SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
   Dec 31, 2021
2. SEC Identification Number
   AS094-006430
3. BIR Tax Identification No.
   003-942-108
4. Exact name of issuer as specified in its charter
   EMPIRE EAST LAND HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City
   Postal Code
   1604
8. Issuer's telephone number, including area code
   (632) 85544800
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	14,676,199,167

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

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

☑ Yes ☐ No

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

☑ Yes ☐ No

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

As of 31 March 2022 is 572,323,599.06 based on the closing price of Php0.236 per share.

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

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

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

N/A

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

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Empire East Land Holdings, Inc.
ELI

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

For the fiscal year ended	Dec 31, 2021
Currency	Philippine Pesos

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Current Assets	40,783,050,614	40,513,752,019
Total Assets	46,205,053,985	45,407,006,729
Current Liabilities	13,045,538,036	13,531,102,626
Total Liabilities	16,211,923,870	16,386,056,078
Retained Earnings/(Deficit)	7,828,581,967	7,023,040,535
Stockholders' Equity	29,993,130,115	29,020,950,651
Stockholders' Equity - Parent	27,196,175,578	26,215,319,668
Book Value Per Share	1.85	1.79

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Gross Revenue	4,120,905,220	4,769,808,513
Gross Expense	3,550,102,325	3,986,521,629
Non-Operating Income	413,933,483	340,546,947
Non-Operating Expense	367,358,500	344,927,157
Income/(Loss) Before Tax	617,377,878	778,906,674
Income Tax Expense	-179,711,192	253,964,347
Net Income/(Loss) After Tax	797,089,070	524,942,327
Net Income/(Loss) Attributable to Parent Equity Holder	805,765,516	531,433,225

Earnings/(Loss) Per Share (Basic)	0.05	0.03
Earnings/(Loss) Per Share (Diluted)	0.05	0.03

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2021	Dec 31, 2020
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	3.13	2.99
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.9	0.71
; ; Solvency Ratio	**Total Assets / Total Liabilities**	2.85	2.77
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.35	0.36
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.54	0.56
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	2.65	3.07
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.54	1.56
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.38	0.4
; ; Net Profit Margin	**Net Profit / Sales**	0.22	0.12
; ; Return on Assets	**Net Income / Total Assets**	0.02	0.01
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	0.03	0.02
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	4.55	8.56

Other Relevant Information
None

Filed on behalf by:

Name	Dennis Edano
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
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OF THE SECURITIES REGULATION CODE
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1. For the fiscal year ended **31 December 2021**

2. SEC Identification Number: **AS094-006430**

3. BIR Tax Identification No.: **003-942-108**

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   Exact name of issuer as specified in its charter

5. **Metro Manila**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **12th Floor, Alliance Global Tower**
   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 85544800**
   Issuer's telephone number, including area code

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

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

    Yes [x] No [ ]

    Philippine Stock Exchange **Common Shares**

11. Check whether the issuer:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

12. Aggregate Market Value of Voting Stock held by Non-Affiliates as of **31 March 2022** is **572,323,599.06** based on the closing price of **Php0.236** per share.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Empire East Land Holdings, Inc. (the "Company") was incorporated under Philippine law on 15 July 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly, Megaworld Properties & Holdings, Inc.) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now the Company for the purpose of separating its high-end residential and office business from its lower and middle-income housing business. As of 31 December 2021, Megaworld holds 81.7% of the Company.

As of 31 December 2021, the Company holds 100% equity interest in Eastwood Property Holdings, Inc. (EPHI); Valle Verde Properties, Inc. ("VVPI"); Sherman Oak Holdings, Inc. ("SOHI") Empire East Communities, Inc. ("EECI") and 20th Century Nylon Shirt Co., Inc. (20th Century); 72.5% in Laguna BelAir Science School, Inc. (LBASSI); 60% in Sonoma Premier Land, Inc. ("SPLI") (formerly, "Galleria Corsini Holdings, Inc."); and 47% in Gilmore Property Marketing Associates, Inc. ("GPMAI") and 40% in Pacific Coast Megacity Inc. (PCMI).

EPHI, which was incorporated on 05 September 1996, serves as the marketing arm of the Company and markets the projects of the Company and those of other related parties.

VVPI was incorporated on 13 October 2006. In 2008, the Company acquired shares of VVPI from another stockholder increasing the Company's ownership in VVPI to 100%.

SPLI was incorporated on 26 February 2007 and started its commercial operations in 2008. In 2008, 200 million shares in SPLI were acquired by the Company, increasing its ownership to 60% from 20%.

EECI was incorporated on 14 October 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on 02 February 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on 05 September 1996 to acquire, lease, and construct or dispose of properties. In 2010, the Company acquired 52% ownership in GPMAI by subscribing to 27M shares by way of conversion of advances into equity. In 2012, GPMAI issued 5M shares of stock to a third party which resulted in the decrease of the Company's ownership to 47%.

LBASSI (formerly Laguna Bel Air School Inc. or LBASI) is a company incorporated on 13 February 1996 and is presently operating a school for primary and secondary education. The change in name was approved in August 2013. The Company owns 72.5% of LBASSI.

20th Century was incorporated in 1952. On January 24, 2003, the SEC approved the extension of the Company's life for another 50 years from the date of renewal. In February 2015, the company acquired 100% ownership interest in 20th Century,

PCMI was incorporated in 2012. In 2015 the Company acquired 20% ownership interest. Subsequently in 2018, the Company obtained de facto control over PCMI. In 2019, it acquired an additional 20% increase in its ownership interest to 40%.

Neither the Company nor its subsidiaries (collectively the "Group") have been the subject of a bankruptcy, receivership, or similar proceeding or has been involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business except as otherwise stated herein.

Business of Issuer and Subsidiaries

Principal Products, Services, and Markets

Empire East Land Holdings, Inc. (the Company) is engaged in property development focusing on residential projects such as mid-to-high-rise condominiums and single-detached houses and lots, targeting the broad middle-income housing market as well as the upscale and upper middle segments.

The Company is at the forefront of developing mid-cost properties that remain to appeal to the Filipino homebuyers and investors. Over the last 27 years, it has remarkably left an indelible footprint in the urban landscapes of Makati, Mandaluyong, San Juan, Pasig, Quezon City, and the City of Manila in the National Capital Region, and even in progressive areas such as Santa Rosa City, Laguna in the South, and Cainta, Rizal in the East.

Its communities are now home to more than 120,000 residents who have enjoyed the lifestyle concepts and innovations it showcased. The Company was the pioneer in the “township model” when it integrated the “live, work and play” elements in its flagship project, Laguna Bel-Air. Instead of only having American-style houses, the community is filled with retail shops, a school, a parish church, and clubhouse amenities. This same model is envisioned at Empire East Highland City in Pasig-Cainta, the Company’s largest development to date, where high-rise residential buildings will be integrated with a lifestyle mall, a sprawling park with a church, and a five-star sports club.

The Asian financial meltdown in 1997 has tested the Company to become an innovative developer and game-changer. Trending concepts and breakthrough marketing strategies were introduced during this economic crisis, including the “micro city” condominium complexes, the “no down payment and zero interest” schemes, and the loft-type condo units, that other residential developers have followed through up to present.

Transit-Oriented Developments (TOD) and Urban Resort Communities have become the signature concepts of the Company in the recent years, solidifying its market leadership and capturing its share of the end-users’ market as well as Oversees Filipinos. The exponential growth of the investors’ market, both locally and from abroad, has been evident in the past year, even in the middle of the pandemic. The close proximity of the Company’s developments to major Central Business Districts (CBD) and accessibility to existing mass transport systems and upcoming infrastructure projects, have further strengthened the leasing and resale potential of these properties.

Contribution to Sales and Revenues

In 2021, the income from sales of various condominium units and house-and-lot packages accounted for 80% of consolidated total revenues. Finance income, the bulk of which came from in-house financing of units sold to buyers and advances from related parties, accounted for 9% of consolidated total revenues. The commission income of a subsidiary of the Company realized from the marketing of real properties of related parties, rentals, and other business-related sources accounted for the remaining 11% of consolidated total revenues. Foreign sales contributed minimally to the Group’s consolidated sales and revenues for the year 2021.

The percentage of contribution to revenues of the above products and services differs from their percentage of contribution to net income since certain revenues do not have corresponding expenses and some expenses are not identifiable with projects.

Distribution Methods

An in-house salesforce is primarily marketing the Company’s inventory of residential properties, both for pre-selling and ready-for-occupancy projects. This sales organization is composed of Directors for Sales, Business Partner Heads, Sales Officers and Salespersons.

Functioning the same role in marketing the inventories are the sales teams called Empire East Communities (EEC) and Property Advisors (PA), as well as the Empire East Networks (EEN) who are deployed in various provincial or regional sales offices. The Company is also accrediting brokerages and individual licensed Real Estate Brokers as well as part-time agents and sales partners to help in disposing the residential inventories.

Despite the limitations in physical activities brought by the COVID-19 pandemic, the Company has undergone an extensive transmutation in all its processes, including the sales and marketing aspects. Its manpower of sellers has been equipped with adequate skills in generating quality leads and closing sales using social media and other online platforms, along with innovations in virtual project presentations and the full digitization of the reservation process.

To replace traditional media such as print ads in broadsheets and magazines, and out-of-home advertising like billboards, efforts and expenses of the Company have been aggressively diverted to the digital marketplace. Aside from its corporate and project-specific websites, advertising materials through its official social media pages and channels are heavily posted and boosted to capture potential leads. These online strategies are mirrored by its salesforce, as they are provided with digital materials including e-fliers, video presentations, investment proposals and a virtual condo tour application, coupled with continuous skills enhancement training programs.

On top of their intensive online selling strategies, the salespeople are also assigned on rotating schedules in the mall or site showrooms and exhibit booths that the Company operates. Health protocols such as social distancing, limiting the capacity of guests, frequent sanitation, wearing of face masks, and contact-tracing are strictly implemented in these venues for the safety of both buyers and agents.

The successful implementation and continuous evolution of the Company's sustainable and crisis-proof transmutation plan will gear up its sales and marketing operations, and all other aspects of its business, to adapt and be triumphant amidst the ongoing pandemic and beyond.

Update on Projects

Empire East Highland City is an elevated sustainable township at the boundary of Pasig City in Metro Manila and Cainta in Rizal. Rising in a prime 22.8-hectare property along Felix Avenue, it easily connects to the major thoroughfares of Marcos Highway and Ortigas Avenue Extension. Its future residents can enjoy mobility and accessibility because of the development's close proximity to the newly opened Marikina Station of the LRT Line 2 East Extension and the upcoming Cainta Junction Station of the MRT Line 4 which will also connect to the Metro Manila Subway.

An 8,000-square meter sprawling Highland Park will welcome residents and visitors in the township's frontage at Felix Avenue, hosting lush greeneries, water elements, expansive walking paths, a 500-seater church, and retail shops. Grand Spanish steps in this elevated park will lead up to the luxurious Highland Mall, which will have 58,000 square meters of gross leasable area intended for restaurants, boutique shops, supermarkets, cinemas and other lifestyle essentials.

On the quiet and much elevated side of the "luxurious uphill community" is the 37-tower condominium complex called Highland Residences, where there will be wide 4-to-6-lane roads, bike lanes and tree-lined sidewalks. It is centered by an exclusive 6,700-square meter recreation hub named The Chartered Club, where future club member-residents can enjoy top-rate leisure amenities and sports facilities.

The township's first residential phase, Arcadia, received an overwhelming reception by homebuyers and investors, with Towers 1 and 2 nearly sold out, prompting the Company to open Tower 3 for pre-selling. Efficiently designed condominium units ranging from 21.38 sq.m. to 46.50 sq.m., with layout options of executive studios, 1-bedroom and 2-bedroom suites, are currently offered to the market.

