in central business district along Sultan Street, Brgy. Highway Hills, Mandaluyong City with its proximity to MRT station and various transportation hubs.

- *CityNet1*

  CityNet1 is a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack-Wack, Mandaluyong City. The said building for lease is also registered with PEZA.

CLDI

One Hidalgo

One Hidalgo is a proposed 39-storey mixed residential, office and commercial condominium to be located at 1730 P. Hidalgo Lim St., corner Gen. Malvar St., Malate, Manila. It is near various universities (De La Salle University, University of the Philippines – Manila, Philippine Christian University), government agencies (Supreme Court, Court of Appeals, Department of Justice) and other leisure establishments. The said project was launched in February 2023 and expected to be completed in September 2027.

One Taft Residences

One Taft Residences is a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila. It is accessible to various universities (De La Salle University, University of the Philippines – Manila, Philippine Christian University), transportation hubs, shopping centers, businesses, commercial and government offices. The said project was completed in May 2022.

North Residences

This 29-storey commercial and residential condominium is located along EDSA (beside WalterMart) corner Lanutan, Brgy. Veterans Village, Quezon City. It is conceptualized for the practical modern families to enjoy suburban city living that is friendly on the budget. The project was turned over in March 2018.

Grand Emerald Tower

Grand Emerald Tower is a 39-storey commercial, office and residential condominium located along Emerald Avenue Corner Ruby and Garnet Streets, Ortigas Center, Pasig City. Its amenities and facilities include swimming pool, gymnasium, viewing deck, sauna, children's playground, multi-purpose function room, and 24-hour association security. It is proximate to schools, hospitals, shopping malls, banks, restaurants, hotels, churches and other leisure and business establishments.

Pacific Regency

Pacific Regency is a 38-storey commercial, office and residential condominium located at Pablo Ocampo Sr. Ave. (formerly Vito Cruz Street) in front of Rizal Memorial Sports Complex in Manila. Amenities and facilities include swimming pool, gymnasium, separate sauna for male and female, function room, children's playground, 24-hour association security, viewing area and jogging areas at the roof deck.

Future Projects

The following are the future projects of the Group as of March 31, 2023:

CI

Two Premier

Two Premier is a commercial and residential condominium project to be located at Alabang Zapote Road, Barangay Almanza Uno, Las Piñas City. This project is to be located beside One Premier.

CDC

City North Tower

City North Tower is a proposed 50 - storey mixed residential, office and commercial Condominium project with three (3) basement parking and four (4) podium parking levels to be located at No. 35 North Avenue Barangay Bagong Pag-asa Quezon City (QC). It is walking distance to QC's biggest malls - SM City North EDSA and Trinoma. The project is right across the future Common Station of MRT 7, MRT 3, LRT and subway.

Pioneer Heights 2

Pioneer Heights 2 is an office, residential and commercial condominium to be located at Reliance St., Brgy. Highway Hills, Mandaluyong City.

CLDI

Bonifacio Place

Bonifacio Place is a proposed 40-storey mixed residential, office and commercial condominium project with a four (4) basement parking levels and a separate 6-storey parking building to be located at Boni Avenue, Barangay Barangka Itaas, Mandaluyong City. It is about 450 meters away from the EDSA MRT Boni Station.

The Group has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Internal sources of liquidity come from sales of condominiums and real estate projects, rental income from leased properties, collection of installment receivables and contract assets, maturing short-term and long-term investments and notes receivable while external sources come from SEC-registered commercial papers.

The estimated development cost of ₱910.37 million as of March 31, 2023 representing the cost to complete the development of real estate projects sold and the contract payable amounting to approximately ₱7.55 million representing the liabilities from the contract to purchase a property which will be sourced through:

a. Sales of condominium units and real estate projects;
b. Collection of installment contracts receivables and contract assets;
c. Maturing short-term and long-term investments and notes receivable; and
d. Issuance of SEC-registered commercial papers.

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

The Group's balance sheet as of March 31, 2023 remained solid with total assets of ₱18.38 billion, slightly higher as compared to the balance as of December 31, 2022 of ₱18.19 billion. The increase in assets can be attributed to sales and collections from clients, which resulted to increase in real estate properties for sale as a result of the continuous construction of the Group's ongoing projects. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers as of March 31, 2023 and December 31, 2022.

Majority of funds were utilized for operations and to finance the Group's on-going condominium projects, Two Premier, Pioneer Heights 1, 101 Xavierville, and One Hidalgo. Excess funds were invested in both short-term and long-term investments to increase interest earnings and maintain liquidity. The financial position remained stable as total cash and cash equivalents and short-term investments stood at ₱1.12 billion and ₱1.27 billion, respectively as of March 31, 2023.

On the liabilities side, total liabilities as of March 31, 2023 resulted to ₱3.71 billion as compared to ₱3.82 billion as of December 31, 2022. The increase was due to the increase in customers' deposits.

Total equity stood at ₱14.68 billion as of March 31, 2023 from ₱14.37 billion as of December 31, 2022 due to comprehensive income of ₱230.32 million.

As a result of the foregoing, the Group registered a current and acid test ratio of 3.66:1 and 1.54:1, respectively as of March 31, 2023, as compared to 3.52:1 and 1.46:1, respectively as of December 31, 2022. Asset-to-liability and debt-to-equity remained stable at 4.96:1 and 0.96:1, respectively, as of March 31, 2023, as compared to 4.77:1 and 0.17:1, respectively as of December 31, 2022.

Results of Operation (March 31, 2023 vs. March 31, 2022)

Sales of real estate properties reached ₱874.19 million as compared to the same period last year of ₱623.39 million. The increase in sales can be attributed to the recovery of the economy, loosening of quarantine restrictions and increase in the percentage of completion in the Group's on-going projects together with the completion of one of the projects of CLDI, One Taft Residences.. Revenue from the sale of these real estate projects under pre-completion stage is recognized over time during the construction period (or percentage of completion).

As of March 31, 2023, CI contributed 18.65% of total Group's sales amounting to ₱163.02 million. Sales were substantially generated from Two Premier. Additional sales were also generated from the remaining inventory of One Premier, Tagaytay Prime Residences and The Manila Residences II.

Sales generated by CDC contributed 71.48% of the total sales of the Group reaching ₱624.88 million as of March 31, 2023. The increase can be attributed from sales in Pioneer Heights 1 followed by 101 Xavierville.

On the other hand, CLDI contributed 9.87% of the total sales as a result of sales from One Taft Residences, North Residences and Grand Emerald Tower.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents, short-term and long-term investments and notes receivables contributed 13.58% of total revenues. Likewise, other income – net grew by 21.41% from ₱30.34 million as of March 31, 2022 to ₱36.84 million as of March 31, 2023. Other income - net were primarily derived from adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Rent income, on the other hand, significantly came from the lease operations of CityNet Central, CityNet1 and other properties that were held for lease. Revenue contribution of this account increased by 50.93%, from ₱43.34 million to ₱65.41 million for the quarter ended March 31, 2022 and March 31, 2023, respectively.

On the cost side, cost of real estate sales increased as this moves in tandem with sales while operating expenses increased due to the increase in personnel expenses, taxes and licenses, brokers' commission, light, power and water, membership dues and repairs and maintenance. As for the financial expenses, the decrease was due to the increase in capitalized interest expense.

As a result of the foregoing, the Group ended with a net income of ₱302.33 million as of March 31, 2023 as compared to the same period last year of ₱230.51 million. This translated to annualized earnings per share and return on equity of 4.88 and 7.89%, respectively as compared to the same period last year of 3.50 and 6.08%, respectively.

Financial Ratios

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Basic/Diluted earnings per share*	**₱4.88**	₱4.73	₱3.50
Return on equity (%)*	**7.89%**	7.79%	6.08%
Return on asset (%)*	**2.19%**	7.18%	5.31%
Net profit margin	**26.76%**	33.82%	28.44%
Solvency*	**0.33**	0.36	0.25
Interest rate coverage	**415.78**	328.76	63.26
Asset-to-liability	**4.96**	4.77	4.47
Asset-to-equity	**12.11**	2.01	2.02
Debt-to-equity	**0.96**	0.17	0.22
Current	**3.66**	3.52	3.17
Acid-test ratio	**1.54**	1.46	1.28

**Annualized for the period of March 31, 2023 and March 31, 2022.*
***After retroactive effect of stock dividends*

Manner of Calculations:

Basic/ Diluted Earnings per share = $\dfrac{\text{Net income after tax}}{\text{Outstanding number of shares}}$

Return on equity ratio = $\dfrac{\text{Net income after tax}}{\text{Total Equity}}$

Return on asset ratio = $\dfrac{\text{Net income after tax}}{\text{Total Assets}}$

Net profit margin = $\dfrac{\text{Net income after tax}}{\text{Total Revenue}}$

Solvency ratio = $\dfrac{\text{Net income after tax + Depreciation expense}}{\text{Total Liabilities}}$

Interest rate coverage ratio = $\dfrac{\text{Net income before income tax + Depreciation expense + Interest expense}}{\text{Interest expense}}$

Asset-to-liability ratio = Total assets / Total liabilities

Asset-to-equity ratio = Total assets / Total equity attributable to equity holders of the Parent Company (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)

Debt-to-equity ratio = Notes and contracts payable / Total equity attributable to equity holders of the Parent Company (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)

Current ratio = Total current assets / Total current liabilities

Acid-test ratio = Cash and cash equivalents + Short-term cash investments +

$$\frac{\text{Current portion of installment contracts receivable + Current portion of contract assets +Current portion of notes receivable + Current portion of other receivables}}{\text{Total current liabilities}}$$

1. **Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)**

The loosening of COVID-19 quarantine restrictions as a result of the continuous decline in the number of COVID-19 cases has caused businesses to recover. The Group's collection and increase in sales improved the Group's liquidity.

2. **Internal and External Sources of Liquidity**

Internal sources come from sales of condominiums and real estate projects, collection of installment contracts receivable and contract assets, maturing short-term and long-term investments and notes receivable, and other sources such as rental income, interest income and dividend income. External sources come from issuance of commercial papers.

3. **Any Material Commitments for Capital Expenditures and Expected Sources of Funds of such Expenditures**

The estimated development cost of ₱910.37 million as of March 31, 2023 representing the cost to complete the development of real estate projects sold will be sourced through:

a. Sales of condominium units and real estate projects;
b. Collection of installment contracts receivable and contract assets;
c. Maturing short-term and long-term investments and notes receivable; and
d. Issuance of SEC-registered commercial papers.

4. **Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income)**

On March 11, 2020, the World Health Organization (WHO) has declared the novel coronavirus (COVID-19) outbreak a global pandemic. As such, in a move to contain the COVID-19 outbreak on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020.

On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. After which, modified ECQ was implemented in Metro Manila until May 31, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines.

As of March 31, 2023, the number of COVID-19 cases has already subsided allowing the government to implement pandemic restrictions in Metro Manila and other parts of the country to the lowest alert level.

These measures have caused disruptions to businesses, global supply chain, and economic activities, and its impact continues to evolve. In 2020, the Group observed decline in general business but economic recovery was seen in 2021 and is expected in the succeeding periods as a result of the decline in the number of COVID-19 cases and thereby loosening the community quarantines.

Further, the ongoing Russia-Ukraine conflict sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine or Russia.

The scale and duration of these developments and events remain uncertain as of March 31, 2023. It is not possible to estimate the overall impact of the outbreak and war's near-term and longer effects. Considering the evolving nature of the pandemic and the war, the Company will continue to closely monitor these situations.

5. Any Significant Elements of Income or Loss that did not arise from Registrant's Continuing Operations.

There were no significant elements of income or loss that did not arise from continuing operations.

6. Any Event that Will Trigger Direct or Contingent Financial Obligation that is Material to Company

There is no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

7. Causes for any Material Changes from Period to Period in One or More Line of the Registrant's Financial Statements

<u>FINANCIAL CONDITION (March 31, 2023 vs December 31, 2022)</u>

a. Decrease in Cash and Cash Equivalents was substantially due to shift of placements to longer term investments, partial settlement of notes and contracts payable.
b. Increase in Short-term Investments was due to additional placements to longer term investments but not exceeding one year term.
c. Decrease in Installment Contract Receivables was due to collections from clients.
d. Increase in Contract Assets was due to higher sales and increase in the percentage of completion of the Group's ongoing projects.
e. Decrease in Other Receivables was substantially due to collection of advances to customers, rent receivable, accrued interest receivable and advances to condominium corporations.
f. Increase in Real Estate Properties for Sale was primarily due to additional development costs incurred.
g. Increase in Investments in Trust Fund was due to increase in the value of debt and listed equity securities.
h. Decrease in Cost to Obtain Contract was due to recognition of commission expense in relation to the increase of percentage of completion of the Group's ongoing projects.
i. Increase in Real Estate Properties Held for Future Development was due to the additional costs capitalized.
j. Decrease in Investment Properties was due to the recognition of depreciation expense.
k. Decrease in Property and Equipment was due to recognition of depreciation expense.
l. Increase in Other Assets was due to higher input VAT as a result of the newly acquired property and advances to contractors.
m. Decrease in Accounts Payable and Accrued Expenses was due to the decrease in accrued development costs, trade payables, withholding taxes payable and lease liabilities.
n. Increase in Notes and Contracts Payable was due to proceeds from issuance of notes payable and additional contract payable entered into by CDC in relation to its acquisition of a new property.

o. Decrease in Contract Liabilities was due to increase in percentage of completion of the Group's on-going projects which satisfied the payments made by the clients.
p. Increase in Income Tax Payable was due to additional income earned as of March 31, 2022..
q. Decrease in Pre-need and Other Reserves was due to maturities and termination of pension plan.
r. Increase in Deferred Income Tax Liabilities - net was significantly due to the increase in realized gain on sale of real estate properties and accrued expenses.
s. Increase in Retained Earnings was due to net income recognized as of March 31, 2022.
t. Decrease in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
u. Increase in Non-Controlling Interest was due to net income of subsidiaries.

RESULTS OF OPERATION (March 31, 2023 vs March 31, 2022)

a. Increase in Sales of Real Estate Properties was due to higher sales brought by the recovery of the economy, loosening of the quarantine restrictions and increase in the percentage of completion of the Group's ongoing projects.
b. Increase in Financial Income was due to increase in interest income from installment contracts receivables, contract assets, cash equivalents and short-term and long-term investments.
c. Increase in Rental Income was due to additional contracts entered into in the 1st quarter of 2023 and higher income from units held for lease.
d. Increase in Other Income-net was due to the forfeited units which was recorded at fair market value less cost to sell upon repossession.
e. Increase in Cost of Real Estate Sales was due to higher sales recognized on sold units for the period,
f. Increase in Operating Expenses was due to higher personnel expenses, taxes and licenses, brokers' commission, light, power and water and repairs and maintenance..
g. Decrease in Financial Expenses was due to higher capitalized interest.
h. Increase in Provision for Income Tax was due to higher taxable income.
i. Increase in Net Income was due to the increase in sales recognized as of March 31, 2023..

8. Any seasonal aspects that had a material effect on the financial condition and results of operation

There are no seasonal aspects that had a material effect on the financial condition and results of operation.

9. Items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents

There are no unusual items affecting assets, liabilities, equity, net income or cash flows in the current interim financial statements.

10. Any changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

11. Any issuances, repurchases, and repayments of debt and equity securities

The Parent Company and CDC issued commercial papers during the period with a total outstanding balance of ₱1.44 billion as of March 31, 2023.

12. Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

13. Effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

There are no significant effects of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

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Compliance to Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*

The Company's unaudited interim consolidated financial statements is in compliance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. The same accounting policies and methods of computation are followed as compared with the most recent annual audited consolidated financial statements. However, the unaudited interim consolidated financial statements as of March 31, 2023 do not include all of the information and disclosures required in the annual audited consolidated financial statements and therefore, should be read in conjunction with the annual audited consolidated financial statements as of and for the year ended December 31, 2022. There are no any events or transactions that are material to an understanding of the current interim period.

PART II – OTHER INFORMATION

Disclosures not made under SEC Form 17 – C

There are no reports that were not made under SEC Form 17 – C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By: **CITYLAND, INC.**

Date: May 19, 2023	Date: May 19, 2023
Josef C. Gohoc	Rudy Go
President / Director	Senior Vice President / Compliance Officer

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of	
	UNAUDITED March 31, 2023	AUDITED December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,115,663,275**	₱1,424,589,931
Short-term investments (Note 4)	**1,265,700,000**	691,700,000
Current portion of:		
Installment contracts receivable (Note 6)	**16,627,360**	17,933,217
Contract assets (Note 6)	**500,152,568**	751,183,602
Cost to obtain contracts (Note 6)	**13,424,692**	17,502,622
Notes receivable (Note 7)	**1,378,150,000**	1,288,150,000
Other receivables (Note 8)	**67,156,191**	80,139,535
Investments in trust funds (Note 5)	**9,196,033**	9,196,033
Real estate properties for sale (Note 9)	**5,829,854,213**	5,799,289,178
Other current assets (Note 13)	**114,187,461**	152,179,841
Total Current Assets	**10,310,111,793**	10,231,863,959
Noncurrent Assets		
Long-term investments (Note 4)	**303,999,438**	303,999,438
Installment contracts receivable - net of current portion (Note 6)	**14,263,566**	15,479,329
Contract assets - net of current portion (Note 6)	**2,546,214,134**	2,439,744,668
Cost to obtain contracts - net of current portion (Note 6)	**963,625**	785,182
Notes receivable - net of current portion (Note 7)	**100,000,000**	100,000,000
Other receivables - net of current portion (Note 8)	**1,735,263**	868,040
Investments in trust funds - net of current portion (Note 5)	**27,526,117**	25,039,321
Real estate properties held for future development (Note 10)	**1,126,715,693**	1,126,655,558
Investment properties (Note 11)	**3,825,784,730**	3,833,328,526
Property and equipment (Note 12)	**61,549,076**	57,806,195
Net retirement plan assets (Note 24)	**17,676,384**	17,676,384
Other noncurrent assets (Note 13)	**45,565,027**	37,246,039
Total Noncurrent Assets	**8,071,993,053**	7,958,628,680
TOTAL ASSETS	**₱18,382,104,846**	₱18,190,492,639

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	**₱1,113,265,616**	₱1,046,594,916
Contract liabilities (Note 6)	**216,214,551**	285,267,436
Notes and contracts payable (Note 15)	**1,452,299,400**	1,555,149,400
Income tax payable	**37,295,357**	20,263,990
Current portion of pre-need and other reserves (Note 5)	**822,843**	822,843
Total Current Liabilities	**2,819,897,767**	2,908,098,585
Noncurrent Liabilities		
Accounts payable and accrued expenses - net of current portion (Note 14)	**268,410,947**	300,445,888
Contract liabilities - net of current portion (Note 6)	–	7,318,931
Pre-need and other reserves - net of current portion (Note 5)	**22,704,435**	23,192,535
Net retirement benefits liability (Note 24)	**27,830**	27,830
Deferred income tax liabilities - net (Note 25)	**594,412,904**	576,811,132
Total Noncurrent Liabilities	**885,556,116**	907,796,316
Total Liabilities	**3,705,453,883**	3,815,894,901

	As of	
	UNAUDITED March 31, 2023	AUDITED December 31, 2022
Equity		
Attributable to Equity Holders of the Parent Company		
Capital stock - 10 par value (Note 16)		
Authorized - 185,000,000 shares		
Issued - 149,224,534 shares (net of 587,123 treasury shares) held by 28 equity holders as of March 31, 2023 and December 31, 2022	**₱1,498,116,570**	₱1,498,116,570
Other equity reserves	**72,536,291**	72,536,291
Unrealized fair value changes on financial assets at FVOCI (Note 13)	**343,763**	354,784
Accumulated re-measurement loss on defined benefit plan - net of deferred income tax effect (Note 24)	**(20,689,845)**	(20,689,845)
Retained earnings	**7,681,231,770**	7,499,190,499
	9,231,538,549	9,049,508,299
Non-controlling interests (Note 17)	**5,445,112,414**	5,325,089,439
Total Equity	**14,676,650,963**	14,374,597,738
TOTAL LIABILITIES AND EQUITY	**₱18,382,104,846**	₱18,190,492,639

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the 3-months ended March 31, 2023	For the 3-months ended March 31, 2022
REVENUES AND INCOME		
Sales of real estate properties (Note 6)	**₱874,194,149**	₱623,388,789
Financial income (Note 21)	**153,424,018**	113,371,334
Rent income (Note 11)	**65,407,060**	43,335,330
Other income - net (Note 23)	**36,835,480**	30,338,730
	1,129,860,707	810,434,183
COSTS AND EXPENSES		
Costs of real estate sales (Note 9)	**528,834,299**	320,424,665
Operating expenses (Note 18)	**206,463,016**	184,720,868
Financial expenses (Note 22)	**967,156**	5,086,189
	736,264,471	510,231,722
INCOME BEFORE INCOME TAX	**393,596,236**	300,202,461
PROVISION FOR INCOME TAX (Note 25)	**91,267,081**	69,690,386
NET INCOME	**302,329,155**	230,512,075
Attributable to:		
Equity holders of the Parent Company	**₱182,041,271**	₱130,396,513
Non-controlling interests (Note 17)	**120,287,884**	100,115,562
	₱302,329,155	₱230,512,075
BASIC/DILUTED EARNINGS PER SHARE (Note 28)	**₱1.22**	₱0.87

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the 3-months ended March 31, 2023	For the 3-months ended March 31, 2022
NET INCOME	**₱302,329,155**	₱230,512,075
OTHER COMPREHENSIVE INCOME (LOSS)		
Not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at FVOCI (Note 13)	**(275,930)**	(189,524)
	(275,930)	(189,524)
TOTAL COMPREHENSIVE INCOME	**₱302,053,225**	₱230,322,551
Attributable to:		
Equity holders of the Parent Company	**₱182,030,250**	₱130,324,738
Non-controlling interests (Note 17)	**120,022,975**	99,997,813
	₱302,053,225	₱230,322,551

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 16)	Other Equity Reserves	Unrealized Fair Value Changes on Financial Asserts at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan – Net of Deferred Income Tax Effect (Note 24)	Retained Earnings	Subtotal	Non-controlling Interests (Note 17)	Total
BALANCES AT JANUARY 1, 2023	**₱1,498,116,570**	**₱72,536,291**	**₱354,784**	**(₱20,689,845)**	**₱7,499,190,499**	**₱9,049,508,299**	**₱5,325,089,439**	**₱14,374,597,738**
Net income	–	–	–	–	**182,041,271**	**182,041,271**	**120,287,884**	**302,329,155**
Other comprehensive loss	–	–	**(11,021)**	–	–	**(11,021)**	**(264,909)**	**(275,930)**
BALANCES AT MARCH 31, 2023	**₱1,498,116,570**	**₱72,536,291**	**₱343,763**	**(₱20,689,845)**	**₱7,681,231,770**	**₱9,231,538,549**	**₱5,445,112,414**	**₱14,676,650,963**

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	Capital Stock (Note 16)	Stock Dividends Distributable (Note 16)	Other Equity Reserves	Unrealized Fair Value Changes on Financial Assets at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan – Net of Deferred Income Tax Effect (Note 24)	Retained Earnings	Subtotal	Non-controlling interests (Note 17)	Total
BALANCES AT JANUARY 1, 2022	1,498,116,570	–	72,536,291	499,622	(22,891,845)	6,906,418,482	8,454,679,120	4,784,975,154	13,239,654,274
Net income	–	–	–	–	–	130,396,513	130,396,513	100,115,562	230,512,075
Remeasurement gain due to change in tax rate	–	–	–	–	–		–	–	–
Other comprehensive income	–	–	–	(71,775)	–	–	(71,775)	(117,749)	(189,524)
BALANCES AT MARCH 31, 2022	1,498,116,570	–	72,536,291	427,847	(22,891,845)	7,036,814,995	8,585,003,858	4,884,972,967	13,469,976,825

CITYLAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	UNAUDITED	
	As of March 31, 2023	As of March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱393,596,236**	₱300,202,461
Adjustments for:		
Interest income (Note 21)	**(153,424,018)**	(113,371,334)
Depreciation (Notes 18 and 20)	**7,562,302**	16,442,814
Interest expense - net of amounts capitalized (Note 22)	**441,663**	2,033,139
Interest expense -lease liabilities (Note 22)	**89,343**	71,257
Trust fund loss (income) (Note 23)	**(2,430,851)**	17,053
Operating income before working capital changes	**245,834,675**	205,395,390
Decrease (increase) in:		
Installment contracts receivable (Note 6)	**2,521,620**	13,657,216
Contract assets (Note 6)	**144,561,568**	(46,754,569)
Other receivables (Note 8)	**15,885,621**	2,672,178
Real estate properties for sale (Note 9)	**(30,565,035)**	5,165,518
Real estate properties held for future development (Note 10)	**(60,135)**	(211,465)
Cost to obtain contracts (Note 6)	**4,077,930**	1,404,319
Deposits and others (Note 13)	**19,919,556**	(50,018,413)
Increase (decrease) in:		
Accounts payable and accrued expenses	**31,105,914**	(7,571,482)
Contract liabilities (Note 6)	**(76,371,916)**	(44,353,335)
Pre-need and other reserves (Note 5)	**(487,600)**	(3,271,006)
Net cash generated from operations	**356,422,198**	76,114,351
Interest received	**149,654,518**	117,505,400
Income taxes paid, including creditable and final withholding taxes	**(55,656,847)**	(40,173,784)
Net cash flows from operating activities	**450,419,869**	153,445,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from matured (purchase of):		
Investments (Note 4)	**(574,000,000)**	182,305,733
Notes receivable (Note 7)	**(90,000,000)**	(176,400,000)
Adjustments (additions) to investment properties (Note 11)	**7,543,096**	(296,670,652)
Net cash flows from (used in) investing activities	**(656,456,904)**	(290,764,919)

(Forward)

	UNAUDITED	
	As of March 31, 2023	As of March 31, 2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable (Note 15)	**₱1,977,160,340**	₱2,355,750,000
Payments of notes payable (Note 15)	**(2,080,010,340)**	(2,424,000,000)
Dividends paid	**(40,321)**	(57,580)
Interest paid, net of capitalized borrowing costs (Notes 14 and 15)	**-**	(2,551,381)
Payment of lease liabilities (Note 14)	**-**	(1,234,673)
Net cash flows used in financing activities	**(102,890,321)**	(72,093,634)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(308,926,656)**	(209,412,586)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	**1,424,589,931**	1,272,289,680
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR (Note 4)	**₱1,115,663,275**	₱1,062,877,094

See accompanying Notes to Consolidated Financial Statements.

CITYLAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Cityland, Inc. (the Parent Company) was incorporated in the Philippines on May 15, 1979. The Parent Company has a majority owned subsidiary, namely, Cityland Development Corporation (CDC), a publicly listed company, and two wholly owned subsidiaries, namely, Credit & Land Holding, Inc. (CLHI) and Cityads, Incorporated (CAI). CDC has two majority owned subsidiaries, namely, City & Land Developers, Incorporated (CLDI), another publicly listed company, and Cityplans, Incorporated (CPI). The primary purpose of the Parent Company and its subsidiaries (the Group), which are all incorporated and domiciled in the Philippines, is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate. In addition, CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans.