The Paddington Place is a testament of the Company's continuous leadership in the Transit-Oriented Development (TOD) lifestyle concept. This 4-tower high-rise condominium at Shaw Boulevard, Mandaluyong City, is just a few steps away from the MRT-3 Shaw Boulevard Station along EDSA and the Ortigas CBD.

Its first two podium levels will host a community mall dubbed as "The Pad" that will provide daily essentials for the future residents. Recreational amenities such a 25-meter lap pool, kiddie pool, indoor play area, fitness gym, function room and terraced gardens can be enjoyed at the 7th and 8th levels.

Each tower rises up to 45 levels, delighting homeowners with spectacular views of the Ortigas and Makati skylines, Wack-Wack Golf Course and Greenhills area. The project's strategic and highly accessible location provides a strong leasing potential, evident with numerous investors who purchased space-efficient residential units ranging from executive studios, 1-bedroom, 2-bedroom and penthouse suites, ranging from 21.32 sq.m. up to 95.46 sq.m. The development also attracted first-time homebuyers and clients searching for secondary transient homes.

Inventory of Towers 1, 2 and 4 has been fast moving. The Company has also commenced the full-swing construction in this 8,816-square meter development, where the first residential tower is expected to be completed by 2025.

Mango Tree Residences is a two-tower on-stilts green development, fittingly named because of the decades-old mango trees around its 3,000-square meter land. Located at the highly elevated and rolling terrains of M. Paterno and Ledesma Streets in San Juan City, it is close to the premier schools and shopping hubs in the Greenhills area, and has an easy access to several shortcuts via N. Domingo Street and Santolan Road leading to other key cities such as Quezon City, Manila, Pasig, Mandaluyong and the Makati CBD. It will also be near the future stations of the proposed MRT Line 4.

To maintain the development's quiet and exclusive ambiance, the ground level will have open spaces created by strong stilts structures, creating room for landscaped gardens, a grand drop-off area, al fresco lounge and recreational amenity areas. Its masterplan maintains low density at all levels, with only 9 to 12 suites per floor at typical levels, and only 6 units at the penthouse level.

Buyers can choose from spacious homes ranging from 1-bedroom, 2-bedroom up to penthouse suites, while special units at the 7th level come with their own patios. Full-swing construction is under way for both the 38-level West Residences and the 34-level East Residences.

Covent Garden is strategically located along Santol Street Extension adjacent to Magsaysay Boulevard in the bustling Santa Mesa, Manila. Commuting residents can easily walk to the nearby V. Mapa Station of LRT Line 2, which connects to LRT Line 1 and MRT Line 3, while those driving their private vehicles can easily access the Metro Skyway Stage 3 Extension and other efficient road networks.

The 5,036-square meter property is intelligently maximized through the masterplan of a juxtaposed structural development for its two towers. Open spaces and recreation areas can be enjoyed by the residents at an elevated level, while condo units at all levels provide an unobstructed view of the urban skyline.

South Residences has been recently completed and turnover of units to homebuyers is on-going, while construction of North Residences is in full swing. There is a limited inventory left for the executive studios, 1-to-2-bedroom suites, and bi-level units being offered to the market.

Kasara Urban Resort Residences is a luxurious six-tower resort community in the heart of Pasig City, just a stone's throw away from the C5 Road, Valle Verde exclusive subdivisions, and the Ortigas CBD. This 1.8-hectare residential enclave is bounded by Eagle and P. E. Antonio Streets in Ugong, Pasig City, with nearby upcoming major infrastructure projects to benefit its residents, such as the MRT Line 4 and Metro Manila Subway.

Approximately 60% of the property is dedicated to open spaces and five-star resort amenities which include a lake-inspired swimming pool, kiddie pool, waterfalls, bubblers, koi pond, multi-purpose open court, landscaped gardens, outdoor play area, fitness gym, jogging trails, and a clubhouse with a function hall and bar area.

Homebuyers and investors can opt to reserve an executive studio, 1-to-2-bedroom suite, or a bi-level penthouse, where selected units come with their own patios or balconies, ranging from 22.20 sq.m. up to 144 sq.m. The entire project is nearly sold out, with Towers 1 and 2 already turned over and construction of Towers 3 to 6 is ongoing.

The Rochester is a 3-hectare mid-rise urban resort community with an architectural design that exudes a homey Asian Modern vibe. This 7-tower development along Elisco Road in San Joaquin, Pasig City, is only more than a kilometer away from the vital intersection of C5 Road and Kalayaan Avenue, giving residents an unbeatable accessibility to the Bonifacio Global City, as well as other CBDs like Makati, Ortigas and Eastwood.

The first six towers, Garden Villa 1, Garden Villa 2, Breeze Tower, Parklane Tower, Palmridge Tower and Hillcrest Tower, have been sold out and are now ready-for-occupancy. Its residents are currently enjoying resort-type amenities and facilities such as the clubhouse with lounge and bar, 25-meter lap pool, kiddie pool, multi-purpose open court, children's playground, fitness gym and pocket gardens.

Its final tower, the 18-level Bridgeview Tower, is nearing completion with a few units left on its inventory. Configurations for a 1-bedroom suite, 2-bedroom suite with balcony and 3-bedroom suite with balcony, ranging from 24.30 sq.m. to 58 sq.m., have been commonly offered in all towers, while three towers have special bi-level suites up to 93 sq.m.

Pioneer Woodlands is one of Metro Manila's highly coveted TOD addresses due to its direct link to the MRT Line 3 Boni Avenue Station. This six-tower community's strategic location along EDSA corner Pioneer Street in Mandaluyong City provides its residents with premium mobility and accessibility to the "Big 3" CBDs of Makati, Ortigas and Bonifacio Global City.

Investors and property seekers can choose among executive studios, 1-bedroom up to 2-bedroom suites, with selected units having their own patios or balconies. Recreational amenities can now be enjoyed by the residents at the 5th level of the development. Towers 1 to 5 are now sold out and have been turned over, while Tower 6 with few units left is nearing completion.

Little Baguio Terraces is a four-tower mid-to-high-rise condominium community located at N. Domingo Street and Aurora Boulevard in San Juan City, walking distance away from the Gilmore and J. Ruiz Stations of LRT Line 2.

Rising from 15 up to 24 levels, Towers 1 to 4 offered a typical 30 sq.m. 2-bedroom unit, which are now completely sold out, while Tower 1 provided options for combined units, providing a more spacious 60 sqm 3-bedroom unit. Residents currently utilize their recreational amenities at the podium level.

San Lorenzo Place is a luxurious high-rise development at the prime corner of EDSA and Chino Roces Avenue in Makati City, physically linked to the Magallanes Station of MRT Line 3. Its bi-level San Lorenzo Place Mall provides the basic daily essentials for its residents. Aside from its connection to MRT-3, it also hosts a transport hub for point-to-point buses and other public utility vehicles with numerous routes and destinations.

High-end recreational amenities are located at the 6th level, including a clubhouse, swimming pool, multi-purpose open court, children's playground, pocket gardens, jogging paths, fitness gym, function room, and daycare center. Offered units range from 1-bedroom up to 3-bedroom combined units. All 4 towers were completed and sold out.

The Cambridge Village is an 8-hectare mid-rise condominium community along East Bank Road in Pasig-Cainta area that pioneered the “micro city” development concept. Commercial establishments, a nursery, a parish church and a recreational zone are incorporated within this sprawling neighborhood.

Its 37 residential towers, that rise from 6 to 10 levels, have been all constructed and are now almost sold out. It featured flexible studios, loft-type homes and 2-bedroom units.

The Sonoma is a 50-hectare horizontal development in Santa Rosa City, Laguna, that features single-detached homes with Asian Modern architectural design. It has a central recreation zone where residents can experience world-class leisure in its high-end amenities such as a clubhouse, function halls, swimming pools and basketball court.

In the entrance of the development is a commercial strip named 1433 West Row that will soon host restaurants, shops and other establishments. The lots in the four residential phases, The Enclave, The Country Club, The Pavilion and The Esplanade, are now nearly sold out.

South Science Park is a 58-hectare mixed-use development located in Gimalas, Balayan, Batangas in the Southern Luzon region.

Competition

As the real estate industry, particularly the residential sector, bounces back from the impact of the COVID-19 pandemic, the Company sustains its lead in the middle-income segment by continuously adapting to the “new normal” of selling and responding to the evolving demands of the market. Strategies utilizing digital tools and platforms, and introducing innovations in its product offerings, have kept the Company ahead of its game among its major competitors.

The premier central business districts of Makati, Ortigas and Bonifacio Global City, as well as key areas in Quezon City and Manila Bay, are now almost filled with mixed-use developments and there are literally no huge parcels of land available anymore for large-scale projects. The C5 corridor stretching from Pasig City up to Eastwood Libis, Quezon City, has also become a battleground for major real estate players but most residential units are sold at incredibly high prices, ranging from PHP 160,000 up to almost PHP 300,000 per square meter.

For first-time homebuyers and property investors who are looking for more affordable options, the way to go is to look towards the east side of Metro Manila. One emerging arena where seasoned residential developers, as well as neophyte builders, have started competing to capture their shares in the housing market is the Cainta Junction area. Within a 3-kilometer radius from this well-known intersection of Ortigas Avenue Extension and Felix Avenue at the convergence of Pasig City, Metro Manila, and Cainta, Rizal, mid-rise and high-rise condominiums have sprouted in the recent years, and more projects are expected to be launched in the coming years.

The government’s green light for the construction of the 15.56-kilometer MRT Line 4 has been a key factor for the Cainta Junction area to become a real estate hotspot. This multi-billion-peso infrastructure project is expected to have an initial daily ridership of around 230,000 passengers upon its completion by 2025. Its route traversing from Quezon City, San Juan, Mandaluyong, Ortigas CBD, Pasig, Cainta and Taytay, and its planned links to LRT-2, MRT-3 and the Metro Manila Subway, will solidify the connectivity of the East to the rest of Metro Manila. The future MRT-4 Cainta Junction Station is anticipated to benefit commuters residing in the area.

The largest and grandest of all the developments in this zone is the Company’s 22.8-hectare sustainable township **Empire East Highland City,** approximately 1.6 kilometers from the Cainta Junction. Four other residential condominium projects are currently being offered along Felix Avenue, the farthest of which is 3 kilometers away from Cainta Junction, closer to Marcos Highway. These are Futura East by Filinvest, Jacinta Enclaves by WeeComm Developers, East Bel-Air Residences by Sta. Lucia Land, and Charm Residences by SMDC.

Meanwhile, four major developments near the Cainta Junction are being built along Ortigas Avenue Extension, the easternmost within its 3-kilometer radius is already in Taytay, Rizal, namely Urban Deca Homes Ortigas by 8990 Holdings, Horizons East Ortigas by Datem Homes, Sierra Valley Gardens by Robinsons Land, and The Hive by MySpace Properties.

These competing projects by other developers are all mid-rise developments, with only 5 to 17 levels. Empire East Highland City will be the tallest development in the area, with its first two residential towers soaring at 37 floors. Aside from the height of its structures that will surely reshape the skyline of the East, there are numerous aspects in which Empire East Highland City has a strong competitive advantage. Here are some of the factors why you should consider investing at Empire East Highland City over other developments in Pasig-Cainta area:

Development Concept. At 22 hectares, there are limitless possibilities that residents can enjoy in this high-rise community integrated in a township that caters to basic needs and prioritizes overall wellbeing. A sprawling green park, a high-end lifestyle mall, tree-lined roads and sidewalks, bike lanes, a five-star sports club, a church, and other features, set its development concept and masterplan apart from its major competitors.