The Group's registered office and principal place of business is 2/F and 3/F, Cityland Condominium 10 Tower I, 156 H.V. de la Costa Street, Makati City.

On May 12, 2023, the Board of Directors, through the recommendation of the Audit and Risk Committee, approved and authorized the issuance of the accompanying unaudited consolidated financial statements as of and for the period ended March 31, 2023 of the Parent Company and its subsidiaries (the Group).

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss, financial assets measured at fair value through other comprehensive income (FVOCI) and investment properties included in the investments in trust funds account. These consolidated financial statements are presented in Philippine peso (₱), which is the Group's functional and presentation currency. All values are rounded to the nearest Peso except when otherwise indicated.

The consolidated financial statements have been prepared under the going concern assumption. The Group believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

Statement of Compliance
The Group's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) as modified by the application of the following financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic:

- *Deferral of the provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry*

  a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04); and
  b. Treatment of land in the determination of the percentage-of-completion (POC).

  Item b was already implemented by the Group prior to the issuance of the PIC Q&A 2018-12 and the Group continued its accounting treatment despite the deferral mentioned.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry*

<u>Changes in Accounting Policies</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective on January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Group.

- Amendments to PAS 1, Presentation of Financial Statements, 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments did not have a material impact on the Group.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates, and Errors, 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.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments did not have a material impact on the Group.

- 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 financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The amendments did not have a material impact on the Group.

Basis of Consolidation

The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of the covered period of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

These subsidiaries and the percentage of ownership of the Parent Company as of March 31, 2023 and December 31, 2022 are as follows:

	Percentage of Ownership	Nature of Activity
Direct:		
CAI	100.00	Advertising
CLHI	100.00	Holding
CDC	50.98	Real estate
Indirect through CDC (including direct ownership of the Parent Company in CLDI of 29.54% and CPI of 9.18%):		
CLDI	54.89	Real Estate
CPI	55.47	Pre-need pension plans

A subsidiary is an entity that is controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- 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
- 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 or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Parent Company's voting rights and potential voting rights

The Parent Company re-assesses 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill, if any), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling Interests
Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position, separate from the Parent Company's equity.

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

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. 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 from dates of acquisition, and are subject to an insignificant risk of change in value.

Short-term and Long-term Investments
Short-term investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition. Long-term investments pertain to cash and bond investments that have maturities of more than one year from the dates of acquisition.

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

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.

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 the end of each reporting period.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss.

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. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Installment contracts receivable and contract assets are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, 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.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
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: (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (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 includes cash and cash equivalents, short-term and long-term investments, installment contracts receivable, contract assets, notes receivables, other receivables and deposits under "Other noncurrent assets".

Financial assets at FVOCI (debt instruments)
The Group measures debt instruments at FVOCI if both of the following conditions are met:

(a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows; and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As of March 31, 2023 and December 31 2022, the Group's investment in trust fund has debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as financial assets at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category (Note 13).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

The Group's investments in trust fund have financial assets at fair value through profit or loss as of March 31, 2023 and December 31, 2022.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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 statement 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 recognized 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 fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For installment contracts receivable and contract assets, 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 has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments 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 fair value through profit

or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include accounts payable, accrued expenses, notes and contract payable.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to interest-bearing loans and borrowings.

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 statement of income.

c. *Offsetting of financial instruments*
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

Investments in Trust Funds
The trust fund assets and liabilities are recognized in accordance with the provisions of the applicable PAS and PFRSs and their interpretations.

Investments in trust funds are restricted to cover the Group's pre-need reserves. These are classified as current assets to the extent of the currently maturing pre-need reserves. The remaining portion is classified as noncurrent assets in the consolidated statement of financial position.

Real Estate Properties for Sale and Real Estate Properties Held for Future Development
Property acquired or being constructed for sale in the ordinary course of business and held for future development, rather than to be held for rental or capital appreciation, is classified as real estate properties for sale and real estate properties held for future development and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Amounts paid to contractors for construction
- Borrowing costs directly attributable to the acquisition, development and construction of real estate projects
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to complete and the estimated costs necessary to make the sale. The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Upon commencement of development, the real estate properties held for future development is transferred to real estate properties for sale.

Upon repossession, real estate properties for sale arising from sale cancellations and forfeitures are measured at fair value less estimated costs to make the sale. Any resulting gain or loss is credited or charged to "Other income - net" in the consolidated statements of income.

Investment Properties
Investment properties, which represent real estate properties for lease and capital appreciation, are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the property. The carrying values of revalued properties transferred to investment properties on January 1, 2004 were considered as the assets' deemed cost as of said date.

Subsequent to initial measurement, investment properties, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. Buildings for lease are depreciated over their useful life of 25 years using the straight-line method.
Investment properties are derecognized when either they have been disposed of or when the property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Construction in progress is stated at cost. This includes costs of construction and other direct costs related to the investment property being constructed. Construction in progress is not depreciated until such time when the relevant assets are complete and ready for use. When such construction is completed and assets are ready for use, the costs of the said assets are transferred to specific classification under "Investment properties" account.

Property and Equipment

Property and equipment, except for office premises, are stated at cost less accumulated depreciation and any impairment in value. Office premises are stated at appraised values (asset's deemed cost) as determined by SEC-accredited and independent firms of appraisers at the date of transition to PFRSs, less accumulated depreciation and any impairment in value. Subsequent additions to office premises are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of the purchase price and any directly attributable cost of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of an item of property and equipment begins when the asset becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties as follows:

	Years
Office premises	25
Building	25
Furniture, fixtures and office equipment	5-15
Transportation and other equipment	5

The assets' useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are sold or retired, the cost and related accumulated depreciation and any impairment in value are removed from the accounts, and any gains or losses from their disposal is included in the consolidated statement of income.

The Group's property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

It is the Group's policy to classify right-of-use assets as part of property and equipment. 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 initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, 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.

Impairment of Nonfinancial Assets

The carrying values of investment properties and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Impairment losses, if any, are recognized in the consolidated statement of income.

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. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Group considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation 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.

Value-added Tax (VAT)

Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as 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 statement 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 statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from or payable to, the taxation authority is included as part of "Other current assets" or "Accounts payable and accrued expenses," respectively, in the consolidated statement of financial position.

Pre-Need Reserves (PNR)
PNR for pension plans are calculated on the basis of the methodology and assumptions set out in Pre-Need Rule 31, as Amended, as follows:

- The amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:
  i. Provision for termination values applying the inactivity and surrender rate experience of CPI.
  ii. The liability is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the lower of attainable rate or discount rate provided by the IC for SEC-approved plans and the pricing discount rate for IC-approved plans.

- The rates of surrender, cancellation, reinstatement, utilization, and inflation considered the actual experience of CPI in the last three years.

- The computation of the foregoing assumptions has been validated by the internal qualified actuary of CPI.

- Based on CPI's experience, the probability of pre-termination or surrender of fully paid plans is below 5% and therefore considered insignificant. The derecognition of liability shall be recorded at pre-termination date.

In 2023 and 2022, CPI follows IC Circular Letter No. 23-2012 dated November 28, 2012 which sets the guidelines below for the discount rate to be used in the valuation of PNR:

- Discount interest rate for the PNR

  The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the trustee banks and the following rates below:

Year	Discount interest rate
2012 – 2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

- Transitory PNR (TPNR)

  In effecting the transition in the valuation of reserves for old basket of plans, the IC shall prescribe a PNR with a maximum transition period of 10 years.

For each of the pre-need plan categories, the TPNR shall be computed annually on the old basket of plans outstanding at the end of each year from 2012 to 2021 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability setup shall be the PNR.

However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by CPI from the trustee for the contractual benefits outstanding as of the end of the year. The TPNR liability shall be recognized each period.

Other reserves
CPI sets up other provisions in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to cover obligations such as Insurance Premium Reserves (IPR), pension bonus, and trust fund deficiency.

Unless the IC shall so specifically require, CPI may, at its option, set up other provisions as a prudent measure.

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When 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 shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of changes in accounting policy and other capital adjustments.

Unappropriated retained earnings represent that portion of retained earnings which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion of retained earnings which has been restricted and therefore is not available for any dividend declaration.

The retained earnings include deemed cost adjustments on real estate properties for sale, investment properties and property and equipment that arose when the Group transitioned to PFRSs in 2005. The deemed cost adjustment will be realized through depreciation in profit or loss for depreciable assets (property and equipment and investment properties) and through sale for inventories (classified under real estate properties for sale) and land (classified under investment properties). The deferred income tax liability on deemed cost adjustments on investment properties, property and equipment and inventories sold under Income Tax Holiday (ITH) projects is transferred to retained earnings upon realization while the deferred income tax liability on deemed cost adjustments on inventories sold under regular tax regime is transferred to consolidated statement of income upon sale.

Dividend Distributions
Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Group and the increase for authorized capital stock is approved by the SEC in cases of stock dividends issued to cover an increase in authorized capital stock. Unissued stock dividends are recorded as "Stock dividends distributable" and credited to "Capital stock" upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of consolidated financial statements are dealt with as an event after the reporting period.

Treasury shares
Treasury stock is the Group's own equity instruments that has been issued and then reacquired but not yet cancelled. Treasury stock is recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

Revenue Recognition
Revenue from Contract with Customers
The Group primarily derives its real estate revenue from the sale of completed real estate projects and undeveloped land. 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 has generally concluded that it is acting as a principal in all of its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its office leasing activities, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sales of real estate properties (CI, CDC and CLDI)
CI, CDC and CLDI derive its real estate revenue from sale of lots and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the 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. For CPI, revenue from the sale of these real estate projects is recognized at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer.

Revenue from sales of completed real estate properties and undeveloped land is accounted for using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the properties have been passed to the buyer and the amount of revenue can be measured reliably.

In measuring the progress of its performance obligation over time, the Group uses input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

In accordance with Philippine Interpretations Committee Q&A 2006-01, *Revenue Recognition for Sales of Property Units under Pre-completion Contracts,* the percentage-of-completion (POC) method is used to recognize income from sales of real estate properties when the Group has material obligations under the sales contract to complete the project after the property is sold. The Group starts recognizing revenue under the POC method when the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished) and the costs incurred or to be incurred can be measured reliably. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If the criteria of full accrual and POC method are not satisfied and when the license to sell and certificate of registration for a project are not yet issued by the Housing and Land Use Regulatory Board (HLURB), any cash received by the Group is recorded as part of "Customers' deposits" account which is included under "Accounts payable and accrued expenses" account in the consolidated statement of financial position until all the conditions for recognizing the sale are met.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration is recorded either as installment contracts receivable (unconditional) or contract asset (conditional) while the excess of collection over progress of work is recorded as contract liability.

Any excess of collections over the total of recognized installment contracts receivable is included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Sales of real estate properties (CPI)
CPI derives its revenue from sale of condominium units. Revenue from the sale of these real estate projects is recognized at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer. The payment is collectible in monthly installments for periods ranging from 1 to 10 years.

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 land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate properties sold before completion is determined using the POC used for revenue recognition applied on the acquisition cost of the land plus the total estimated development costs of the property.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

The cost of inventory recognized in profit or loss on disposal (cost of real estate sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of real estate sales also includes the estimated development costs to complete the real estate property, as determined by independent project engineers, and taking into account the POC. The accrued development costs account is presented under "Accounts payable and accrued expenses" in the consolidated statement of financial position.

Any changes in estimated development costs used in the determination of the amount of revenue and expenses are recognized in the consolidated statement of income in the period in which the change is made.

Cost recognition (CPI)
CPI recognizes costs relating to satisfied performance obligations as these are incurred.

<u>*Contract Balances*</u>
Receivables
A 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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs its obligation based on the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract
The incremental 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 "Operating expenses" account in the consolidated statement of income.

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

Amortization and derecognition of capitalized costs to obtain a contract
CI, CDC, and CLDI amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within operating expenses.

Capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Sales of pre-need plans

Premiums from sale of pre-need plans, included under "Other income" account in the consolidated statement of income are recognized as earned when collected.

Cost of contracts issued

This account pertains to (a) the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year; (b) amount of trust funds contributed during the year including any trust fund deficiency; and (c) documentary stamp tax and SEC registration fees.

If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the cost of contracts issued in the current period. In case of material prior period errors, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by CPI.

Interest income

Interest income from cash in banks, cash equivalents and cash investments, installment contracts receivable, contract assets, guaranty deposits and notes receivable is recognized as the interest accrues taking into account the effective yield on interest.

Dividend income

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

Trust fund income

Trust fund income mainly pertains to rental income on investment properties under the trust fund account, as well as, trading gains and losses from buying and selling and changes in fair value of financial assets and financial liabilities categorized upon initial recognition as at fair value through profit or loss investments under the trust fund account.

<u>Leases</u>

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

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing 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 expenses 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 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 office space and transportation 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. The Group does not have any lease of low-value assets. 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.

Operating leases - Group as a lessor
Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rent income from operating leases is recognized as income when earned on a straight-line basis over the term of the lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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 e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing 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. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Operating expenses
Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

Financial expenses
Financial expenses consist of interest incurred on notes and contracts payable. Interest attributable to a qualifying asset is capitalized as part of the cost of the asset while others are expensed as incurred.

Interest costs are capitalized if they are directly attributable to the acquisition, development and construction of real estate projects as part of the cost of such projects. Capitalization of interest cost (1) commences when the activities to prepare the assets for their intended use are in progress and expenditures and interest costs are being incurred, (2) is suspended during extended periods in which active development is interrupted, and (3) ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

<u>Other income - net</u>
Net other income pertains mainly to the gain or loss arising from forfeiture or cancellation of prior years' real estate sales arising from the difference between the outstanding balance of receivables and the original cost of the inventories.

<u>Retirement Benefits Cost</u>
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Retirement benefits cost comprises the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to the consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end

of the reporting period is recognized for services rendered by employees up to the end of the reporting period. Accumulating leave credits which can be utilized anytime when needed or converted to cash upon employee separation (i.e., resignation or retirement) are presented at its discounted amount as "Accounts payable and accrued expenses - noncurrent portion" in the consolidated statement of financial position.

Provisions and Contingencies

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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income 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 at the end of reporting period. Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the consolidated statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" account in the consolidated statement of financial position.

Deferred income tax

Deferred income tax is recognized on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except (a) where the deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and deferred income tax liabilities are not recognized when it arises 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 profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced 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 income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are 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 end of reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

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

Other Comprehensive Income
Other comprehensive income comprises items of income and expense that are not recognized in the consolidated statement of income in accordance with PFRS. Other comprehensive income of the Group includes gains and losses on fair value changes of financial assets at FVOCI, re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability).

Earnings Per Share
Basic earnings per share is computed by dividing the net income for the year by the weighted average number of ordinary shares issued and outstanding after considering the retrospective effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and adjusted for the effects of all dilutive potential common shares, if any. In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 29 in the consolidated financial statements. The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

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

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed on the next page. Unless otherwise indicated, the

Group does not expect that the future adoption of the said 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 paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - 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, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. As of March 31, 2023 and December 31, 2022, the Group has no loan agreements, which may be subject to renegotiation. The Group will continue to assess the impact of these amendments.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. As of March 31, 2023 and December 31, 2022, the Group has no insurance contracts.

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 International Accounting Standards Board (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 will assess the impact of these amendments. As of March 31, 2023 and December 31, 2022, the amendments have no impact on the Group.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

In the opinion of management, these consolidated financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from such estimates.

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

Revenue recognition
Selecting the appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the following, among others:

- *Existence of a contract*
  The Group's primary document for a contract with a buyer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of other signed documentation such as reservation agreement, official receipts and other documents, would contain all the criteria to qualify as a contract with the customer under PFRS 15.

  In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will be able to collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the buyer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the buyer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as the credit standing and financial capacity of the buyer, age and location of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Revenue recognition method and measure of progress*
  The Group, except for CPI, 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 is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the

property promised to the buyer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the buyer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group, except for CPI, has determined that input 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 buyers.

- *Identifying performance obligation*
  The Group has various contracts to sell covering its sale of condominium units and other real estate properties. The Group concluded that there is one performance obligation in each of these contracts because it has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. For the sale of real estate properties such as raw land, the Group integrates certain activities to the said property to be able to deliver the guaranteed property based on the contract with the buyer. Included also in this performance obligation is the Group's service is to transfer the title of the real estate unit to the buyer.

- *Principal versus agent considerations*
  The contract for the Group's buildings for lease to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

  For the electricity and water usage, the Group determined that it is acting as an agent because the commitment of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

  For the provision of air conditioning and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used for administrative purposes.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use 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 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.

Distinction between real estate properties for sale and investment properties
The Group determines whether a property is classified as for sale, for lease or for capital appreciation. Real estate properties, which the Group develops and intends to sell on or before completion of construction, are classified as real estate properties for sale. Real estate properties, which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties.

Distinction between real estate properties for sale and held for future development
The Group determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate properties for sale) or whether it will be retained as part of the Group's strategic land banking activities for development or sale in the medium or long-term (real estate properties held for future development).

Lease modification - Group as Lessor
Throughout the government-imposed community quarantine, the Group waived rentals and offered deferral of payments to certain tenants. Such rental waivers and deferrals are accounted as a lease modification under PFRS 16 since impact of COVID-19 pandemic is not contemplated by the parties upon inception of the lease contracts.

Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates
In accordance with Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments.

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period 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:

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (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).

The Group's lease liabilities amounted to ₱6.98 million and ₱4.66 million as of March 31, 2023 and December 31, 2022, respectively (see Note 14).

Revenue recognition - Revenue recognition method and measure of progress
The measurement of progress for revenue recognition requires management to make use of estimates and assumptions. The Group's real estate sales is based on the POC method measured principally on the basis of total actual cost of resources consumed such as materials, labor hours expended and actual overhead incurred over the total estimated development cost of the project. Estimated development costs of the project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. The

estimated development costs are prepared by the Group's project engineers and are independently reviewed by the Group's third-party independent project engineers. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Estimation of POC of real estate projects
The Group estimates the POC of ongoing projects for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the independent project engineers as well as management's monitoring of the costs, progress, and improvements of the projects. Sales of real estate properties amounted to ₱874.19 million and ₱623.39 million as of March 31, 2023 and March 31, 2022, respectively. Cost of real estate sales amounted to ₱528.83 million and ₱330.42 million as of March 31, 2023 and March 31, 2022, respectively (Note 9).

Provision for expected credit losses of installment contract receivables and contract assets
The Group uses a provision matrix to calculate ECLs for installment contract receivables and contract assets. The provision rates are based on past collection history and other factors, which include, but are not limited to the length of the Group's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as the inflation rate, gross domestic product, interest rate and unemployment rate. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions such as inflation rate, gross domestic product, interest rate and unemployment rate and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's installment contract receivables and contract assets is disclosed in Note 27.

Determination of net realizable value of real estate properties for sale and held for future development
The Group's estimates of net realizable value of real estate properties for sale and held for future development are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate properties for sale and held for future development are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the real estate properties for sale and held for future development to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value.

Estimation of useful lives of investment properties and property and equipment
The Group estimates the useful lives of investment properties and property and equipment based on the internal technical evaluation and experience with similar assets. Estimated lives of investment

properties and property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to wear and tear, technical and commercial obsolescence, and other limits on the use of the assets.

Impairment of financial assets at FVOCI
An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates the financial health of the issuer, among others. The Group treats FVOCI equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Group treats “significant” generally as 20% or more of cost and “prolonged” as greater than 12 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Determination of the fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property*. The Group engaged SEC-accredited and independent valuation specialists to determine fair value as of December 31, 2022. The Group’s investment properties consist of land, building and machinery and equipment pertaining to commercial properties. These are valued by reference to sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others (see Note 27).

Determination of impairment indication on investment properties and property and equipment
The Group determines whether its nonfinancial assets such as investment properties and property and equipment are impaired when impairment indicators exist such as significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. When an impairment indicator is noted, the Group makes an estimation of the value-in-use of the cash-generating units to which the assets belong. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. No impairment indicator was noted as of March 31, 2023 and December 31, 2022.

Estimation of retirement benefits cost
The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations which involve making various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

Estimation of pre-need reserves
Reserves are set up for all pre-need benefits guaranteed and payable by CPI as defined in the pre-need plan contracts. The determination of CPI's reserves is based on the actuarial formula, methods, and assumptions allowed by applicable SEC and IC circulars.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of deferred income tax assets to be utilized.

4. Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of:

	March 31, 2023	December 31, 2022
Cash on hand and in banks	**₱62,695,160**	114,271,815
Cash equivalents	**1,052,968,115**	1,310,318,116
	₱1,115,663,275	1,424,589,931

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective cash investment rates.

Short-term investments consist of:

	March 31, 2023	December 31, 2022
Short-term cash investments	**₱1,265,700,000**	₱656,100,000
Short-term bond investments	–	35,600,000
	₱1,265,700,000	₱691,700,000

Short-term investments have maturities of more than three months to one year from dates of acquisition and earn interest at the prevailing market interest rates.

Long-term investments amounting to ₱304.00 million as of March 31, 2023 and December 31, 2022, pertain to cash and bond investments that have maturities of more than one year from the date of acquisition.

Interest income earned from cash in banks, cash equivalents, and short-term and long-term investments amounted to ₱53.90 million and ₱16.61 million as of March 31, 2023 and March 31, 2022, respectively (see Note 21).

5. Investments in Trust Funds and Pre-need and Other Reserves

Investments in trust funds
Pursuant to the provisions of the SEC Memorandum Circular No. 6, *Guidelines on the Management of the Trust Fund of Pre-Need Corporation* (SEC Circular No. 4), the SEC requires, among others, that companies engaged in the sale of pre-need plans and similar contracts to planholders set up a trust fund to guarantee the delivery of property or performance of service in the future. Withdrawals from these trust funds are limited to, among others, payments of pension plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value payable to plan holders,

contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds.

In accordance with the SEC requirements, CPI has funds deposited with two local trustee banks with net assets aggregating to ₱36.72 million and ₱34.24 million as of March 31, 2023 and December 31, 2022, respectively, which are recorded under "Investments in trust funds" account in the consolidated statements of financial position.

The details of investments in trust funds are as follows:

	March 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	**₱5,607,572**	₱5,607,572
Debt and listed equity securities	**27,541,476**	25,054,680
Investment properties	**4,121,603**	4,121,603
Others	**290,245**	290,245
	37,560,896	35,074,100
Liabilities	**(838,746)**	(838,746)
	36,722,150	34,235,354
Less noncurrent portion	**27,526,117**	25,039,321
	₱9,196,033	₱9,196,033

Pre-need and other reserves

Details of pre-need and other reserves are as follows:

	March 31, 2023	December 31, 2022
PNR	**₱23,344,917**	23,833,017
Pension bonus reserve	**137,117**	137,117
Insurance premium reserve	**45,244**	45,244
	23,527,278	24,015,378
Less: noncurrent portion	**22,704,435**	23,192,535
	₱822,843	₱822,843

6. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives revenue from the real estate sales overtime in different product types and geographical locations. The disaggregation of each source of revenue from contracts with customers are presented below:

Real estate sales

Type of Product	**March 31, 2023**	March 31, 2022
High-rise condominium	**₱740,579,983**	₱598,938,183
Parking slots and others	**133,614,166**	24,450,606
Total	**₱874,194,149**	₱623,388,789

Geographical Location	**March 31, 2023**	March 31, 2022
Metro Manila	**₱847,120,487**	₱600,953,562
Tagaytay	**27,073,662**	22,435,227
Total	**₱874,194,149**	₱623,388,789

All of the Group's real estate sales, except for CPI, are revenue from contracts with customers recognized over time and are reported under "Sales of real estate properties" segment. For CPI, real estate sales are revenue from contracts with customers recognized at a point in time.

As of March 31, 2023 and December 31, 2022, sales for real estate properties and rental income arose from contracts with external customers. There were no intercompany sales/transactions made in the said years.

Contract Balances

	March 31, 2023	December 31, 2022
Installment contracts receivable		
Current	**₱16,627,360**	₱17,933,217
Noncurrent	**14,263,566**	15,479,329
Contract asset		
Current	**500,152,568**	751,183,602
Noncurrent	**2,546,214,134**	2,439,744,668
Contract liabilities		
Current	**216,214,551**	285,267,436
Noncurrent	**–**	7,318,931

Installment contracts receivable arises from sale of real estate properties and is collectible in monthly installments for periods ranging from one to 10 years which bear monthly interest rates of 0.92% to 1.33% as of March 31, 2023 and December 31, 2022 computed on the diminishing balance.

Interest income earned from installment contracts receivable and contract assets amounted to ₱95.58 million and ₱90.99 million as of March 31, 2023 and March 31, 2022, respectively (see Note 21).

The Group entered into contract of guaranty under Retail Guaranty Line with Philippine Guarantee Corporation (PHILGUARANTEE). The amount of installment contracts receivable enrolled and renewed by these companies amounted to ₱1.31 billion and ₱1.40 billion as of March 31, 2023 and December 31, 2022, respectively. These companies paid a guarantee premium of 1.00% based on the outstanding principal balance of the receivables enrolled as of March 31, 2023 and December 31, 2022 (see Note 18).

Contract asset represents the right to consideration that was already delivered by the Group in excess of the amount recognized as installment contracts receivable. This is reclassified as installment contracts receivable when the monthly amortization of the buyer is already due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Group based on percentage of completion.

Movement in contract liability was recognized as income based on the percentage of completion of the ongoing projects.

b. *Performance obligations*

Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the lot; and condominium unit and the Group concluded that there is one performance obligation in each of these contracts. The Group, except for CPI, recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction. CPI recognizes revenue from the sale of these real estate projects at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of generally 5% to 10% of the contract price with the remaining balance payable through in-house financing which ranges from one (1) month to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

In order to cope with the current trend in the real estate industry, the Group offered to customers the "installment down payment" scheme starting 2020 wherein certain projects were offered with 6 to 24 months to pay the corresponding down payment. The new scheme introduced by the Group resulted to sales with percentage of collection lower than 10%. The Group records these collections as " Rental and customers' deposits" under "Accounts Payable and Accrued Expenses" account in the consolidated statements of financial position.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) are as follows:

	March 31, 2023	December 31, 2022
Within one year	**₱538,332,240**	₱729,155,193
More than one year	**65,404,451**	47,759,754
	₱603,736,691	₱776,914,947

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group condominium units are generally completed within three years to five years from start of construction.

c. *Cost to Obtain Contract*

The balances below pertain to the cost to obtain contracts as of March 31, 2023 and December 31, 2022 as presented in the consolidated statement of financial position:

	March 31, 2023	December 31, 2022
Balance at the beginning of the year	**₱18,287,804**	₱25,384,085
Additions	**13,025,801**	46,715,128
Amortization	**(16,925,288)**	(53,811,409)
Balance at the end of year	**14,388,317**	18,287,804
Less: noncurrent portion	**963,625**	785,182
Current portion	**₱13,424,692**	₱17,502,622

7. Notes Receivable

Notes receivable pertains to short-term and long-term investments placed by the Group with different financial institutions which earn interest at the prevailing market interest rates ranging from 1.55% to 5.30% as of March 31, 2023 and December 31, 2022.