Open Spaces. In a congested and stressful city life, modern urban dwellers are aspiring for open spaces where they can relax, breathe and detoxify. Despite the plan to have 37 high-rise towers, its enormous land area of 22 hectares guarantees open spaces within the community. Other projects only have around 1.5 to 2.3 hectares for development and yet they will be placing 4 to 7 residential buildings. The low-cost development along Ortigas Avenue Extension by 8990 Holdings will be developing 22 heavily dense towers in 13.2 hectares, neglecting to provide breathable spaces for its residents.

Density per Floor. Its competitors offer 27, 36, 48 and even up to 64 units per floor which are definitely overly crowded and compromises the ambiance of privacy and exclusivity. Empire East Highland City scores another point when it comes to density as it only has 22 to 24 condominium suites per floor, an average and reasonable count for high-rise developments.

Unit Mix. In buying a property, particularly a condo unit, it is important that homebuyers and investors have many choices for unit types and layouts, to suit their purposes for buying, whether for long-term end-use or for investment. At Empire East Highland City, there are options for executive studios, one-bedroom up to two-bedroom suites, ranging from 21.38 to 46.50 square meters. Other developments have similar unit mix, but some offer a very limited set of choices. For instance, the project by Filinvest right next to Empire East Highland City offers nothing but only 32-sq.m. two-bedroom units; no options for smaller or bigger cuts. Same goes with the SMDC project, buyers can only select from two-bedroom units, either with balcony or without balcony. Projects along Ortigas Avenue Extension only have two varieties: 2BR or 3BR, studio or 1BR, and 1BR or 2BR, limiting the choices for a client’s preferred or ideal home.

Price and Payment Terms. Empire East Highland City is currently selling at PHP 130,000 per square meter which is considerably reasonable and justifiable because of the luxury and grandness of its development. Some competitors are offering a price of a little below PHP 100,000 per square meter but they target the low-cost and mass housing market niche, thus, it is incomparable to Empire East Highland City’s development concept and the luxurious lifestyle it offers. Moreover, the other competing developments are priced at PHP 136,000 up to PHP 178,000 per square meter, a lot more expensive than Empire East Highland City. Its current promo terms are also more enticing to potential buyers, offering big discounts, flexibility of payment period up to 60 months at zero interest, and low monthly amortizations.

These factors for solidifying the Company’s competitive advantage over other players are also applicable and evident to other locations such as Mandaluyong City and San Juan City where it has active projects.

The Paddington Place is competing with projects in Mandaluyong City that mostly also have shopping malls or retail establishments. Its major competitors along Shaw Boulevard are The Olive Place by DataLand, Inc. and Amaia Skies Shaw by Ayala subsidiary, Amaia Land. The Olive Place could not command a higher price because its location is farther from EDSA and Ortigas CBD, while Amaia Skies Shaw's current selling price maybe inappropriately expensive considering the lack of luxury branding and actual quality in the development that is heavily dense with as much as 40 units per level. Furthermore, only The Paddington Place will have a full-scale two-level mall along Shaw Boulevard.

Projects along EDSA compete not only with The Paddington Place but also against **Pioneer Woodlands**, such as Avida Towers Centera and Avida Towers Verge by Avida Land, Twin Oaks Place and Zitan Tower by Greenfield Development Corporation, Grand Central Residences and Pines Peak by Cityland, Fame Residences, Light Residences, and Light 2 Residences by SMDC, Flair Towers by DMCI, and One Sierra by newcomer PIK Group. The pricing for both pre-selling units of The Paddington Place and ready-for-occupancy inventories for Pioneer Woodlands continues to be competitive while its payment terms remain highly marketable.

The Company's resort-type developments **Kasara Urban Resort Residences** and **The Rochester**, both in Pasig City, also pose a strong competitive advantage over other residential developments in the vicinity in terms of development concept, unit mix, density, pricing and payment terms, both for pre-selling and RFO inventories. The major competing projects under pre-selling stage include Sync Residences and Cirrus Residences by Robinsons Land, and Gem Residences by SMDC, that offer units which are 35% up to 130% more expensive than the prices offered by the Company's projects. Levina Place and Mirea Residences by DMCI have more affordable prices for the reason that they are located at inner neighborhoods within Pasig City, not close to C5 Road.

Pricing for the RFO units of **Little Baguio Terraces** and pre-selling inventories of **Mango Tree Residences** in San Juan City are valued at competitive rates and offered with flexible payment terms. Their primary competitors include One Castilla Place by DMCI, The Magnolia Residences and Chimes Greenhills by Robinsons Land, and One Wilson Square and Terrazas de Valencia by Federal Land. Townhouses by smaller developers are also considered to be competitors in this area aside from mid-rise and high-rise condominiums, attributed to the close proximity of the location to the high-end subdivisions of Greenhills and New Manila.

The area of Santa Mesa, Manila and the stretch of LRT Line 2 are bustling with several condominium developments targeting both end-users' and investors' markets. College students in the university belts of Manila and Quezon City are potential tenants for high-rise condominiums in the vicinity, providing it a strong leasing potential. **Covent Garden** is competing with Data Land's Silk Residences, DMCI's Sorrel Residences and Illumina Residences, Filinvest Land's Maui Oasis, and SMDC's Mezza Residences II, which are all battling to offer zero interest payment terms but differ in the length of payment period.

To sustain the marketability of its projects, the Company will never cease to build residential communities in strategic locations and sustain its competitive edge over other major real estate players by innovating its development concepts, payment terms and offerings.

Sources and Availability of Raw Materials/Suppliers

The Company has a broad base of suppliers of materials and services and is not dependent on any one supplier.

Dependence on Certain Customers

The Company has a broad customer base and is not dependent on a single customer or few customers.

Transactions with and/or Dependence on Related Parties

In 2021, total commissions earned by a subsidiary from the sale of its Parent Company's real estate properties amounted to P45.1 million.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements, and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. The related parties that have entered into transactions with the Company are identified in Schedules C & F of the SEC Supplementary Schedules as of 31 December 2021. Related parties are able to settle their obligations in connection with transactions with the Company. The Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in Note 25 of the Notes to the Audited Consolidated Financial Statements of the Group attached as Exhibit 1 hereof and incorporated herein by reference.

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

Patents, Trademarks, and Copyrights

The operations of the Group are not dependent on any copyright, patent, trademark, license, franchise, concession, or royalty agreement.

Need for Government Approval of Principal Products and Services / Effect of Existing or Probable Government Regulations

Philippine land-use laws regarding subdivisions and condominiums include zoning laws, which regulate land use, laws that specify standards and technical requirements for the development of subdivisions, and laws requiring licenses to be obtained before the sale of real estate property.

The municipal or city authority determines whether the plans of a proposed development comply with the applicable standards and conducts a preliminary inspection of the site. Local authorities are required to monitor the progress of subdivision projects and to inspect projects following their completion to determine whether or not they comply with the approved plans.

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the Housing and Land Use Regulatory Board ("HLURB") (now, the Department of Human Settlements and Urban Development ["DHSUD"]). The first type of subdivision, aimed at low-cost housing, must comply with Batas Pambansa Blg. 220, which allows for a higher density of building and relaxes some of the construction standards. Other subdivisions must comply with Presidential Decree No. 957, which sets out standards for lower-density developments. Both types of subdivisions must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, length of the housing blocks, and house construction.

Under Presidential Decree No. 957, which covers subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes, HLURB, together with local government units, has jurisdiction to regulate the real estate trade and business. All subdivision plans are required to be filed with and approved by the local government unit concerned, while condominium project plans are required to be filed with and approved by HLURB. Approval of such plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical, and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. Development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, and house construction.

Owners or dealers of real estate projects are required to obtain licenses to sell before making sales or other disposition of lots or real estate projects.

In general, developers of residential subdivisions are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources (“DENR”). This description sets out the background of the proposed project and identifies any significant environmental risks and possible alternative sites. In environmentally critical projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required, and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not cause an unacceptable environmental impact.

The Company routinely applies for the required governmental approvals for its projects as provided above and some HLURB (now, DHSUD) approvals such as but not limited to development permits and licenses to sell are pending for certain projects or project phases.

Under Republic Act No. 11201, DHSUD was created through the consolidation of the Housing and Urban Development Coordinating Council and HLURB and assumed the planning and regulatory functions of the HLURB. On the other hand, HLURB was reconstituted as the Human Settlements Adjudication Commission, which assumed the adjudicatory function of HLURB and was attached to DHSUD for policy, planning, and program coordination.

The Group is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

Research and Development Costs

Expenses incurred for research are minimal and do not amount to a significant percentage of revenues.

On the other hand, construction and development costs incurred and their percentage of revenues are as follows:

Year	Amount Spent	% to Revenue
2021	P3.04 billion	67.1%
2020	P2.69 billion	52.7%
2019	P4.51 billion	87.7%

Costs and Effects of Compliance with Environmental Laws

Expenses incurred by the Group for purposes of complying with environmental laws consist primarily of payments for government regulatory fees that are standard in the industry and are minimal.

Manpower

As of 31 December 2021, the Group employed a total of 602 employees. The Group will hire additional employees if or when the present workforce becomes inadequate to handle the growing operations of the Group. The Group has no collective bargaining agreements with its employees due to the absence of organized labor organizations in the Group. Aside from complying with the minimum compensation standards mandated by law, the Group makes available to qualified personnel supplemental benefits such as health insurance, retirement, housing plans, and car plans.

The table below shows the breakdown of employees by rank:

Description	As of 31 December 2021	Projected Hiring for 2022
Executives	17	-
Managers	68	5
Supervisors	139	15
Rank & File	378	45
Total	602	65

Business Risks

The real estate industry is highly dependent on the performance of the national economy as the growth of the industry has a direct correlation with the state of the national income and effective disposal income of the people. As disposable income increases, expenditures on housing will increase proportionately. Furthermore, a stable economy brings about liquidity in the financial system, thus increasing the sources of funding for housing.

The growth and profitability of the Group are influenced by the general political and economic situation. Any political instability in the future may have a material effect on the financial results of the Group.

An increase in interest rates and the unavailability of affordable financing options affect the demand for housing. The Company caters to the middle-income market, a market that primarily considers the affordability of monthly amortizations through long-term in-house or bank financing schemes.

The Company is engaged primarily in the development of land and construction of housing /condominium units. Its business is dependent on the availability of large tracts of land with potential for development. As major players and new ones continue to take advantage of the bullish condition of the real estate industry, prime properties may become less available to the Company.

Other risks related to property development are fluctuation in prices and availability of construction materials, changes in government regulations, increase in taxes and fees, and intense competition.
The Company remains vigilant to factors affecting its business, such as fluctuations in interest rates on borrowings and end-buyers' financing, increasing costs of construction materials, labor, and administrative expenses which may affect the overall demand for housing**.** Fluctuations in foreign exchange have no adverse effect since the Company has very minimal importations of construction-related materials and has no foreign currency-denominated loans.

The Company continuously monitors trends in the industry and regularly checks economic indicators. It constantly explores ways and means how to be more cost-effective and implements reasonable price increases to maintain certain profit margins while keeping its products competitive. To maintain the marketability of its products, it provides quality projects in convenient locations, keeps the price affordable, offers a variety of flexible payment terms for in-house financing, and continues to maintain strong tie-up arrangements with various banks for the financing requirements of its buyers.

The Group remains prudent in managing its financial resources and has taken measures in controlling its available funds. Generally, the Group utilizes its internally generated funds for its operations and partly uses bank financing for purposes of acquiring properties with strong economic potential and meeting urgent development requirements. By identifying the risk areas and employing appropriate risk management tools, the Group believes that the related business risks could be managed properly.