	March 31, 2023	December 31, 2022
Notes receivable	**₱1,478,150,000**	₱1,388,150,000
Less: noncurrent portion	**100,000,000**	100,000,000
Current portion	**₱1,378,150,000**	₱1,288,150,000

There were no properties offered as collaterals for the notes receivable. Details of notes receivable as of March 31, 2023 and December 31, 2022 are as follows:

Date of Placement	Amount	Maturity Date
March 2023	₱80,000,000	September 2023
March 2023	105,000,000	August 2023
March 2023	205,000,000	June 2023
March 2023	185,000,000	May 2023
February 2023	270,000,000	May 2023
January 2023	27,000,000	July 2023
January 2023	249,000,000	April 2023
July 2021	100,000,000	July 2024
May 2018	257,150,000	November 2023
Balance as of March 31, 2023	₱1,478,150,000	

Interest income earned from notes receivable amounted to ₱3.95 million and ₱5.78 million as of March 31, 2023 and 2022, respectively (see Note 21).

8. Other Receivables

Other receivables consist of:

	March 31, 2023	December 31, 2022
Rent receivable	**₱18,427,650**	₱23,993,663
Advances to customers	**16,867,292**	26,520,855
Accrued interest	**24,264,236**	20,494,736
Retention	**3,943,897**	3,042,088
Advances to condominium corporations	**4,062,361**	4,300,991
Others	**1,326,018**	2,655,242
	68,891,454	81,007,575
Less: noncurrent portion	**1,735,263**	868,040
Current portion	**₱67,156,191**	₱80,139,535

Rent receivable arose from the investment properties rented-out under non-cancellable long-term operating lease contracts (see Note 11). Advances to customers are receivables of the Group for the real estate property taxes of sold condominium units initially paid by the Group. Accrued interest pertains to interest income earned but not yet received by the Group. Retention pertains to the amount held on cash sale of real estate properties. Advances to condominium corporations pertain to disbursements which are collectible from condominium corporations. Other receivables include employees' advances, advances to retirement fund and receivables from buyers for expenses initially paid by Group. The advances to retirement fund accounted approximately 53% of the Group's total other receivables.

9. Real Estate Properties for Sale

Real estate properties for sale consist of costs incurred in the development of condominium units and residential lots and housing units for sale. Real estate properties for sale includes deemed cost adjustment amounting to ₱4.04 million and ₱4.21 million as of March 31, 2023 and December 31, 2021, respectively (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

The movements in real estate properties for sale are as follows:

	March 31, 2023	December 21, 2022
Balances at beginning of period/year	**₱5,799,289,178**	₱4,813,087,644
Construction/development costs incurred - net	**552,617,234**	1,552,937,174
Disposals (cost of real estate sales)	**(528,834,299)**	(1,388,212,285)
Transfer from real estate properties held for future development (Note 10)	–	564,849,294
Transfer from investment properties (Note 11)	**2,709,262**	240,620,710
Borrowing costs capitalized (Note 22)	**4,072,838**	16,006,641
Balances at end of period/year	**₱5,829,854,213**	₱5,799,289,178

Real estate properties for sale account includes capitalized borrowing costs incurred during each year in connection with the development of the properties. The average capitalization rates used to determine the amount of borrowing costs eligible for capitalization were 1.08% and 1.09% as of March 31, 2023 and December 31, 2022, respectively.

10. Real Estate Properties Held for Future Development

Real estate properties held for future development include land properties reserved by the Group for its future condominium projects.

Movements in real estate properties held for future development are as follows:

	March 31, 2023	December 31, 2022
Balances at beginning of period/year	**₱1,126,655,558**	₱1,552,432,517
Additions	**60,135**	10,393,846
Transfer to real estate properties for sale (Note 9)		(564,849,294)
Transfer from investment properties (Note 11)	–	148,225,574
Transfer from property and equipment (Note 12)	–	–
Cost adjustment		(45,895,169)
	1,126,715,693	1,100,307,474

Recovery on inventory-write down	–	26,348,084
	₱1,126,715,693	₱1,126,655,558

In 2019, the Parent Company recognized provision for inventory write-down in its real estate properties held for future development relating to the land improvements in Naic Country Homes amounting to ₱26.35 million. No provision for inventory write-down was recognized as of March 31, 2023 and December 31, 2022.

11. **Investment Properties**

Investment properties consist of:

	March 31, 2023	December 31, 2022
Real estate properties for lease	**₱2,859,307,616**	₱2,866,851,412
Real estate properties held for capital appreciation	**966,477,114**	966,477,114
	₱3,825,784,730	₱3,833,328,526

Movements in investment properties are as follows:

	March 31, 2023			
	Land	**Building**	**Machinery and Equipment**	**Total**
Cost				
Balances at beginning of period	**₱2,922,435,197**	**₱1,156,249,323**	**₱214,003,418**	**₱4,292,687,938**
Additions	**1,223,405**	**–**	**–**	**1,223,405**
Transfer to real estate properties for sale (Note 9)	**–**	**(9,553,544)**	**–**	**(9,553,544)**
Balances at end of period	**2,923,658,602**	**1,146,695,779**	**214,003,418**	**4,284,357,799**
Accumulated Depreciation				
Balances at beginning of period	**–**	**359,120,877**	**100,238,535**	**459,359,412**
Depreciation for the period (Notes 18 and 20)	**–**	**5,627,107**	**430,832**	**6,057,939**
Transfer to real estate properties for sale	**–**	**(6,844,282)**	**–**	**(6,844,282)**
Balances at end of period	**–**	**357,903,702**	**100,669,367**	**458,573,069**
Net Book Value	**2,923,658,602**	**788,792,077**	**113,334,051**	**3,825,784,730**

	December 31, 2022			
	Land	Building	Machinery and Equipment	Total
Cost				
Balances at beginning of year	2,488,372,640	1,158,809,430	213,806,989	3,860,989,059
Additions	822,908,841	1,280,107	196,429	824,385,377
Transfer to real estate properties held for future development (Note 10)	(148,225,574)	–	–	(148,225,574)
Transfer to real estate properties for sale (Note 9)	(240,620,710)	(3,840,214)	–	(244,460,924)
Balances at end of year	2,922,435,197	1,156,249,323	214,003,418	4,292,687,938
Accumulated Depreciation				
Balances at beginning of year	–	316,444,803	88,662,715	405,107,518
Depreciation for the year (Notes 18 and 20)	–	46,516,288	11,575,820	58,092,108
Transfer to real estate properties for sale (Note 9)	–	(3,840,214)	–	(3,840,214)
Balances at end of year	–	359,120,877	100,238,535	459,359,412
Net Book Value	2,922,435,197	797,128,446	113,764,883	3,833,328,526

Investment properties as of March 31, 2023 and December 31, 2022 include the following buildings for lease registered with Philippine Economic Zone Authority (PEZA) which are leased out to third parties:

	PEZA Registration No.	Date Registered
CityNet1	EZ14-04	March 3, 2014

The net book values of land and building include net deemed cost adjustment amounting to 1.39 billion as of March 31, 2023 and December 31, 2022 (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

Based on the appraisal reports by SEC accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2021 and 2020 appraised value of these investment properties amounted to 10.25 billion and 8.92 billion as of the dates of appraisal as of 2021 and 2020, respectively (see Note 27).

Rental agreements
The Group entered into lease agreements for its building for lease with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity (c) provision of air conditioning and CUSA services and (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to issue post-dated checks on the monthly rental payments. In case of delay in payments, a penalty of about 4% per annum is charged for the amount due for the duration of delay. The lease arrangement for the Group's term lease transactions would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

The following are the non-cancellable operating lease contracts entered by the Parent Company as of March 31, 2023:

Commencement Date	Lessees (Third Parties)	Term
2022	Domestic Corporation	3 years
2021	Parking Lot	5 years
2020	Domestic Corporation	3 years
2020	Domestic Corporation	3 years
2020	Bank	3 years
2020	Convenience Store	2 years
2019	Domestic Corporation	3 years
2018	Coffee Shop	4 years
2018	Shopping Center	12 years

CDC and CLDI also entered the following non-cancellable operating lease contracts with various third parties as of March 31, 2023:

Commencement Date	Lessees (Third Parties)	Term
2022	Domestic Corporation	3 years
2022	Domestic Corporation	5 years
2021	Fast Food	5 years
2021	Domestic Corporation	3 years
2021	Domestic Corporation	3 years
2021	Domestic Corporation	3 years
2021	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years

Commencement Date	Lessees (Third Parties)	Term
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2018	BPO	5 years
2018	Convenience Store	5 years
2017	Convenience Store	5 years
2017	Fast Food	10 years

The lease contracts include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. As a result of the COVID-19 pandemic, certain contracts were pre-terminated in 2021 while some lessees no longer renewed contracts that have ended during the year.

The future minimum lease payments for these lease agreements are as follows:

	March 31, 2023	December 31, 2022
Not later than one year	**₱186,655,848**	₱192,534,894
Later than one year and not later than five years	**226,445,224**	296,101,350
Later than five years	**12,537,881**	27,535,683
	₱425,638,953	₱516,171,927

Rent income from investment properties amounted to ₱65.41 million and ₱43.34 million as of March 31, 2023 and March 31, 2022, respectively. Rent income from investment property is recognized in the consolidated statements of income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the rental income is also spread over the term of the lease.

Other lease agreements with third parties are generally for a one-year term renewable every year.

12. Property and Equipment

Property and equipment consist of:

	March 31, 2023						
	Land	**Building**	**Office Premises**	**Furniture, Fixtures and Office Equipment**	**Transportation and Other Equipment**	**Right-of-use Asset**	**Total**
At Cost							
Balances at beginning of year	**44,124,342**	**9,169,134**	–	**21,869,033**	**3,395,510**	**13,950,664**	**92,508,683**
Additions	–	–	–	–	–	**5,247,245**	**5,247,245**
Disposal	–	–	–	–	–	**(5,376,091)**	**(5,376,091)**
Balances at end of year	**44,124,342**	**9,169,134**	–	**21,869,033**	**3,395,510**	**13,821,815**	**92,379,837**
Accumulated Depreciation							
Balances at beginning of period	–	**1,412,731**	–	**18,549,909**	**3,391,249**	**11,348,599**	**34,702,488**
Depreciation for the period (Notes 18 and 20)	–	**91,419**	–	**375,893**	–	**1,037,052**	**1,504,364**
Disposal	–	–	–	–	–	**(5,376,091)**	**(5,376,091)**
Balances at end of period	–	**1,504,150**	–	**18,925,802**	**3,391,249**	**7,009,560**	**30,830,761**
Net Book Value	**44,124,342**	**7,664,984**	–	**2,943,231**	**4,261**	**6,812,255**	**61,549,076**
At Deemed Cost	–	–	**253,365,628**	–	–	–	**253,365,628**

	March 31, 2023						
	Land	**Building**	**Office Premises**	**Furniture, Fixtures and Office Equipment**	**Transportation and Other Equipment**	**Right-of-use Asset**	**Total**
Accumulated Depreciation							
Balances at beginning and end of period	–	–	**253,365,628**	–	–	–	**253,365,628**
Net Deemed Cost	–	–	–	–	–	–	–
Total	**44,124,342**	**7,664,984**	**–**	**2,943,231**	**4,261**	**6,812,255**	**61,549,076**

	December 31, 2022						
	Land	Building	Office Premises	Furniture, Fixtures and Office Equipment	Transportation and Other Equipment	Right-of-use Assets	Total
At Cost							
Balances at beginning of year	44,124,342	9,169,134	–	25,842,247	3,395,510	14,031,094	96,562,327
Additions (Note 14)	–	–	–	–	–	1,945,412	1,945,412
Transfer to real estate properties held for future development (Note 10)	–	–	–	–	–	–	–
Transfer to real estate properties for sale (Note 9)	–	–	–	–	–	–	–
Disposal	–	–	–	(3,973,214)	–	(2,025,842)	(5,999,056)
Balances at end of year	44,124,342	9,169,134	–	21,869,033	3,395,510	13,950,664	92,508,683
Accumulated Depreciation							
Balances at beginning of year	–	1,066,756	–	20,568,924	3,391,249	9,160,739	34,187,668
Depreciation for the year (Notes 18 and 20)	–	345,975	–	1,954,199	–	4,213,702	6,513,876
Disposal	–	–	–	(3,973,214)	–	(2,025,842)	(5,999,056)
Balances at end of year	–	1,412,731	–	18,549,909	3,391,249	11,348,599	34,702,488
Net Book Value	44,124,342	7,756,403	–	3,319,124	4,261	2,602,065	57,806,195
At Deemed Cost							
Balances at beginning and end of year	–	–	253,365,628	–	–	–	253,365,628
Accumulated Depreciation							
Balances at beginning of year	–	–	253,365,496	–	–	–	253,365,496
Depreciation (Notes 18 and 20)	–	–	132	–	–	–	132
Balances at end of year	–	–	253,365,628	–	–	–	253,365,628
Net Deemed Cost	–	–	–	–	–	–	–
Total	44,124,342	7,756,403	–	3,319,124	4,261	2,602,065	57,806,195

For the office premises, the Group elected to apply the optional exemption under PFRS 1, *First-Time Adoption of PFRS*, to use the revalued amount as deemed cost as at January 1, 2005, the date of transition to PFRS.

The Group adopted PFRS 16, on January 1, 2019 for its contracts of lease wherein the Group is acting as the lessee. The said leases pertain to lease of office spaces for the period of 2 to 5 years. At the initial recognition, the right-of-use assets were recognized at cost amounting to 8.88 million (see Note 2). Subsequently, this is being amortized based on the remaining lease term. The Group recorded as part of "Property and equipment" the right-of-use assets amounting to ₱6.81 million and ₱2.60 million as of March 31, 2023 and December 31, 2022, respectively. Depreciation expense related to right-of-use assets amounted to ₱1.38 million and ₱1.05 million as of March 31, 2023, and March 31, 2022, respectively (see Note 12).

Other lease contracts entered by the Group pertain to short-term leases of office space and transportation equipment with rent expense amounting to ₱0.59 million and ₱0.43 million incurred as of March 31, 2023 and 2022, respectively. The Group does not have any lease contracts pertaining to low value assets. Further, the Group does not have any sublease and leaseback transactions. Thus, there were no income arising from sublease, sale and leaseback transaction.

The cost of fully depreciated property and equipment still used in operations amounted to ₱11.29 million as of March 31, 2023 and December 31, 2022.

13. **Other Assets**

Other current assets amounted to ₱114.19 million and 152.18 million as of March 31, 2023 and December 31, 2022, respectively, consist of input VAT, advances to contractors and prepaid real estate taxes.

Other noncurrent assets consist of:

	March 31, 2023	December 31, 2022
Unused input VAT	**₱325,714**	₱366,429
Refundable deposits	**36,269,314**	26,228,743
Advances to contractors	**6,365,197**	8,003,288
Financial assets at FVOCI	**1,016,425**	1,059,202
Others	**1,588,377**	1,588,377
	₱45,565,027	₱37,246,039

The unused input VAT arose from the purchase of parcels of land in previous years recorded as part of “Real estate properties held for future development” and “Investment properties” accounts as of March 31, 2023 and December 31, 2022, respectively (see Notes 10 and 11).

Refundable deposits represent payments made by the Group to various utility companies for the installation of electric and water meters for unsold condominium units.

Advances to contractors are advances made by the Group for the contractors’ supply requirements. Other noncurrent assets pertain to insurance premium fund and other prepayments made by the Group.

Financial assets at FVOCI consist of investments in listed equity securities. The fair values of these financial assets were determined based on published prices in an active market.

The movement in fair value reserve of financial assets at FVOCI presented in the equity section of the consolidated statements of financial position, is as follows:

	March 31, 2023	December 31, 2022
Balances at beginning of year	**₱354,784**	₱499,622
Mark-to-market loss attributable to equity holders of the Parent Company	**(14,021)**	(144,838)
Balances at end of year	**₱343,763**	₱354,784

Mark-to-market gain (loss) on financial assets at FVOCI pertaining to the non-controlling interests amounted to (₱0.12) million and ₱0.05 million as of March 31, 2023 and December 31, 2022, respectively.

14. **Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consist of:

	March 31, 2023	December 31, 2022
Trade payables	**₱97,477,422**	₱204,253,747
Rental and customers' deposits	**159,257,106**	121,549,146
Accrued expenses:		
Development costs	**910,366,108**	830,220,089
Sick leave (Note 24)	**46,756,434**	46,784,025
Directors' fee (Note 26)	**44,689,424**	40,933,292
Taxes, premiums, staff benefits and others	**5,767,430**	825,869
Interest	**1,326,163**	1,807,996
Deferred rent income	**53,337,815**	51,358,963
Dividends payable	**16,550,945**	16,591,266
Withholding taxes payable	**5,296,612**	19,734,387
VAT payable	**11,020,520**	53,100
Lease liabilities	**6,978,551**	2,926,552
Others	**22,852,033**	10,002,372
	1,381,676,563	1,347,040,804
Less: noncurrent portion	**268,410,947**	300,445,888
Current portion	**₱1,113,265,616**	₱1,046,594,916

Trade payables consist of payables to suppliers, contractors and other counterparties. Rental and customers' deposits consist of buyers' reservation fees, collections pertaining to sales transactions with below 10% percentage of collection, rental deposits and collected deposits for water and electric meters of the sold units. Accrued development costs represent the corresponding accrued expenses for the completed condominium units of the Group. Deferred rent income pertains to rent received from long-term operating lease.

Lease liabilities pertain to the present value of the lease payments that are not yet paid during the remaining lease period. Interest expense related to the lease liabilities amounted to ₱0.09 million and ₱0.07 million as of March 31, 2023 and March 31, 2022, respectively (see Note 22). There were no expenses relating to variable lease payments that were not included in the measurement of lease liability.

Deferred rent income pertains to rent received from long-term operating lease. Other payables consist substantially of commission payable, unclaimed checks of pension holders and payables due to government agencies and employees.

Group as a lessee
The Group has lease contracts for various items of plant assets used in its operations. Leases of plant assets generally have lease terms between 2 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The following are the amounts recognized in the consolidated statements of income are as follows:

	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets included in property and equipment (Note 12)	**₱1,037,051**	1,054,263
Interest expense on lease liabilities (Note 22)	**89,343**	71,257
Total amount recognized in consolidated statements of income	**₱1,126,394**	1,125,520

The rollforward analysis of lease liabilities is as follows:

	March 31, 2023	December 31, 2022
Balance at beginning of year	**₱2,926,552**	₱5,828,331
Additions	**5,247,242**	1,945,412
Interest expense (Note 22)	**89,343**	207,967
Payments	**(1,284,586)**	(5,055,158)
Balance at end of year	**₱6,978,551**	₱2,926,552

Shown below is the maturity analysis of the undiscounted lease payments as of March 31, 2023 and December 31, 2022:

	2023	2022
1 year	**₱2,572,670**	₱2,107,863
More than 1 year to 2 years	**2,856,047**	947,619
More than 2 years to 3 years	**1,908,428**	–
More than 3 years to 4 years	**159,036**	–

15. **Notes and Contracts Payable**

The details of notes and contracts payable are as follows:

	March 31, 2023	December 31, 2022
Notes payable	**1,444,750,000**	1,547,600,000
Contracts payable	**7,549,400**	7,549,400
	1,452,299,400	1,555,149,400

The notes payable pertains to commercial papers with varying maturities ranging from 30 to 365 days and annual interest rates ranging from 0.56% to 1.13% as of March 31, 2023 and December 31, 2022.

On various dates in 2022 and 2021, the SEC authorized the Parent Company and CDC to issue the total aggregated amount of 2,000.00 million worth of commercial papers registered with the SEC, in accordance with the provisions of the Securities Regulation Code and its implementing rules and regulations and other applicable laws and orders.

Outstanding commercial papers issued by the Parent Company and CDC as of March 31, 2023 and December 31, 2022 aggregated to ₱1.44 billion and ₱1.55 billion, respectively.

The movements in notes payable are as follows:

	March 31, 2023	December 31, 2022
Beginning balance	**₱1,547,600,000**	₱1,671,600,000
Availments	**1,977,160,340**	8,714,767,343
Payment	**(2,080,010,340)**	(8,838,767,343)
Ending balance	**₱1,444,750,000**	₱1,547,600,000

Interest expense related to notes payable amounted to ₱4.07 million and ₱4.48 million as of March 31, 2023 and March 31, 2022, respectively. Capitalized borrowing costs amounted to ₱4.51 million and ₱2.84 million on March 31, 2023 and March 31, 2022, respectively (see Notes 9, 11 and 22).

The Parent Company, CDC, CLDI and CPI (the Cityland Group) have credit lines with financial institutions aggregating to about ₱2.30 billion as of March 31, 2023 and December 31, 2022 which are available for drawing by any of the companies in the Cityland Group. No loans were availed by Cityland Group from the credit line as of March 31, 2023 and December 31, 2022.

As of March 31, 2023 and December 31, 2022, the Parent Company has no specific credit lines, while the credit line of CDC amounted to 500.00 million.

The carrying values of CDC's investment properties and real estate properties for sale that will be used as collaterals that will be used for the Group's credit lines as of March 31, 2023 and December 31, 2022 are as follows:

Investment properties	**146,666,172**
Real estate properties for sale	**50,476,720**
Total	**197,142,892**

Contract payable
Contracts payable represent liability arising from contracts entered into by the Group to purchase a property (see Note 11).

The movements in contracts payable are as follows:

	March 31, 2023	December 31, 2022
Beginning balance	**₱7,549,400**	₱1,257,660
Additions	–	886,750,000
Payment	–	(880,458,260)
Ending balance	**₱7,549,400**	₱7,549,400

16. **Equity**

a. The Parent Company has 28 equity holders owning 149,224,534 of March 31, 2023 and December 31, 2022.

The following table summarizes the reconciliation of the issued and outstanding shares of capital stock for March 31, 2023 and December 31, 2022:

	Shares	Amount
Authorized - 10 par value		
Beginning and end of period/year	**185,000,000**	**₱1,850,000,000**
Issued, beginning of period/year	**149,811,657**	**₱1,498,116,570**
Stock dividend declared	**–**	**–**
Issued, ending of period/year	**149,811,657**	**1,498,116,570**
Outstanding	**149,224,534**	**1,492,245,340**
Treasury shares (Note 26)	**(587,123)**	**–**

b. Dividends declared and issued/paid by the Parent Company in 2022, 2021 and 2020 are as follows:

Dividends	BOD Approval Date	Stockholders' Approval Date	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	June 10, 2022		0.754	June 28, 2022	July 15, 2022
	June 11, 2021	–	0.521	July 9, 2021	August 4, 2021
	December 2, 2020	–	0.906	December 12, 2020	December 28, 2020
Stock	April 30, 2021	June 15, 2021	5%	July 15, 2021	August 10, 2021

Fractional shares of stock dividends were paid in cash based on the par value. No stock dividends were declared in 2022 and 2020.

On May 8, 2023, the Board of Directors approved the declaration of 5.0% stock dividends with record date July 20, 2023 and to be distributed on August 15, 2023. The said stock dividend declaration shall be presented for approval of the stockholders during the Annual Stockholders' Meeting on June 20, 2023.

On December 17, 2020, the Securities and Exchange Commission approved the following:

a) Increase its authorized capital stock
From 1,350,000,000 divided into 135,000,000 shares with par value of Ten pesos (10.00) to 1,850,000,000 divided into 185,000,000 shares with par value of Ten pesos (10.00).

Of the increase in authorized capital stock, the amount of 129,198,620 has been actually subscribed and of the said subscription, the 129,198,620 divided into 12,919,862 shares has been actually paid in stock dividend. The said 10% stock dividend has been approved by the stockholders representing two-thirds (2/3) of the outstanding capital stock during the special stockholders' meeting held on November 19, 2019. The issuance of shares to stockholders of record as of January 4, 2021 is on February 1, 2021. The stock dividend is recorded as "Stock dividends distributable" in the 2020 consolidated statements of financial position.

b) Amendment of the Seventh provision of the Articles of Incorporation by increasing the authorized capital stock to One Billion Eight Hundred Fifty Million Pesos

(1,850,000,000.00) divided into One Hundred Eighty Five Million (185,000,000) shares with a par value of Ten Pesos (10.00).

As of March 31, 2023 and December 31, 2022, the unappropriated retained earnings attributable to equity holders of the Parent Company and the non-controlling interest include the remaining balance of net deemed cost adjustment which arose when the Group transitioned to PFRSs in 2005.

17. Material Partly-owned Subsidiary

Below are the summarized financial information of the subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed are based on those financial information included in the consolidated financial statements before intercompany eliminations.

Proportion of equity interest held by non-controlling interests as of March 31, 2023 and December 31, 2022 are as follows:

Direct:	
CDC	**49.02%**
Indirect through CDC (including direct ownership of the Parent Company in CLDI of 29.54% and CPI of 9.18%):	
CLDI	**45.11%**
CPI	**44.53%**

18. Operating Expenses

Operating expenses consist of:

	March 31, 2023	March 31, 2022
Personnel (Note 19)	**₱75,385,873**	₱67,836,829
Taxes and licenses	**61,120,463**	56,565,436
Light, power and water	**12,532,183**	8,929,482
Professional fees	**8,715,582**	10,672,980
Outside services	**7,905,950**	6,240,937
Brokers' commission	**7,810,093**	3,182,041
Depreciation (Note 20)	**7,562,303**	16,442,814
Repairs and maintenance	**7,139,623**	2,326,799
Association dues	**7,076,731**	3,678,343
Insurance expense (Note 6)	**1,480,714**	2,460,250
Postage, telephone and telegraph	**727,495**	798,743
Rent expense	**593,461**	432,014
Transportation and travel	**588,298**	295,164
Advertising and promotions	**328,097**	203,975
Donations and contributions	**150,000**	300,000
Others	**7,346,150**	4,355,061
	₱206,463,016	₱184,720,868

Rent expense pertains to the lease payments on the short-term lease transactions entered into by the Group. Others include representation expense, pre-need expense, plan benefits, stationery and office supplies and miscellaneous expenses.