Item 2. Properties

Description of Principal Properties

The principal properties of the Group are as follows:

Property	Location	Limitations on Ownership
Completed Projects:		
Little Baguio Gardens	San Juan, Metro Manila	Owned
Laguna BelAir 1 and 2	Don Jose, Sta. Rosa, Laguna	Joint Venture
Governors Place	Mandaluyong City	Joint Venture
Kingswood Tower	Makati City	Joint Venture
Gilmore Heights	Gilmore Ave. cor. N. Domingo Sts., Quezon City	Joint Venture
San Francisco Gardens	Mandaluyong City	Joint Venture
Greenhills Garden Square	Santolan Road, Quezon City	Owned
Central Business Park	Manggahan, Pasig City	Owned
Xavier Hills	Quezon City	Joint Venture
California Garden Square	D.M. Guevarra, Mandaluyong City	Owned
Laguna BelAir 3	Biñan, Laguna	Owned
Laguna BelAir 4	Sta. Rosa City	Owned
The Sonoma	Sta. Rosa City	Joint Venture
San Lorenzo Place	Makati City	Joint Venture
Little Baguio Terraces	San Juan, Metro Manila	Joint Venture
The Cambridge Village	Cainta, Rizal	Owned
On-Going Projects:		
Pioneer Woodlands	Mandaluyong City	Joint Venture
The Rochester	Pasig City	Owned
Kasara Urban Resort Residences	Eagle St., Pasig City	Owned
Mango Tree Residences	San Juan City	Owned
Covent Garden	Sta. Mesa Manila	Owned
The Paddington Place	Mandaluyong City	Owned
Southpoint Science Park	Gimalas Balayan Batangas	Owned

Most projects are for sale except for Central Business Park (CBP), an office-warehouse complex, and San Lorenzo Place Mall (SLPM), which is composed of commercial units for lease. CBP has a leasable area of 9,870 square meters with a lease rate of P264 per square meter. SLPM has 6,588.25 square meters with a lease rate ranging from P300 to P2,250 per square meter. Lease terms for CBP and SLPM are up to 4 years and 10 years, respectively.

There is no mortgage, lien, or encumbrance over the properties of the Company. The limitations on ownership and usage are disclosed in the table above and in the Notes of the Group's Audited Consolidated Financial Statements.

The Company cannot identify the particular properties it intends to acquire in the next twelve (12) months as the opportunities, offers or prospects may come unexpectedly. It aims to continuously acquire properties in strategic/prime locations with good market potential. It may acquire interest on the land through either outright acquisition or joint venture arrangements with landowners. Depending on the value of the property, it may utilize its internal funds to finance the acquisition; it may partially borrow or raise funds through equity financing.

Item 3. Legal Proceedings

Description of Material Pending Legal Proceedings

There is no material pending legal proceedings to which the Company or any of its subsidiaries and affiliates is a party or of which any of their property is the subject of.

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

No matter was submitted during the fourth quarter of 2021 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

M**arket Information**

The Company's common shares are traded on the Philippine Stock Exchange ("PSE"). The following table sets out, for the periods indicated, the high and low sales prices for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020	High	0.43	0.32	0.35	0.35
	Low	0.20	0.24	0.24	0.26
2021	High	0.35	0.33	0.32	0.29
	Low	0.27	0.26	0.27	0.25
2022	High	0.26			
	Low	0.22			
4/27/22	Close	0.22			

Holders

As of 31 March 2022, there were 12,356 holders of the Company's common shares. The following table sets forth the twenty largest shareholders of the Company as of 31 March 2022.

Rank	Name of Holder	Number of Shares	Percentage of Ownership
1.	Megaworld Corporation	11,994,426,438	81.7271%
2.	PCD Nominee Corporation (Filipino)	1,965,294,997[1]	13.3910%
3.	PCD Nominee Corporation (Non-Filipino)	252,735,135	1.7221%
4.	The Andresons Group, Inc.	149,692,820	1.0200%
5,	Alliance Global Group, Inc.	56,000,000	0.3816%
6.	Andrew L. Tan	24,277,777	0.1654%
7.	Simon Lee Sui Hee	16,685,206	0.1137%
8.	Ramon Uy Ong	14,950,000	0.1019%
9.	Lucio W. Yan	10,350,000	0.0705%
10.	Alberto Mendoza and/or Jeanie C. Mendoza	4,444,106	0.0303%

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

11.	Evangeline R. Abdullah	4,324,000	0.0295%
12.	George T. Yang	3,675,400	0.0250%
13.	Zheng Chang Hua	3,220,000	0.0219%
14.	Tiong C. Rosario	3,138,791	0.0214%
15.	Maximino S. Uy &/or Lim Hue Hua	3,105,000	0.0212%
16.	Trans-Asia Securities, Inc.	3,000,000	0.0204%
17.	Luisa Co Li	2,902,908	0.0198%
18.	Edward N. Cheok	2,875,000	0.0196%
19.	Aboitiz Equity Ventures, Inc.	2,813,843	0.0192%
20.	Maximino S. Uy	2,357,500	0.0161%

The information provided above is not being presented in connection with securities to be issued pursuant to an acquisition, business combination, or other reorganization initiated by or involving the Company.

Dividends

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow, and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, that is not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

No stock dividends were declared on the Company’s common shares for 2007 to 2021. The Company declared a 15% stock dividend on 15 March 2006, which was paid on 08 August 2006 to all shares of common stock outstanding as of 13 July 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, 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.

Recent Sales of Unregistered or Exempt Securities

On 26 June 2013, One Billion Two Hundred Million (1,200,000,000) common shares of the capital stock of the Company were issued to Megaworld Corporation, at the price of One Peso & 05/100 (Php1.05) centavos per share for an aggregate subscription price of One Billion Two Hundred Sixty Million Pesos (Php1,260,000,000.00).

Relative to the subscription of Megaworld Corporation, the Company filed on 05 July 2013 with the Philippine Securities and Exchange Commission (“SEC”) a Notice of Exempt Transaction under Section 10.1(e) of the Securities Regulation Code.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

For 2021, the following are the top key performance indicators of the Group:

		2021	2020
Sales		P3.6 Billion	P4.3 Billion
Net Profit		P797.1 Million	P524.9 Million
Current Ratio	*1	3.13:1	2.99:1
Quick Ratio	*2	0.90:1	0.71:1

**1- Current Assets / Current Liabilities*

**2- (Cash and cash equivalents + Trade and other receivables) / Total Current Liabilities*

1) **Real Estate Sales**

   The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) **Prudent Cash Management**

   The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, and obtained lower-cost funding through bank financing to partially support operations.

3) **Ability to repay loan obligations**

   The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) **Continuous Customer Collections**

   The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments despite quarantine restrictions.

<u>RESULTS OF OPERATIONS</u>

<u>(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)</u>

<u>Review of 31 December 2021 versus 31 December 2020</u>

During the twelve-month period for the year 2021, the consolidated net profit amounted to P797.1 million, with a 51.8% increase from the previous year's net profit of P524.9 million. Consolidated total revenues, composed of real estate sales, finance income, commissions, and other revenues amounted to P4.5 billion and P5.1 billion for the years ending 31 December 2021 and 2020, respectively.

<u>Real Estate Sales</u>

The Group registered Real Estate Sales of P3.6 billion for the year ended 31 December 2021 compared with P4.3 billion for the year ended 31 December 2020. The sales generated were derived from various projects including The Cambridge Village, Little Baguio Terraces, Pioneer Woodlands, The Rochester, Covent Garden, San Lorenzo Place, The Sonoma, California Garden Square, Mango Tree Residences, Xavier Hills, and others.

The Cost of Real Estate Sales for the year ended 31 December 2021 and 2020 amount to P2.2 billion and P2.5 billion or 61.5% and 59.5% of Real Estate Sales respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit for the year ended 31 December 2021 and 2020 amounts to P1.4 billion and P1.7 billion or 38.5% and 40.5% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of the prices of each product.

Other Revenues

The Finance Income for the year ended 31 December 2021 and 2020 amount to P409.9 million and P340.5 million or 9.0% and 6.7% of Total Revenues and Income respectively. They were derived mostly from in-house financing and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income for the year ended 31 December 2021 and 2020 resulting in P498.1 million and P507.7 million or 11.0% and 9.9% of consolidated total revenues respectively.

Equity share in the net earnings of an associate amounted to P4.1 million for the year ended 31 December 2021.

Operating Expenses

Operating Expenses for the year ended 31 December 2021 and 2020 amount to P1.3 billion and P1.4 billion, respectively. Other charges/expenses include the Finance Cost of P367.4 million and P338.3 million for the year ended 31 December 2021 and 2020, respectively.

FINANCIAL CONDITION

Review of 31 December 2021 versus 31 December 2020

Total Assets of the Group as of 31 December 2021 and 2020 amount to P46.2 billion and P45.4 billion respectively. Cash and Cash Equivalents as of 31 December increased from P2.1 billion in 2020 to P3.4 billion in 2021. The Group remains liquid with Total Current Assets of P40.8 billion in 2021 and P40.5 billion in 2020, which accounts for 88.3% and amount89.2% of the Total Assets as of 31 December 2021 and 2020 respectively. While Total Current Liabilities as of 31 December 2021 and 2020 amounts to P13.0 billion and P13.5 billion respectively.

Total Equity of the Group as of 31 December increased from P29.0 billion in 2020 to P29.9 billion in 2021 due to the Group's Net Income for the 12-month period, remeasurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2021 and 2020, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes in the 2021 Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2020)

- 59.2% increase in Cash and cash equivalents
  Mainly due to availment of long-term loan and continuous customers collections

- 12.2% increase in Trade and other receivables - net
  Mainly due to sustained customer collections but low construction output given the pandemic-related government restrictions

- 14.1% decrease in Contract Assets
  Mainly due to low construction output given the pandemic-related government restrictions but collections were sustained

- 7.2% increase in Advances to related parties
  Primarily due to interest in outstanding advances

- 7.3% decrease in Real estate inventories
  Re-adjustment in construction pace due to pandemic-related government restrictions

- 12.9% increase in Prepayments & Other Current Assets
  Primarily due to transfer related taxes paid during the year

- 11.3% increase in Financial assets at fair value through other comprehensive income
  Mainly due to increase in the fair market value of the investment in securities held by a subsidiary

- 42.3% decrease in Property and equipment – net
  Primarily due to pretermination of the remaining lease asset and depreciation for the year

- 5.6% increase in Interest-bearing loans and borrowings
  Mainly due to availment of long-term loan

- 52.2% increase in Trade and other payables
  Primary due to resumption of construction activities

- 100% decrease in Lease Liabilities
  Primarily due to pretermination of the remaining lease asset

- 13.3% decrease in Customers' deposits
  Mainly due to recognition of sales

- 28.9% increase in Contract liabilities
  Mainly due to sustained customer collections but low construction output given the pandemic-related government restrictions

- 32.1% decrease in Retirement benefit obligation
  Due to re-measurement of retirement obligation

- 15.1% decrease in Deferred Tax Liabilities-net
  Mainly due to the tax effect of the lower corporate tax rate following the enactment of the CREATE Law on taxable and deductible temporary differences

- 36.9% increase in Revaluation reserve
  Mainly due to increase in fair market value of investment in securities held by a subsidiary and remeasurement of retirement benefit obligation

- 11.5% increase in Retained Earnings
  Pertains to net income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2020)

- 15.0% decrease in Real estate sales
  Due to timing of sales recognition as a result of collection threshold and construction activities

- 20.4% increase in Finance income
  Primarily due to interest in advances to related parties and amortization from in-house financing

- 161.8% increase in Equity share in net income of associates
  Pertains to net operating income of an associate

- 12.2% decrease in Cost of real estate sales
  Due to decrease in real estate sales for the period

- 8.6% increase in Finance costs
  Mainly due to interest on loans and advances from related parties

- 8.8% decrease in Operating expenses
  Mainly due to cost-saving measures and close monitoring of marketing and administrative expenses

- 170.8% decrease in Tax expense
  Mainly due to the tax effect of the lower corporate tax rate following the enactment of the CREATE Law

The Company allocates P25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in the foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and has no foreign denominated loans.