19. **Personnel Expenses**

Personnel expenses consist of:

	March 31, 2023	March 31, 2022
Salaries and wages	**₱33,748,641**	₱31,801,978
Commission	**14,937,152**	17,899,689
Bonuses and other employee benefits	**26,700,080**	18,135,162
	₱75,385,873	₱67,836,829

Bonuses and other employee benefits pertain to incentive and performance bonus

20. **Depreciation**

Depreciation consists of:

	March 31, 2023	March 31, 2022
Investment properties (Note 11)	**₱6,057,939**	₱14,655,791
Property and equipment (Note 12)	**1,504,364**	1,787,023
	₱7,562,303	₱16,442,814

21. **Financial Income**

Financial income consists of:

	March 31, 2023	March 31, 2022
Interest income from:		
Installment contracts receivable and contract assets (Note 6)	**₱95,576,797**	₱90,986,973
Cash equivalents and investments (Note 4)	**53,782,442**	16,506,746
Notes receivable (Note 7)	**3,945,159**	5,777,213
Cash in banks (Note 4)	**119,620**	100,402
	₱153,424,018	₱113,371,334

22. **Financial Expenses**

Financial expenses consist of:

	March 31, 2023	March 31, 2022
Interest expense on:		
Notes payable (Note 15)	**₱4,072,838**	₱4,476,204
Less capitalized borrowing costs (Notes 9, 11 and 15)	**(4,072,838)**	(2,840,702)
	–	1,635,502
Interest expense on security deposits	**441,663**	397,637
Interest expense on lease liabilities (Note 14)	**89,343**	71,257
Finance charges and others	**436,150**	2,981,793
	₱967,156	₱5,086,189

23. Other Income - Net

Other income - net amounting to ₱36.84 million and ₱30.34 million as of March 31, 2023 and March 31, 2022, respectively, pertains to gain or loss arising from revaluation of repossessed units at fair market value less cost to sell, trust fund income, penalties for buyers' late payments, sales of scraps and net gains or losses on forfeiture/cancellation of sales.

24. Employee Benefits

Under the existing regulatory framework, Republic Act 7641, *The Philippine Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees retirement benefit under the collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

Retirement benefits cost
The Group, jointly with affiliated companies, has a funded, noncontributory defined benefit retirement plan, covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of the employee's final monthly salary and the number of years of service.

Accrued sick leave
Employees are entitled to paid sick leave of 15 days per year of service after issuance of regular appointment, computed at 1.25 days per month of service, enjoyable only after one year of regular service. Unused sick leaves are cumulative and convertible to cash based on the employee's salary at the time that the employee is leaving the Group. Accrued sick leave, presented under "Accounts payable and accrued expenses - noncurrent portion" account, amounted to 46.76 million and 46.78 million as of March 31, 2023 and December 31, 2022, respectively (see Note 14).

25. Income Taxes

a. Provision for (benefit from) income tax consists of:

	March 31, 2023	March 31, 2022
Current	**₱62,306,726**	₱48,311,267
Deferred	**18,578,867**	16,902,933
	80,885,593	65,214,200
Final tax on interest income	**10,381,488**	₱4,476,186
	₱91,267,081	69,690,386

b. The components of the net deferred income tax liabilities are as follows:

	March 31, 2023	December 31, 2022
Deferred income tax assets on:		
Accrued expenses	₱23,341,460	₱21,874,864
Unearned rent revenue	6,740,077	4,725,301
Unamortized past service cost	1,459,214	1,459,214
Lease liabilities (Note 14)	41,574	81,122
	31,582,325	28,140,501
Deferred income tax liabilities on:		
Deemed cost adjustment in properties (Note 16)	(334,720,537)	(334,690,022)
Difference between tax basis and book basis of accounting for real estate transactions	(243,514,217)	(225,257,184)
Capitalized borrowing costs	(27,302,393)	(23,606,380)
Retirement plan assets	(11,171,551)	(11,171,551)
Cost to obtain contract	(3,492,714)	(4,571,951)
Rent receivable, net of unearned rent revenue	(581,287)	(442,014)
	(620,782,699)	(599,739,102)
	(589,200,374)	(571,598,601)
Deferred income tax liability recognized on retained earnings upon realization – deemed cost adjustment	(13,900,012)	(13,900,013)
Deferred income tax liability recognized in other comprehensive income – actuarial loss on defined benefit plan	8,687,482	8,687,482
	(₱594,412,904)	(₱576,811,132)

The breakdown of net deferred income tax liabilities per entity is as follows:

	March 31, 2023	December 31, 2022
Deferred income tax liabilities - net:		
Parent Company	(₱369,759,947)	(₱361,173,314)
CDC	(208,709,764)	(193,856,246)
CLDI	(14,886,795)	(19,637,281)
CPI	(1,056,398)	(2,144,291)
	(₱594,412,904)	(₱576,811,132)

c. On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding 5.0 million and with total assets not exceeding 100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT rate from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

26. **Related Party Transactions**

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, and account balances with related parties consisting mainly of the following 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 entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

The Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

	Amount of Transactions		Outstanding balance: Receivable (Note 8)		Outstanding balance: Payable (Note 14)		
	March 31, 2023	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	Terms and Conditions
Subsidiaries							
(CDC, CLDI and CPI)							
Sharing of expenses charged by (to) the Company (Note 26c)*	**(₱4,706,727)**	₱–	**₱3,965,882**	₱12,820,126	**₱4,747,128**	₱599,611	30-day, unsecured, non-interest bearing; to be settled in cash
(CDC and CLHI)							
Guaranty deposit (Note 26d)	**–**	–	**361,152,938**	361,149,438	**–**	–	3 to 5-year guaranty deposit
Interest income on guaranty deposit (Note 26d)	**2,890,464**	12,986,825	**1,946,124**	1,063,959	**–**	–	Settled in cash
Board of Directors							
Directors' fees			**–**	–	**25,938,912**	40,933,292	Settled in cash

**Outstanding balance is included under "Accounts payable and accrued expenses" account in the parent company statements of financial position.*

The transactions of the Parent Company with CDC, CLDI, CPI, CAI and CLHI are eliminated in the consolidated statements of financial position and consolidated statements of income.

a. In 2019, the Parent Company entered into a Memorandum of Agreement with CDC whereby the CDC shall assign its parcel of land to the Parent Company in exchange of certain number of condominium units on One Premier, a project that is currently being constructed by the Parent Company. The said land is recorded under "Real Estate Properties Held for Future Development" account. In 2021, additional units were allocated to CDC.

b. Shares of stock of the Parent Company held by members of the BOD aggregated to about 58,355,322 shares equivalent to ₱583.55 million as of March 31, 2022 and December 31, 2021.

c. The Parent Company has an existing agreement with CLDI, CDC and CPI whereby personnel costs and common recurring expenses such as water, electricity, rental, and other expenses for which the companies have benefited from such service shall be shared among the companies and billed with a pre-agreed mark-up rate. These are recorded as part of "Operating expenses" in the statement of income. The income recognized as a result of the mark-up charged is recorded as "Other income net" in the statement of income. These are unsecured, unguaranteed, noninterest bearing, and due within 30-60 days.

d. The Parent Company and CDC, through CLHI, issued a cash bond aggregating to ₱257.15 million in favor of HLURB in relation to the construction and development of its ongoing projects which was recorded as part of "Notes receivable" in the consolidated statements of financial position. The said amount was placed by CLHI with financial institutions with a maturity of three (3) to five (5) years.

27. **Financial Instruments**

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term and long-term investments, notes and contracts payable. The main purpose of these financial instruments is to finance the Group's operations. The Group's other financial instruments consist of financial assets at fair value through profit or loss which are held for investing purposes and investment in trust funds to cover pre-need reserves obligation. The Group has various other financial instruments such as installment contracts receivable, contract assets, notes receivable, other receivables and accounts payable and accrued expenses, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risks (i.e., cash flow interest rate and equity price risks), credit risk, and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized on the next page:

Market risk

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's short-term notes payable, all with repriced interest rates.

The Group's policy in addressing volatility in interest rates includes maximizing the use of operating cash flows to be able to fulfill principal and interest obligations even in periods of rising interest rates.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates based on forecasted and average movements of interest rates (with all other variables held constant):

	Change in bps	Effect on income before income tax
March 31, 2023	**+/-11 bps**	**+/-₱3,190,008**
December 31, 2022	-/+ 11 bps	-/+₱16,367,418

There is no impact on the Group's equity other than those already affecting income before income tax.

Equity price risk
Equity price risk is the risk that the fair values of investments in equity securities will decrease as a result of changes in the market value of individual shares of stock. The Group is exposed to equity price risk because of investments held by the Group classified as financial assets at FVOCI included under "Other noncurrent assets" account in the consolidated statements of financial position. The Group employs the service of a third-party stockbroker to manage its investments in shares of stock.

The following table demonstrates the sensitivity analysis of the Group's equity to a reasonably possible change in equity price based on forecasted and average movements of equity prices (with all other variables held constant):

	Change in equity price	Effect on equity
March 31, 2023	**+/-0.07**	**+/-₱95,137**
December 31, 2021	+/- 0.07	+/- ₱205,059

Credit risk
Credit risk arises when the Group will incur a loss because its customers, clients or counterparties failed to discharge their obligations. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the objective that the Group's exposure to bad debts is not significant. The risk is further mitigated because the Group holds the title to the real estate properties with outstanding installment contracts receivable balance and the Group can repossess such real estate properties upon default of the customer in paying the outstanding balance. The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Group.

The tables below show the Group's exposure to credit risk for the components of the consolidated statements of financial position. The exposure as of March 31, 2023 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancements, and at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

March 31, 2023:

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit enhancement
Financial assets				
Investments in trust funds	**₱36,722,150**	**₱–**	**₱36,722,150**	**₱–**
Cash and cash equivalents, excluding cash on hand*	**1,115,447,607**	–	**1,115,447,607**	–
Short-term investments	**1,265,700,000**	–	**1,265,700,000**	–
Long-term investments	**303,999,438**	–	**303,999,438**	–
Installment contracts receivable	**30,890,926**	**351,182,106**	**30,890,926**	–
Refundable deposits	**36,269,314**	–	**36,269,314**	–
Notes receivable	**1,478,150,000**	–	**1,478,150,000**	–
Other receivables:				
Rent receivable	**18,427,650**	–	**18,427,650**	–
Advances to customers	**16,867,292**	–	**16,867,292**	–
Accrued interest	**24,264,236**	–	**24,264,236**	–
Retention	**3,943,897**	–	**3,943,897**	–
Advances to condominium corporations	**4,062,361**	–	**4,062,361**	–
Others	**1,326,018**	–	**1,326,018**	–
Contract assets	**3,046,366,702**	**7,102,669,865**	–	**3,046,366,702**
Total credit risk exposure	**₱7,382,437,591**	**₱7,453,851,971**	**₱4,336,070,889**	**₱3,046,366,702**

**Excluding cash on hand amounting to 215,668.*

The Group has performed an expected credit loss (ECL) calculation for its financial assets at amortized cost. The expected credit loss is a product of the probability of default, loss given default and exposure at default.

In determining the probability of default, the Group used historical default rates for the last five years for the installment sales from its buyers and last two years for other receivables. The Group applied the possible effects of macroeconomic factors to the historical loss rate. For loss given default, the Group determined that the fair value less cost of repossession of collaterals upon default is higher than the exposure at default. Thus, no expected credit loss was recognized for the Group's installment contract receivables, contract assets and other receivables from its buyer.

The Group considers its cash and cash equivalent and short-term and long-term investments as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECL relating to cash and cash equivalents and short-term and long-term investment rounds to nil.

The Group considers installment contract receivables, notes receivable, guaranty deposits, refundable deposits and other receivables from third parties and related parties as medium grade. Third parties are primarily managed through screening based on credit history and financial information submitted. Whereas, related parties have low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

The following tables summarize the aging analysis of receivables and contract assets on which expected credit loss rate was applied:

2

March 31, 2023:

	Contract asset	Noncurrent	Current	Days past due: Less than 30 days	31-60 days	61-90 days	Over 90 days	Total
Installment contracts receivable	₱–	₱ 14,263,566	₱ 57,969	₱ 7,610,703	₱ 4,594,896	₱ 2,294,243	₱ 2,069,549	₱ 30,890,926
Contract assets	3,046,366,702	–	–	–	–	–	–	3,046,366,702
Notes receivable	–	903,150,000	575,000,000	–	–	–	–	1,478,150,000
Refundable deposits	–	–	36,269,314	–	–	–	–	36,269,314
Other receivables:								
Rent receivable	–	–	18,427,650	–	–	–	–	**18,427,650**

Advances to customers	–	2,009,508	8,751,512	3,031,085	422,204	253,259	2,399,724	16,867,292
Accrued interest	–	–	24,264,236	–	–	–	–	24,264,236
Retention	–	3,933,897	10,000	–	–	–	–	3,943,897
Advances to condominium corporations	–	604,791	3,457,570	–	–	–	–	4,062,361
Others	–	–	1,326,018	–	–	–	–	1,326,018
	₱ 3,046,366,702	₱ 923,961,762	₱ 656,238,251	₱ 10,641,788	₱ 5,071,100	₱ 2,547,502	₱ 4,469,273	₱ 7,319,958,099

The tables below show the credit quality by class of asset for loan-related statement of financial position lines based on the Group's credit rating system:

March 31, 2023:

	High Grade*	Medium Grade**	Total
Financial assets			
Investments in Trust Funds	**₱36,722,150**	**₱–**	**₱36,722,150**
Cash and cash equivalents, excluding cash on hand***	**1,115,447,607**	**–**	**1,115,447,607**
Short-term investments	**1,265,700,000**	–	**1,265,700,000**
Long-term investments	**303,999,438**	–	**303,999,438**
Refundable deposits	–	**36,269,314**	**36,269,314**
Installment contracts receivable	–	**30,890,926**	**30,890,926**
Notes receivable	–	**1,478,150,000**	**1,478,150,000**
Other receivables:			
Rent receivable	–	**18,427,650**	**18,427,650**
Advances to customers	–	**16,867,292**	**16,867,292**
Accrued interest	–	**24,264,236**	**24,264,236**
Retention	–	**3,943,897**	**3,943,897**
Advances to condominium corporations	–	**4,062,361**	**4,062,361**
Others	–	**1,326,018**	**1,326,018**
Contract assets	–	**3,046,366,702**	**3,046,366,702**
Total	**₱2,721,869,195**	**₱4,660,568,396**	**₱7,382,437,591**

**High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.*
***Medium Grade - financial assets for which there is low risk of default of counterparties.*
****Excluding cash on hand amounting to ₱224,000.*

Liquidity risk

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of commercial papers.