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

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

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

There are no events 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 aggressively marketing its products especially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2020, the following are the top key performance indicators of the Group:

		2020	2019
Sales		P4.2 Billion	P3.9 Billion
Net Profit		P524.9 Million	P615.5 Million
Current Ratio	*1	2.99:1	3.06:1
Quick Ratio	*2	0.71:1	0.62:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables/ Total Current Liabilities*

1) **Real Estate Sales**

   The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) **Prudent Cash Management**

   The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, and obtained lower-cost funding through bank financing to support operations to maintain management's cash preservation objective.

3) **Ability to repay loan obligations**

   The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) **Continuous Customer Collections**

   The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments despite quarantine restrictions.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2020 versus 31 December 2019

During the twelve-month period for the year 2020, the consolidated net profit amounted to P524.9 million, with a 14.7% decrease from the previous year's net profit of P615.5 million. Consolidated total revenues, composed of real estate sales, finance income, commissions, and other revenues amounted to P5.1 billion for the years ending 31 December 2020 and 2019.

Real Estate Sales

The Group registered Real Estate Sales of P4.3 billion for the year ended 31 December 2020 compared with P3.9 billion for the year ended 31 December 2019. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, The Rochester, San Lorenzo Place, Covent Garden, The Cambridge Village, Little Baguio Terraces, Laguna Bel Air projects, California Garden Square, and Mango Tree Residences.

The Cost of Real Estate Sales for the year ended 31 December 2020 and 2019 amount to P2.5 billion and P2.2 billion or 59.5% and 55.8% of Real Estate Sales respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit for the year ended 31 December 2020 and 2019 amounts to P1.7 billion or 40.5% and 44.3% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of the prices of each product.

Other Revenues

The Finance Income for the year ended 31 December 2020 and 2019 amount to P340.5 million and P295.4 million or 6.7% and 5.7% of consolidated total revenue respectively. They were derived mostly from in-house financing and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income for the year ended 31 December 2020 and 2019 resulting to P507.7 million and P913.5 million or 9.9% and 17.8% of consolidated total revenues respectively.

Operating Expenses

Operating Expenses for the year ended 31 December 2020 and 2019 amount to P1.4 billion and P1.7 billion, respectively. Other charges/expenses include the Finance Cost of P338.3 million and P333.6 million for the year ended 31 December 2020 and 2019, respectively.

FINANCIAL CONDITION

Review of 31 December 2020 versus 31 December 2019

Total Assets of the Group as of 31 December 2020 and 2019 amount to P45.4 billion and P44.8 billion respectively. Cash and Cash Equivalents as of 31 December increased from P1.1 billion in 2019 to P2.1 billion in 2020. The Group remains liquid with Total Current Assets of P40.5 billion in 2020 and P39.7 billion in 2019, which accounts for 89.2% and 88.5% of the Total Assets as of 31 December 2020 and 2019 respectively. While Total Current Liabilities as of 31 December 2020 and 2019 amounts to P13.5 billion and P12.9 billion respectively.

Total Equity of the Group as of 31 December increased from P28.6 billion in 2019 to P29.0 billion in 2020 due to the Group's Net Income for the 12-month period, and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2020 and 2019, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes in the 2020 Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2019)

- 85.9% increase in Cash and cash equivalents
  Mainly due to prudent cash management and availment of short-term loan

- 10.5% increase in Trade and other receivables - net
  Mainly due to down payments made to suppliers and contractors and recognition of sales from completed projects

- 22.4% increase in Contract Assets
  Mainly due to the completion of certain projects

- 7.4% increase in Advances to related parties
  Primarily due to interest in advances

- 7.2% decrease in Real estate inventories
  Re-adjustment in construction pace due to pandemic-related government restrictions

- 9.1% decrease in Financial assets at fair value through other comprehensive income
  Mainly due to a decrease in the fair market value of the investment in securities held by a subsidiary

- 33.7% decrease in Property and equipment – net
  Primarily due to pretermination of certain lease asset

- 16.5% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments
-
- 28.5% decrease in Trade and other payables
  Primary due to payments made to various contractors and suppliers

- 62.5% decrease in Lease Liabilities
  Primarily due to pretermination of certain lease asset

- 7.9% increase in Customers' deposits
  Mainly due to an increase in reservation sales and collection from various projects

- 9.7% increase in Advances from related parties
  Primarily due to project-related advances

- 69.6% increase in Contract liabilities
  Mainly due to re-adjustment in construction pace of certain projects

- 41.8% decrease in Retirement benefit obligation
  Due to re-measurement of retirement obligation

- 100.0% decrease in Income tax payable
  Mainly due to payment of previous year income tax due of a subsidiary

- 9.0% increase in Deferred Tax Liabilities-net
  Pertains to the tax effect of taxable and deductible temporary differences

- 18.5% decrease in Revaluation reserve
  Mainly due to a decrease in the fair market value of the investment in securities held by a subsidiary

- 8.2% increase in Retained Earnings
  Pertains to net income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2019)

- 8.4% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 15.3% increase in Finance income
  Primarily due to interest in advances

- 44.4% decrease in Commission & other income
  Mainly due to a decrease in revenues derived from other related sources

- 15.7% increase in Cost of real estate sales
  Due to the increase in real estate sales

- 14.2% decrease in Operating expenses
  Mainly due to a decrease in marketing and administrative expenses

- 17.2% decrease in Tax expense
  Mainly due to a decrease in taxable income

Fluctuations in the foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and has no foreign denominated loans.

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

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

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

There are no events 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 aggressively marketing its products, especially the new projects. It continuously offers competitive prices, and more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

Item 7. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The Company's external auditor, Punongbayan & Araullo, billed the amount of P2,025,000 annually exclusive of VAT for the years ending 31 December 2021 and 2020, respectively, in professional fees for services rendered by it for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2021 and 2020.
.
Apart from the foregoing, no other services were rendered, or fees billed by the Company's external auditors for the years ending 31 December 2021 and 2020.

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

Item 8. Financial Statements

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

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company complied with SRC Rule 68(3)(b)(iv) and the Company's Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the signing partner changed after five (5) years of engagement. A two-year cooling-off period shall be observed in the re-engagement of the same signing partner. In this regard, starting the year ending 31 December 2016, Mr. Renan A. Piamonte, one of the Audit and Assurance Partners of Punongbayan and Araullo (P&A), was designated as the signing partner for the audit of the Company's financial statements. Mr. Nelson Dinio, also one of the Audit and Assurance Partners of P&A, handled the audit of the Company's financial statements for the past five years from 2011 to 2015.

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

The Company's Board of Directors consists of seven (7) members, of which two are independent directors. All of the directors were elected during the annual meeting of stockholders held on 08 June 2021 for a term of one year and will hold office until their successors are elected and qualified.

The table sets forth each member of the Company's Board and Officers as of 31 March 2022.

Name	Present Position
Andrew L. Tan……………………	Chairman of the Board
Anthony Charlemagne C. Yu…...	Director/President/CEO
Cresencio P. Aquino…………….	Independent Director
Alejo L. Villanueva, Jr.…………..	Independent Director
Evelyn G. Cacho…………………	Director/Senior Vice President/ Corporate Information Officer/ Compliance Officer
Enrique Santos L. Sy……………	Director
Kevin Andrew L. Tan……………	Director
Ricky S. Libago………………….	Executive Vice President
Jhoanna Lyndelou T. Llaga……	First Vice President for Marketing
Dennis E. Edaño……………….	Corporate Secretary/Vice President for Legal and Corporate Affairs
Celeste Z. Sioson………………	Assistant Corporate Secretary/Vice President for Credit and Collection
Franemil T. Ramos……………..	Vice President for Management Information System
Amiel Victor A. Asuncion………	Senior Assistant Vice President for Human Resources
Kim Camille B. Manansala…….	Assistant Vice President for Audit and Management Services
Giovanni C. Ng………………….	Treasurer

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business or professional experience for the past five (5) years.

Andrew L. Tan
Chairman of the Board

Mr. Tan, 72 years old, Filipino, has served as Chairman of the Company's Board of Directors since its incorporation in July 1994. He was also Treasurer of the Company from July 1994 to May 1998. He is the Chairman of the Board and President of Megaworld Corporation, a publicly listed corporation and the parent of the Company, and Chairman of other publicly listed companies such as Alliance Global Group, Inc., Emperador Inc., and Global-Estate Resorts, Inc. He pioneered the live-work-play-learn model in real estate development through Megaworld's integrated township communities, thus fueling the growth of the business process outsourcing (BPO) industry. He chairs publicly-listed Alliance Global Group, Inc. which holds interests in property development through Megaworld, integrated tourism estates development through Global-Estate Resorts, Inc. He is the director of Travellers International Hotel Group, Inc. which owns Resorts World Manila, and food and beverage manufacturing and distribution through Emperador Inc., which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines, and Golden Arches Development Corporation, which operates and franchises quick-service restaurants under the McDonald's brand. Mr. Tan also serves on the boards of various companies: Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties, Inc., Gilmore Property Marketing Associates, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., Townsquare Development, Inc. and Richmonde Hotel Group International Limited. Mr. Tan is also the Chairman of Megaworld Foundation, Megaworld's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance, and environmental conservation.

Anthony Charlemagne C. Yu
Director/President/CEO

Mr. Yu, 59 years old, Filipino, has been a member of the Company's Board of Directors since August 1997 and has served as President and CEO of the Company for the same period. He joined Megaworld Land, Inc. in July 1996 and served as its Vice President until July 1997. Mr. Yu obtained his Bachelor of Arts degree major in Political Science from the Ateneo de Manila University and his Bachelor of Laws degree from the University of the Philippines. He holds a Master's Degree from the University of London. Mr. Yu previously worked for Ten Knots Development Corporation where he served as Vice President for Corporate and Legal Affairs and was a member of both its Executive and Management Committees. He also worked as a Legal Associate in one of the country's largest and most active law firms then, and served as Special Legal Counsel to the Secretary of Health, Dr. Juan Flavier. He also served as a Consultant in the Senate of the Philippines. He was a member of the University Faculty of the Ateneo de Manila University for many years, and sat on the board of the Institute of the Philippine Culture of the Ateneo de Manila University. He was also a Founding Faculty of the College of Law of De La Salle University, and a Professor of Law at the Lyceum College of Law. Mr. Yu continues to serve as a Professor of Law in the College of Law of the University of the Philippines. He was a member of the Philippine Delegation to the Integrated Environmental Management Forum held in Israel. Mr. Yu was also a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sat in the Board of Trustees of Management Advancement Systems, Association, Inc. He is currently the Chairman of the Board and President of the Philippine Science-assisted school, Laguna BelAir Science School, Inc. He is the President of the El Nido Foundation, an NGO that promotes sustainable development and environmental protection in northern Palawan. He is a Trustee of Culion Foundation, a social development organization that primarily supports undertakings on the prevention and control of selected communicable and infectious diseases, reproductive health, and micro-enterprise development. He is the Chairman of the ERDA Group of Foundations, which promotes educational assistance to the marginalized sectors of society, including street children. He was also a member of the Board of Trustees of a non-profit research and education development institution that provides socio-economic research and analysis on people's issues to various sectors. He also sits in the Board of NVC Foundation- Negrense Volunteers for Change, an organization that fights hunger and poverty by providing proper nutrition for poor children, as well as sustainable livelihood opportunities for their families. He is also a member of the Board of Trustees of WWF Philippines, which works to improve Filipino lives by crafting solutions to climate change, providing sustainable livelihood programs, and conserving the country's richest marine and terrestrial habitats. Mr. Yu is also President and/or Director of Empire East Communities, Inc., Megaworld Central Properties, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Megaworld Newport Property Holdings, Inc.