The tables below summarize the maturity analysis of the Group's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments:

March 31, 2023:

	Up to One Year	Above One Year	Total
Accounts payable and accrued expenses*	₱1,089,970,233	₱268,410,647	₱1,358,380,880
Lease liabilities	2,991,226	3,987,325	6,978,551
Notes payable**	1,460,418,314	–	1,460,418,314
Contracts payable	7,549,400	–	7,549,400
	₱2,544,410,963	₱206,481,897	₱2,565,660,9320

** Excludes statutory liabilities amounting to ₱16,317,132*
*** Includes interest expense amounting to ₱15,668,314.*

Fair Values

The following tables provide fair value hierarchy of the Group's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

As of March 31, 2023:

	Fair value		
	Level 1	**Level 2**	**Level 3**
Assets measured at fair value			
Investment in trust fund			
Financial assets at FVPL	**₱2,544,013**	**₱–**	**₱–**
Financial assets at FVOCI			
Debt securities	**1,037,304**	**–**	**–**
Equity securities - listed	**687,354**	**–**	**–**
Investment properties	**–**	**–**	**5,889,399**
Financial assets at FVOCI	**971,958**	**–**	**–**
Assets for which fair values are disclosed			
Investment properties*	**–**	**–**	**12,592,300,668**

**Last valuation date is December 31, 2022.*

The following method and assumptions were used to estimate the fair value of each class of financial instruments, repossessed real estate properties for sale and investment properties, for which it is practicable to estimate such value.

Cash and cash equivalents, short-term and long-term investments, notes receivable, installment contracts receivable, other receivables, accounts payable and accrued expense, notes and contracts payable.

Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term and long-term investments, other receivables, accounts payable and accrued expenses, notes and contracts payable approximate their carrying amounts. The fair values of long-term investments, notes receivable, installment contracts receivable and contract assets approximate their carrying amounts as they carry interest rates that approximate the interest rates for comparable instruments in the market.

Financial assets at FVPL and financial assets at FVOCI

Financial assets at FVPL and financial asset at FVOCI are stated at fair value based on quoted market prices.

Investment properties

The fair value of certain investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use.

Another method used in determining the fair value of other land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others.

The fair values of the investment properties as of December 31, 2022 approximate and represent the highest and best use of the said properties.

28. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	March 31, 2023	March 31, 2022
Net income attributable to equity holders of the Parent Company	**₱182,041,271**	₱130,396,513
Weighted average number of outstanding shares	**149,224,534**	149,224,534
Basic/diluted earnings per share	**₱1.22**	₱0.87

**After the retroactive effect of stock dividend*

The Group has no potential dilutive common shares as of March 31, 2023 and March 31, 2022. Thus, the basic and diluted earnings per share are the same as of those dates.

29. Business Segments

The Group derives its revenues primarily from the sale and lease of real estate properties and pension plan operations. These are the operating segments classified as business groups which are consistent with the segments reported to the BOD, its Chief Operating Decision Maker (CODM).

The Group does not have any major customers and all sales and leases of real estate properties and sales of pension plans are made to external customers.

Segment Revenue and Expenses

	March 31, 2023		March 31, 2022	
Sales of real estate properties*	**₱969,770,946**	**85.83%**	₱714,375,762	88.15%
Rent income	**65,407,060**	**5.79%**	43,335,330	5.35%
Others	**94,682,701**	**8.38%**	52,723,091	6.50%
	₱1,129,860,707	**100.00%**	₱810,434,183	100.00%

**Includes interest income from installment contracts receivable amounting to 95.58 million and 90.99 million as of March 31, 2023 and March 31, 2022, respectively (see Note 21).*

Except for expenses directly relating to the leasing and pension plan operations, operating expenses pertain primarily to the real estate sales.

30. Contingencies

The Group is contingently liable for certain lawsuits or claims filed by third parties which are either pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Hence, no provision was recognized as of March 31, 2023 and December 31, 2022.

31. **Other Matters**

Continuing COVID-19 Outbreak

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic. As such, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020.

On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. After which, modified ECQ was implemented in Metro Manila until May 31, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines.

As at March 31, 2023, community quarantine restrictions of varying levels are still in effect in Metro Manila and other parts of the country in order to manage the spread of the virus. During the pandemic period, the Group observed decline in general business but economic recovery was seen in 2021 and is expected in the succeeding periods as a result of the decline in the number of COVID-19 cases and thereby loosening the community quarantines.

Russia-Ukraine Conflict This ongoing Russia-Ukraine conflict sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine or Russia.

The scale and duration of these developments and events remain uncertain as of March 31, 2023. It is not possible to estimate the overall impact of the outbreak and war's near-term and longer effects. Considering the evolving nature of the pandemic and the war, the Group will continue to closely monitor these situations.

CITYLAND, INC.
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of March 31, 2023

SEC-MSRD Order No. 89, Series of 2022 dated December 12, 2022

A. As stated in the Final Prospectus (December 12, 2022 to December 12, 2023)

Gross Proceeds		**₱500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱3,750,000	
Registration Fees	441,875	
Exemptive Relief	50,500	
Printing Costs	25,000	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	4,311,275
Net Proceeds		**₱495,688,725**
Use of Proceeds		
Project-related Costs		₱311,750,000
Payment of Maturing Notes		178,556,725
Interest Expense		5,382,000
Total		**₱495,688,725**

B. Use of Proceeds (December 12, 2022 to March 31, 2023)

Gross Proceeds as of December 31, 2022	₱16,850,000	
Add: Issued Notes (January 1 to March 31, 2023)	491,000,000	
Total Gross Proceeds as March 31, 2023		₱507,850,000
Less: Expenses		
Documentary Stamps Tax	₱772,943	
Registration Fees	441,875	
Exemptive Relief	50,500	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	
Printing Costs	8,600	1,317,818
Total Net Proceeds		₱506,532,182
Less: Use of Proceeds		
Payment of Maturing Notes	₱447,673,134	
Project-related Costs	58,859,048	506,532,182
Balance of Proceeds as of March 31, 2023		-

C. Outstanding Commercial Papers as of March 31, 2023

SEC-MSRD Order No. 89, Series of 2022 dated December 12, 2022	**₱320,950,000**

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of March 31, 2023

SEC-MSRD Order No. 72, Series of 2022 dated October 20, 2022

A. As stated in the Final Prospectus (October 20, 2022 to October 20, 2023)

Gross Proceeds		**₱1,500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱11,250,000	
Registration Fees	757,500	
Printing Costs	75,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	12,175,800
Net Proceeds		**₱1,487,824,200**
Use of Proceeds		
Project-related Costs		₱1,189,730,000
Payment of Maturing Notes		281,723,200
Interest Expense		16,371,000
Total		**₱1,487,824,200**

B. Use of Proceeds (October 20, 2022 to March 31, 2023)

Gross Proceeds as of December 31, 2022	₱992,250,000	
Add: Issued Notes (January 1 to March 31, 2023)	1,486,150,000	
Total Gross Proceeds as of March 31, 2023		₱2,478,400,000
Less: Expenses		
Documentary Stamps Tax	₱3,818,943	
Registration Fees	757,500	
Exemptive Relief	50,500	
Printing Costs	31,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	4,701,243
Total Net Proceeds		₱2,473,698,757
Less: Use of Proceeds		
Payment of Maturing Notes	₱2,174,797,137	
Project-related Costs	298,901,620	2,473,698,757
Balance of Proceeds as of March 31, 2023		-

C. Outstanding Commercial Papers as of March 31, 2023

SEC-MSRD Order No. 72, Series of 2022 dated October 20, 2022	**₱1,123,800,000**

CITYLAND, INC.
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of March 31, 2022

SEC-MSRD Order No. 90, Series of 2021 dated December 13, 2021

A. As stated in the Final Prospectus (December 13, 2021 to December 23, 2022)

Gross Proceeds		**₱500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱3,750,000	
Registration Fees	441,875	
Exemptive Relief	50,500	
Printing Costs	25,000	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	4,311,275
Net Proceeds		**₱495,688,725**
Use of Proceeds		
Project-related Costs		₱315,000,000
Payment of Maturing Notes		175,333,225
Interest Expense		5,355,500
Total		**₱495,688,725**

B. Use of Proceeds (December 13, 2021 to March 31, 2022)

Gross Proceeds as of December 31, 2021	₱44,900,000	
Add: Issued Notes (January 1 to March 31, 2022)	578,600,000	
Total Gross Proceeds as of March 31, 2022		₱623,500,000
Less: Expenses		
Documentary Stamps Tax	₱810,960	
Registration Fees	441,875	
Exemptive Relief	50,500	
Publication Fees	23,900	
Legal and Accounting Fees	20,000	
Printing Costs	9,050	1,356,285
Total Net Proceeds		₱622,143,715
Less: Use of Proceeds		
Payment of Maturing Notes	₱470,521,627	
Project-related Costs	151,622,088	622,143,715
Balance of Proceeds as of March 31, 2022		**₱–**

C. Outstanding Commercial Papers as of March 31, 2022

SEC-MSRD Order No. 22, Series of 2020 dated December 23, 2020	₱5,850,000
SEC-MSRD Order No. 90, Series of 2021 dated December 13, 2021	306,450,000
TOTAL	**₱312,300,000**

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of March 31, 2022

SEC-MSRD Order No. 69, Series of 2021 dated October 20, 2021

A. As stated in the Final Prospectus (October 20, 2021 to October 20, 2022)

Gross Proceeds		**₱1,500,000,000**
Less: Expenses		
Documentary Stamps Tax	₱11,250,000	
Registration Fees	757,500	
Printing Costs	75,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	12,175,800
Net Proceeds		**₱1,487,824,200**
Use of Proceeds		
Project-related Costs		₱952,700,000
Payment of Maturing Notes		512,217,200
Interest Expense		17,907,000
Total		**₱1,487,824,200**

B. Use of Proceeds (October 20, 2021 to March 31, 2022)

Gross Proceeds as of December 31, 2021	₱754,150,000	
Add: Issued Noted (January to March 31, 2022	1,777,150,000	
Total Gross Proceeds as of March 31, 2022		**₱2,531,300,000**
Less: Expenses		
Documentary Stamps Tax	3,356,551	
Registration Fees	757,500	
Exemptive Relief	50,500	
Printing Costs	32,700	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	4,240,051
Total Net Proceeds		₱2,527,059,949
Less: Use of Proceeds		
Payment of Maturing Notes	₱1,981,513,116	
Project-related Costs	311,810,154	
Interest Expense	2,364,795	2,295,688,065
Balance of Proceeds as of March 31, 2022		**₱–**

C. Outstanding Commercial Papers as of March 31, 2022

SEC-MSRD Order No. 69, Series of 2021 dated October 20, 2021	**₱1,291,050,000**

CITYLAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Financial Ratios

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	**March 31, 2022 (Unaudited)**
Basic/Diluted earnings per share*	**4.88**	4.73	**3.50**
Return on equity (%)*	**7.89%**	7.79%	**6.08%**
Return on asset*	**2.19%**	7.18%	**5.31%**
Net profit margin	**26.76%**	33.82%	**28.44%**
Solvency*	**0.33**	0.36	**0.25**
Interest rate coverage	**415.78**	328.76	**63.26**
Asset-to-liability	**4.96**	4.77	**4.47**
Asset-to-equity	**12.11**	2.01	**2.02**
Debt-to-equity	**0.96**	0.17	**0.22**
Current	**3.66**	3.52	**3.17**
Acid-test ratio	**1.54**	1.46	**1.28**

**Annualized for the period of March 31, 2023 and March 31, 2022.*
***After retroactive effect of stock dividends*

Manner of Calculation:

Basic/ Diluted Earnings per share = $\dfrac{\text{Net income after tax}}{\text{Outstanding number of shares}}$

Return on equity ratio = $\dfrac{\text{Net income after tax}}{\text{Total Equity}}$

Return on asset ratio = $\dfrac{\text{Net income after tax}}{\text{Total Assets}}$

Net profit margin = $\dfrac{\text{Net income after tax}}{\text{Total Revenue}}$

Solvency ratio = $\dfrac{\text{Net income after tax + Depreciation expense}}{\text{Total Liabilities}}$

Interest rate coverage ratio = $\dfrac{\text{Net income before income tax + Depreciation expense + Interest expense}}{\text{Interest expense}}$

Asset-to-liability ratio = Total assets / Total liabilities

Asset-to-equity ratio = Total assets / Total equity attributable to equity holder of the Parent Company (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)

Debt-to-equity ratio = Notes and contracts payable / Total equity attributable of equity holder of the Parent Company (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)

Current ratio	=	Total current assets / Total current liabilities
Acid-test ratio	=	$\dfrac{\text{Cash and cash equivalents + Short-term cash investments + Current portion of installment contracts receivable + Current portion of contract assets +Current portion of notes receivable + Current portion of other receivables}}{\text{Total current liabilities}}$