Cresencio P. Aquino
Independent Director

Atty. Aquino, 68 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He concurrently serves as an independent director in the boards of publicly-listed companies, Megaworld Corporation and Global-Estate Resorts, Inc. He is a graduate of the San Sebastian College Manila with degrees in Bachelor of Arts and Bachelor of Laws. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016, Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government ("DILG") from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines.

Enrique Santos L. Sy
Director

Mr. Sy, 72 years old, Filipino, was elected to the Board on 09 June 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to 23 December 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until 31 March 2011. Mr. Sy concurrently serves on the board of the publicly-listed company, Megaworld Corporation. He is a Director of Eastin Holdings and First Oceanic Property Management, Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and the Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc., and Peace Advertising Corporation and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

Evelyn G. Cacho
Director/Senior Vice President

Ms. Cacho, 60 years old, Filipino, has served as director of the Company since 20 February 2009. Ms. Cacho joined the Company in February 1995. She currently serves as director of the Company's subsidiaries, Empire East Communities, Inc., Laguna BelAir School, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., and Sherman Oak Holdings, Inc. She concurrently serves as Director in publicly-listed Suntrust Home Developers, Inc. She also holds the position of Treasurer of Megaworld Central Properties, Inc. and Megaworld Newport Property Holdings, Inc. She is the Assistant Corporate Secretary of Gilmore Property Marketing Associates, Inc. Prior to joining the Company, she had extensive experience in the fields of financial/operations audit, treasury, and general accounting from banks, manufacturing, and trading companies. Ms. Cacho has a bachelor's degree in Business Administration major in Accounting and is a certified public accountant by profession.

Alejo L. Villanueva, Jr.
Independent Director

Mr. Villanueva, 80 years old, Filipino, is an independent director of the Company since June 2007. He is concurrently an independent director of Alliance Global Group, Inc., Suntrust Home Developers, Inc., and Emperador Inc. and a Director of First Capital Condominium Corporation, a non-stock, non-profit corporation. He is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consulting work with the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture, Philippine National Railways, International Rice Research Institute, Rustan's Supermarkets, Louis Berger International (USAID-funded projects on Mindanao growth), World Bank (Subic Conversion Program), Ernst & Young (an agricultural productivity project), Chemonics (an agribusiness project of USAID), Price Waterhouse (BOT program, a USAID project), Andersen Consulting (Mindanao 2000, a USAID project), Renardet S.A. (a project on the Privatization of MWSS, with World Bank funding support), Western Mining Corporation, Phelps Dodge Exploration, and Marubeni Corporation. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude. He has a master's degree in Philosophy from the University of Hawaii under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

Kevin Andrew L. Tan
Director

Mr. Tan, 42 years old, Filipino, has served as Director last June 2015. He is the Executive Vice President and Chief Strategy Officer of Megaworld Corporation. He previously held the position of Senior Vice President for Commercial Division which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of a public-listed company, Alliance Global Group, Inc. He is also the concurrently a Director of publicly listed companies Emperador Inc. and Global-Estate Resorts, Inc. and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties, Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a trustee and a Treasurer of Megaworld Foundation, Inc. He has over 12 years of experience in retail leasing, marketing and operations. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

Ricky S. Libago
Executive Vice President

Mr. Libago, 57 years old, Filipino, has been with the Company since July 2008. He served as Senior Vice President for Project Development, the position he held prior to his appointment as Executive Vice President in July 2016. Prior to joining the Company, he worked with Citibank Japan for 3 years and Citibank Philippines/Citibank Asia Pacific for 5 years with the Corporate Realty Services Group. He also previously worked with Universal Rightfield Holdings, Inc. (a real estate joint venture company with DMCI), Megaworld Land, Inc. (a subsidiary of Megaworld), Ayala Property Management Corporation (a subsidiary of Ayala Land, Inc.), and Makati Development Corporation (the construction arm of Ayala Land, Inc.). Mr. Libago is a licensed Civil Engineer and a Sanitary Engineer. He obtained his Civil Engineering degree from Ateneo de Cagayan (Xavier University) and his Sanitary Engineering degree from the National University.

Jhoanna Lyndelou T. Llaga
First Vice President for Marketing

Ms. Llaga, 51 years old, Filipino, currently serves as director of Empire East Communities, Inc, the Company's subsidiary, and as a Senior Vice President of Megaworld Central Properties, Inc., an affiliate of the Company. She joined the company in April 1996 and held various marketing positions. She was appointed Marketing Head in June 2003, Assistant Vice President in July 2009, Vice President in March 2011, and First Vice President in July 2015. Ms. Llaga graduated from the University of the Philippines in March 1994 with the degree of Bachelor of Arts in English Language Studies.

Franemil T. Ramos
Vice President for Management Information System

Mr. Ramos, 48 years old, Filipino, joined the company in December 1997 and held various positions in the Management Information System (MIS) Department. He was appointed as Vice President for MIS Department in July 2016. He also held the position of Senior. Manager on July 2004 and appointed Assistant Vice President on July 2006. Mr. Ramos has a broad background in multiple programming languages along with extensive experience in system analysis, design, and implementation. Prior to joining the company, he was a Programmer Analyst of Union Industries, Inc. assigned to developing and migrating applications from mainframe computer. He graduated from the Lyceum of The Philippines with the degree of Bachelor of Science in Information Technology.

Amiel Victor A. Asuncion
Senior Assistant Vice President for Human Resources

Mr. Asuncion, 38 years old, Filipino, has been with the Company since May 2014, and currently heads its Human Resources Department. Prior to his assignment as head of the Human Resources Department, Mr. Asuncion was Assistant Vice President of the Legal and Corporate Affairs Division of the Company. Mr. Asuncion obtained his Juris Doctor degree from the Ateneo de Manila University School of Law in 2010 and his Bachelor of Arts degree, major in Philosophy, minor in English Literature from the Ateneo de Manila University in 2006. Mr. Asuncion has extensive experience in civil, criminal, administrative, tax, and labor litigation, labor relations, and real estate law. Prior to joining the Company, Mr. Asuncion was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices and at Villaraza Cruz Marcelo & Angangco, and a Legal Officer at the Philippine Amusement and Gaming Corporation.

Kim Camille B. Manansala
Assistant Vice President for Audit and Management Services

Ms. Manansala, 31 years old, Filipino, currently serves as Assistant Vice President for Audit and Management Services (AMS). She joined the company in May 2016 as Senior Audit Manager and was appointed as AMS-Head in July 2016 and AVP for AMS in January 2017. She is also the assigned Project Manager for the SAP implementation from January 2017 to the present. Prior to joining the company, she worked with SyCip Gorres Velayo & Co. (SGV & Co.) as Senior Assurance Associate where she gained extensive exposure in financial/operations audit for insurance, service, finance, and holding companies, advertising and non-profit institutions. She also worked with QBE Group Shared Services Centre as Quality Assurance Analyst Level 4 and AMA Group of Companies as Senior Audit Manager. Ms. Manansala graduated Magna Cum Laude from the Polytechnic University of the Philippines in 2011 with the degree of Bachelor of Science in Accountancy and is a certified public accountant by profession.

Giovanni C. Ng
Treasurer

Mr. Ng, 48 years old, Filipino, has served as Treasurer of the Company since 06 January 2002. He is also the Senior Vice President and Finance Director of Megaworld Corporation and Treasurer of Adams Properties, Inc. and Townsquare Development, Inc. He serves as a director in Eastwood Property Holdings, Inc., Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc. and New Town Land Partners, Inc. and Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Dennis E. Edaño
Corporate Secretary

Mr. Edaño, 45 years old, Filipino, is the Corporate Secretary of the Company. He has been with the Company since September 2003 and currently heads the Legal & Corporate Affairs Department. Prior to his appointment as Corporate Secretary, Mr. Edaño was Assistant Corporate Secretary of the Company. Mr. Edaño has extensive experience in civil, criminal, administrative, labor and local taxation litigation, labor relations and real estate law. Prior to joining the Company, he was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices. Mr. Edaño obtained his bachelor's degree in Law in 1999 from the University of the Philippines and his bachelor's degree in Liberal Arts major in Philosophy from the same institution in 1995.

Celeste Z. Sioson
Assistant Corporate Secretary

Ms. Sioson, 45 years old, Filipino, is the Assistant Corporate Secretary of the Company. She joined the Company in October 2006 and is currently Vice President of the Legal and Corporate Affairs Department of the Company. Ms. Sioson obtained her bachelor's degree in Law from the University of the Philippines in 2002 and her bachelor's degree in Science major in Biology in 1998 from the same institution. She has extensive experience in civil, criminal, administrative, labor litigation, labor relations and real estate law. Prior to joining the Company, she was a Senior Associate at the Andres Marcelo Padernal Guerrero and Paras Law Offices and an Associate at the Ponce Enrile Reyes & Manalastas Law Offices.

Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman Andrew L. Tan and Mr. Kevin Andrew L. Tan, both directors of the Company, are father and son, respectively.

Involvement in Certain Legal Proceedings

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

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

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

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

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

Item 11. Executive Compensation

Compensation of Certain Executive Officers

The total annual compensation paid to the President/CEO and four most highly compensated executive officers of the Company amounted to Php39,451,208 and Php33,267,783 in 2021 and 2020, respectively. The projected total annual compensation of the named executive officers for 2022 is Php44,295,329.

Compensation of Directors

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. In 2021, the Company paid a total of Php825,000 for directors' per diem and has allocated the same amount for 2021.

Apart from directors' per diem, there are no other arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

SUMMARY COMPENSATION TABLE

The following table identifies the President and the four most highly compensated officers of the Company and summarizes their aggregate compensation in 2020 and 2021 and estimated aggregate compensation for 2022:

Name and Principal Position	Year	Salary	Others Variable Pay	Total Annual Compensation
Anthony Charlemagne C. Yu, President & CEO				
Ricky S. Libago Executive Vice President				
Evelyn G. Cacho Senior Vice President				
Ricardo B. Gregorio FVP for General and Administrative Services (Retired)				
Jhoanna Lyndelou T. Llaga FVP for Marketing				
President and 4 Most Highly Compensated Officers	2020	29,188,932	4,078,851	33,267,783
	2021	34,548,891	4,902,317	39,451,208
	2022	36,276,336	8,018,993	44,295,329
All Other Officers and Directors as a Group	2020	41,613,820	4,833,032	46,446,852
	2021	37,350,424	4,684,220	42,034,644
	2022	39,217,945	4,866,328	44,084,273

Employment Contracts and Change-in-Control Arrangements

Executive officers are appointed by the Board of Directors to their respective offices. Certain executive officers are employees of the Company and are entitled to standard employee benefits extended by the Company to the employees.

Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants and options in respect of the Company's shares that are held by the Company's CEO, or any director or executive officer of the Company.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares of Common Stock as of 31 March 2022

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 11th Avenue cor. 36 Street, Uptown Bonifacio, Taguig City	Megaworld Corporation	Filipino	11,994,426,438	81.7271%
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	The shares registered in the name of PCD Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients.	Filipino	1,965,294,997[1]	13.3910%

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

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

Security Ownership of Management as of 31 March 2022

Title of Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors				
Common	Andrew L. Tan	24,277,777 (direct)	Filipino	0.165422%
		11,994,426,438[1] (indirect)	Filipino	81.727062%
		138,133,820[2] (indirect)	Filipino	0.941210%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne C. Yu	1 (direct)	Filipino	0.000000%
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	0.000000%
Common	Enrique Santos L. Sy	11,892 (direct)	Filipino	0.000081%
Common	Evelyn G. Cacho	35,240 (direct)	Filipino	0.000240%
Common	Alejo L. Villanueva, Jr.	1 (direct)	Filipino	0.000000%
President and Four Most Highly Compensated Officers				
Common	Anthony Charlemagne C. Yu	Same as above		
Common	Evelyn G. Cacho	Same as above		
Common	Ricardo B. Gregorio	0	Filipino	n/a
Common	Jhoanna Lyndelou T. Llaga	0	Filipino	n/a
Other Executive Officers				
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Franemil T. Ramos	0	Filipino	n/a
Common	Kim Camille B. Manansala	0	Filipino	n/a
Common	Dennis E. Edaño	0	Filipino	n/a
Common	Celeste Z. Sioson-Bumatay	0	Filipino	n/a
Common	All directors and executive officers as a group	24,324,913 (direct)	Filipino	0.170079%

Voting Trust Holders of 5% or More

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions

Please refer to the discussion under Transactions with and/or dependence on Related Parties on page 9.

The Group's policy on related party transactions is disclosed in Note 2.21 of Audited Consolidated Financial Statements.

[1] The shares are held by Megaworld Corporation had authorized Andrew L. Tan, in his capacity as Chairman of the Board and President, or in his absence the Chairman of the Meeting, to vote Megaworld's common shares in the Company.
[2] The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.

Also, Note 25 of the Group's Audited Consolidated Financial Statements cite the conditions, purpose, and types of transactions (i.e., advances given to and received from related parties for construction-related activities, recognition of rental income, recognition of commission income, and the grant by a stockholder of security under the Group's commercial/term loan) which give rise to the due to/from related parties and advances to/from stockholders, associates, and other related parties.

In accordance with PAS 24.18, the Group disclosed the amounts of the transactions with its related parties, including the amount of outstanding balances as of the reporting dates.

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

PART V – EXHIBITS AND SCHEDULES

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

Exhibit No.	Description of Exhibit
1	Audited Consolidated Financial Statements as of 31 December 2021 and 2020.
2	Sustainability Report for 2021

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

Date	Disclosures
26 April 2021	Notice of Annual Stockholders' Meeting for the year 2021
26 April 2021	Board Approval for the Amendment to Articles of Incorporation
08 June 2021	Results of the Annual Stockholder's Meeting for the year 2021
08 June 2021	Results of the Organizational Meeting for the year 2021
08 June 2021	Stockholder's approval for the Amendment of Articles of Incorporation
12 July 2021	Change of Corporate Contact Number
10 September 2021	SEC approval on the Amendment to Articles of Incorporation

SIGNATURES

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

EMPIRE EAST LAND HOLDINGS, INC.

By:

ANTHONY CHARLEMAGNE C. YU
President
(Principal Executive Officer
and Principal Operating Officer)

EVELYN G. CACHO
Senior Vice President
(Principal Financial Officer,
Comptroller and Principal
Accounting Officer)

DENNIS S. EDAÑO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of 28 APR 2022 ____________, affiants exhibiting to me their respective government issued identification cards, as follows:

NAMES	Identification Card Number
Anthony Charlemagne C. Yu	UMID Number: 0111-6964168-4
Evelyn G. Cacho	Driver's License Number N01-90-107817 Expiring on March 22, 2022
Dennis S. Edaño	SSS Number: 33-6291897-6

Doc. No. 434;
Page No. 88;
Book No. 233;
Series of 2022.

ATTY RAYMOND A. RAMOS
COMMISSION NO M-239
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2022 PER B.M. NO 3795
11 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 171365/01-03-2022/Pasig City
PTR NO. MKT 8852502/01-03-2022/Makati City
MCLE Compliance No. VI-0007878/4-06-2018

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2021 and 2020** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

EVELYN G. CACHO
Chief Financial Officer

SUBSCRIBED AND SWORN to me before this APR 1 1 2022 of 2022 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Evelyn G. Cacho	127-326-686

Doc. No. 296
Page No. 61
Book No. 16
Series of 2022

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 204 (2021-2022)
IBP O.R. No. 132184 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. [illegible] Roll No. [illegible] / TIN# 120-871-009
MCLE No. VI-[illegible] until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.

P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2021, 2020 and 2019

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
APR 13 2022
REG
EDEN C. PALENCIA

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

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

Opinion

We have audited the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruption brought by the COVID-19 pandemic.

Also, we draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements.

Our opinion is not modified in respect of these matters.

Key Audit Matter

Key audit matter, in our professional judgment, is that matter of most significance in our audit of the consolidated financial statements of the current period. This matter is addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on such matter.

Revenue Recognition on Real Estate Sales and Determination of Related Costs of Real Estate Sales and Real Estate Inventories

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales amounted to P3.6 billion or 79.9% of consolidated Revenues and Income while costs of real estate sales amounted to P2.2 billion or 59.6% of consolidated Cost and Expenses for the year ended December 31, 2021, and costs of real estate inventories amounted to P21.7 billion or 47.0% of consolidated Total Assets as of December 31, 2021. Areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, and measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized, while areas affected by the determination of related costs, which also require significant judgement and estimates, include determining the amount of actual costs incurred as cost of real estate sales, and determining and assessing for any possible impairment on the real estate properties as of year-end. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policies for revenue recognition on real estate sales and determination of costs of real estate sales and real estate inventories are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied, and estimates used by management related to revenue recognition and cost determination are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 19 and 20, respectively, to the consolidated financial statements while the breakdown of real estate inventories are disclosed in Note 7 to the consolidated financial statements.

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How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions, and an understanding of the cost determination policy regarding the real estate inventories and expenditures, together with the significant business processes of the Group related to these policies.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition and cost determination policies and processes include understanding the policies and procedures applied to revenue recognition and cost determination, as well as compliance therewith, including an assessment of the design and operating effectiveness of controls related to revenue recognition and cost determination processes employed by the Group, including relevant information technology general controls. We also performed tests on accuracy and completeness of supporting contracts, examination of supporting documents of sample of agreements and expenditures and performed overall analytical review of actual results.

In addressing the risks of material misstatements in revenue recognition, we have performed inspection of sample agreements for compliance with a set of criteria for revenue recognition and test of controls over contract approval. With respect to the timing of recognition of revenues based on the percentage of amount collected from customers, we have also tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behaviour.

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

In relation to cost of real estate sales and real estate inventories, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts. We have also recomputed for the reasonableness of capitalized borrowing costs of the Group that formed part of the real estate inventories. In terms of assessment and determination for any possible impairment losses on the real estate inventories, we have tested the reasonableness of the selling prices of the real estate inventories per project related to the current market trend and prices of similar properties, less possible related costs to sell.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

APR 13 2022

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes		2021		2020
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	P	**3,389,416,319**	P	2,129,720,752
Trade and other receivables - net	6		**8,369,704,280**		7,442,172,940
Contract assets	19		**1,758,022,623**		2,373,434,910
Advances to related parties	25		**4,747,775,842**		4,428,734,137
Real estate inventories	7		**21,711,433,906**		23,424,845,196
Prepayments and other current assets			**806,697,644**		714,844,084
Total Current Assets			**40,783,050,614**		40,513,752,019
NON-CURRENT ASSETS					
Trade and other receivables	6		**2,371,548,731**		2,132,911,294
Contract assets	19		**294,925,623**		15,340,770
Financial asset at fair value through other comprehensive income	8		**1,328,680,000**		1,193,560,000
Advances to landowners and joint ventures	9		**237,419,388**		226,428,530
Investment in an associate	10		**279,556,412**		275,482,240
Property and equipment - net	11		**144,934,008**		251,102,397
Intangible asset - net	12		**116,628,807**		122,100,528
Investment properties - net	13		**643,119,509**		671,138,058
Other non-current assets			**5,190,893**		5,190,893
Total Non-current Assets			**5,422,003,371**		4,893,254,710
TOTAL ASSETS		**P**	**46,205,053,985**	P	45,407,006,729

	Notes		2021		2020
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14	P	**250,000,000**	P	933,333,352
Trade and other payables	15		**1,821,485,322**		1,196,578,156
Lease liabilities	17		**-**		35,797,100
Customers' deposits	16		**4,460,628,774**		5,146,952,008
Advances from related parties	25		**5,495,817,845**		5,237,759,982
Contract liabilities	19		**128,793,174**		50,028,890
Other current liabilities	18		**888,812,921**		930,653,138
Total Current Liabilities			**13,045,538,036**		13,531,102,626
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14		**1,000,000,000**		250,000,000
Contract liabilities	19		**151,776,866**		167,639,547
Lease liabilities	17		**-**		23,847,101
Retirement benefit obligation	23		**136,639,807**		201,252,634
Deferred tax liabilities - net	24		**1,877,969,161**		2,212,214,170
Total Non-current Liabilities			**3,166,385,834**		2,854,953,452
Total Liabilities			**16,211,923,870**		16,386,056,078
EQUITY					
Attributable to the Parent Company's stockholders					
Capital stock	26		**14,803,455,238**		14,803,455,238
Additional paid-in capital	26		**4,307,887,996**		4,307,887,996
Treasury stock - at cost	26	(	**102,106,658)**	(	102,106,658)
Revaluation reserves	8, 23, 26		**650,475,278**		475,160,800
Other reserves	2	(	**292,118,243)**	(	292,118,243)
Retained earnings	26		**7,828,581,967**		7,023,040,535
Total equity attributable to the Parent Company's stockholders			**27,196,175,578**		26,215,319,668
Non-controlling interests			**2,796,954,537**		2,805,630,983
Total Equity			**29,993,130,115**		29,020,950,651
TOTAL LIABILITIES AND EQUITY		**P**	**46,205,053,985**	P	45,407,006,729

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See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES AND INCOME				
Real estate sales	19	P 3,622,807,512	P 4,262,092,080	P 3,932,469,219
Finance income	22	409,859,311	340,546,947	295,402,422
Rental income	13, 28	82,369,787	78,556,703	154,471,033
Commission income	25	45,075,231	90,004,074	134,220,853
Equity share in net earnings of an associate	10	4,074,172	-	-
Other income	21	370,652,690	339,155,656	624,851,216
		4,534,838,703	5,110,355,460	5,141,414,743
COSTS AND EXPENSES				
Cost of real estate sales	20	2,228,701,691	2,537,176,895	2,192,214,309
Salaries and employee benefits	23	410,112,022	407,950,300	471,180,266
Finance costs	22	367,358,500	338,334,620	333,571,480
Commissions	19	237,184,791	321,160,515	361,167,537
Advertising and promotion		186,757,740	198,647,114	235,141,247
Taxes and licenses	13	142,700,549	74,549,635	153,079,327
Depreciation and amortization	11, 12, 13	69,477,080	109,957,448	111,369,197
Association dues		62,223,314	110,962,722	86,219,833
Travel and transportation		43,151,070	41,795,214	91,164,927
Equity share in net losses of an associate	10	-	6,592,537	3,830,936
Other expenses	21	169,794,068	184,321,786	180,251,632
Income taxes	24	(179,711,192)	253,964,347	306,660,741
		3,737,749,633	4,585,413,133	4,525,851,432
NET PROFIT		797,089,070	524,942,327	615,563,311
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently through profit or loss:				
Fair value gains (losses) on financial assets at FVOCI	8	135,120,000	(119,356,000)	(27,024,000)
Remeasurements on retirement benefit	23	42,317,621	16,956,951	(37,760,426)
Tax income (expense)	24	(2,347,227)	(5,317,683)	11,535,073
		175,090,394	(107,716,732)	(53,249,353)
TOTAL COMPREHENSIVE INCOME		P 972,179,464	P 417,225,595	P 562,313,958
Net profit (loss) attributable to:				
Parent company's shareholders		P 805,765,516	P 531,433,225	P 622,021,871
Non-controlling interest		(8,676,446)	(6,490,898)	(6,458,560)
		P 797,089,070	P 524,942,327	P 615,563,311
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		P 980,855,910	P 423,927,873	P 568,582,818
Non-controlling interest		(8,676,446)	(6,702,278)	(6,268,860)
		P 972,179,464	P 417,225,595	P 562,313,958
EARNINGS PER SHARE - Basic and Diluted	27	P 0.055	P 0.036	P 0.042

APR 13 2022

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Attributable to Parent Company's Shareholders								
	Capital Stock (see Note 26)	Additional Paid-in Capital	Treasury Stock (see Note 26)	Revaluation Reserves (see Notes 8, 23 and 26)	Other Reserves (see Notes 2 and 26)	Retained Earnings (see Note 26)	Total	Non-controlling Interests	Total
Balance at January 1, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 475,160,800	(P 292,118,243)	P 7,023,040,535	P 26,215,319,668	P 2,805,630,983	P 29,020,950,651
Total comprehensive income for the year	-	-	-	175,090,394	-	805,765,516	980,855,910	(8,676,446)	972,179,464
Transfer of reserves to earnings	-	-	-	224,084	-	(224,084)	-	-	-
Balance at December 31, 2021	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 650,475,278**	**(P 292,118,243)**	**P 7,828,581,967**	**P 27,196,175,578**	**P 2,796,954,537**	**P 29,993,130,115**
Balance at January 1, 2020	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 582,666,152	(P 292,118,243)	P 6,491,607,310	P 25,791,391,795	P 2,812,333,261	P 28,603,725,056
Total comprehensive income for the year	-	-	-	(107,505,352)	-	531,433,225	423,927,873	(6,702,278)	417,225,595
Balance at December 31, 2020	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 475,160,800	(P 292,118,243)	P 7,023,040,535	P 26,215,319,668	P 2,805,630,983	P 29,020,950,651
Balance at January 1, 2019	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 636,105,205	(P 385,961,343)	P 5,869,585,439	P 25,128,965,877	P 2,558,719,887	P 27,687,685,764
Total comprehensive income for the year	-	-	-	(53,439,053)	-	622,021,871	568,582,818	(6,268,860)	562,313,958
Changes in ownership interest in subsidiaries	-	-	-	-	93,843,100	-	93,843,100	259,882,234	353,725,334
Balance at December 31, 2019	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 582,666,152	(P 292,118,243)	P 6,491,607,310	P 25,791,391,795	P 2,812,333,261	P 28,603,725,056

See Notes to Consolidated Financial Statements

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 617,377,878	P 778,906,674	P 922,224,052
Adjustments for:				
Finance income	22	(409,859,311)	(340,546,947)	(295,402,422)
Finance costs	22	367,358,500	338,334,620	333,571,480
Depreciation and amortization	11, 12, 13	69,477,080	109,957,448	111,369,197
Loss on retirement of property and equipment	11	47,388,165	-	-
Gain on write-off of retirement benefits	23	(7,781,159)	-	-
Gain on derecognition of lease liabilities	17	(4,119,620)	(9,005,501)	-
Equity share in net losses (income) of an associate	10	(4,074,172)	6,592,537	3,830,936
Gain on sale of property and equipment	11	(66,002)	(171,628)	(123,214)
Operating profit before working capital changes		675,701,359	884,067,203	1,075,470,029
Increase in trade and other receivables		(1,065,070,492)	(871,260,896)	(1,767,272,686)
Decrease (increase) in contract assets		335,827,434	(436,897,101)	738,192,213
Increase in advances to related parties		(50,764,690)	(68,039,439)	(983,862,792)
Decrease (increase) in real estate inventories		1,722,349,155	1,846,866,138	(332,266,650)
Increase in prepayments and other current assets		(91,853,560)	(28,435,202)	(104,949,282)
Increase in advances to landowners and joint ventures		(10,990,858)	(124,505)	(83,845,973)
Decrease in other non-current assets		-	-	887,940
Increase (decrease) in trade and other payables		594,682,786	(501,170,674)	(107,812,397)
Increase (decrease) in contract liabilities		62,901,603	89,348,296	(25,633,278)
Increase (decrease) in customers' deposits		(686,323,234)	378,472,259	1,497,068,614
Increase (decrease) in other current liabilities		(41,840,217)	(9,075,646)	126,300,350
Decrease in retirement benefit obligation		(21,058,093)	(141,858,528)	(18,792,172)
Cash generated from operations		1,423,561,193	1,141,891,905	13,483,916
Interest received from receivables		28,313,297	59,822,685	47,098,560
Cash paid for income taxes		(156,881,044)	(75,928,181)	(203,211,847)
Net Cash From (Used in) Operating Activities		1,294,993,446	1,125,786,409	(142,629,371)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from cash and cash equivalents	22	12,170,714	6,166,800	16,431,520
Acquisitions of property and equipment	11	(6,536,694)	(8,968,709)	(14,137,022)
Proceeds from the sale of property and equipment		66,002	242,064	123,214
Acquisition of additional ownership interest in an associate		-	-	(576,274,666)
Net Cash From (Used in) Investing Activities		5,700,022	(2,559,845)	(573,856,954)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans and borrowings	14, 33	1,000,000,000	500,000,000	-
Payments of interest-bearing loans and borrowings	14, 33	(933,333,352)	(733,333,333)	(640,069,797)
Repayments of advances from related parties	25, 33	(62,633,982)	(76,990,281)	(79,581,067)
Interest paid	15, 33	(53,555,195)	(64,977,678)	(125,733,749)
Proceeds from additional advances from related parties	25, 33	8,524,628	250,329,321	13,129,665
Repayments of lease liabilities	17, 33		(13,866,415)	(52,824,440)
Proceeds from subscription of non-controlling interest		-		930,000,000
Net Cash From (Used in) Financing Activities		(40,997,901)	(138,838,386)	44,920,612
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,259,695,567	984,388,178	(671,565,713)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,129,720,752	1,145,332,574	1,816,898,287
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,389,416,319	P 2,129,720,752	P 1,145,332,574

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses, and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of December 31, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership 2021	2020	2019
Subsidiaries:				
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100.00%**	100.00%	100.00%
Valle Verde Properties, Inc. (VVPI)	(b)	**100.00%**	100.00%	100.00%
Sherman Oak Holdings, Inc. (SOHI)	(b)	**100.00%**	100.00%	100.00%
Empire East Communities, Inc. (EECI)	(c)	**100.00%**	100.00%	100.00%
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	**100.00%**	100.00%	100.00%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	**72.50%**	72.50%	72.50%
Sonoma Premier Land, Inc. (SPLI)	(b)	**60.00%**	60.00%	60.00%
Pacific Coast Megacity, Inc. (PCMI)	(f)	**40.00%**	40.00%	20.00%
Associate –				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47.00%**	47.00%	47.00%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.

(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of December 31, 2021.

(c) Subsidiary incorporated in prior year but ceased its operations as a marketing arm of real estate properties in 2014.

(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.

(e) Subsidiary primarily engaged in operating a school for primary and secondary education. However, the subsidiary will temporarily cease its operations in the succeeding year.

(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method.

APR 13 2022

The registered office address, which is also the place of operations, of the Company's subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 12th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City. Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor, 1880 Building Eastwood City E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100.00% and 72.50% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of December 31, 2021 and 2020 and shown as part of Intangible Assets – net account in the consolidated statements of financial position (see Note 12).

In 2015, the Company invested in PCMI amounting to P877.8 million in exchange for 750,000,000 shares, representing 20.00% ownership interest in the said company. In 2018, the Company has obtained de facto control over PCMI; hence, the investment is accounted for as an investment in a subsidiary. Further, in 2019, the Company obtained additional shares of PCMI, increasing its ownership interest to 40.00%.

Megaworld Corporation (Megaworld or Parent company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 68.56% owned by Alliance Global Group, Inc. (AGI), the Company's Ultimate Parent company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

On April 26, 2021, the Board of Directors (BOD) had approved the change of the Company's registered office and principal place of business from 12th Floor of Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City to 2nd Floor of Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City. The amendment was approved by the SEC on September 6, 2021. The related approval from the Bureau of Internal Revenue was obtained on November 10, 2021.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

1.2 Continuing Impact of COVID-19 Pandemic on the Group's Business

The Corona virus disease (COVID-19) pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these consolidated financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In 2020 and 2021, the Group has taken the following measures to mitigate the adverse effects of the COVID-19 pandemic to the Group's business.

- implemented flexible and remote working arrangements for employees;
- negotiated for longer payment terms from suppliers and implemented cost-savings measures such as relocation of certain offices to Company-owned properties to manage the Group's cash flows;
- additional administrative expenses were incurred to ensure the health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for employees reporting to the offices;
- deferred scheduled price increases, offered discounts and flexible payment terms combinations to accommodate more buyers;
- implemented transmutation to online selling with the use of virtual platforms and video materials for project walkthroughs and condo tours for client presentations, and a fully digitized reservation process;
- launched a digital payment platform to enable customers to pay online;
- obtained lower-cost funding through bank financing to support its business operations, such as financing capital expenditures and refinancing of loans, and maintaining its cash preservation objective; and,
- undertook an intensive vaccination program to protect the employees and eligible dependents against COVID-19.

The Group's operations were affected by the COVID-19 pandemic in 2021 as discussed below.

(a) Real Estate Sales

Real estate sales dropped by 15.00% given the restricted construction activities that led to the lower output. Other observations are presented below.

- sales recognized for the year mostly come from completed projects and continuous customer collections;
- construction activities were limited, if not suspended, during the enhanced community quarantine (ECQ) period and thereafter have slowly resumed in selected areas, and
- new project launches for 2021 were put on hold as work stoppage on-site could result in project completion risk.

(b) Lease of Commercial Spaces

Rental income yielded 4.85% higher primarily to the reopening as a consequence of relaxed quarantine guidelines increasing foot traffic. Although, the concession of rent and other related charges amounted to P25 million. Other observations are presented below.

- non-renewal and registered early termination and restructuring of lease contracts;
- various community quarantine measures resulted in the temporary mall closures except for essential establishments, resulting in limited foot traffic;
- during the ECQ, approximately 34% of the total leased out gross leasable area were unable to operate. Mall operations gradually resumed operations thereafter; and,
- waived rental charges of temporarily non-operating tenants in the mall and commercial centers during the ECQ period.

(c) Tuition and Miscellaneous Fees

Tuition and Miscellaneous Fees declined by 18.00% as compared to the 2020 figures due to lower enrolees for the school year 2021 - 2022. Other observations are presented below.

- no increase in school fees for the school year 2021 - 2022; and,
- teachers and instructors shifted to online learning, with the provision of additional annual subscriptions fees to online platforms.

Management will continue to take actions to continually improve the operations as the need arises. The management projects that the Group would continue to report positive results of operations and would remain liquid to meet the current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

1.3 Approval of the Consolidated Financial Statement

The consolidated financial statements of the Group as of and for the year ended December 31, 2021 (including the comparative consolidated financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Group's BOD on February 28, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

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

In 2020, the Group has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*, MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*, MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*, and MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023,* relating to several implementation issues of PFRS 15*, Revenue from Contracts with Customers,* affecting the real estate industry.

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

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

Relief	**Description and Implication**	**Deferral period**
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements: • interest expense would have been higher; • cost of real estate sales would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	Until end of 2023

Relief	Description and Implication	Deferral period
PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*	PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group do not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant. Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statement as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.	Until end of 2023

Relief	Description and Implication	Deferral period
	This will impact the consolidated retained earnings, real estate sales, and profit or loss in 2021 and prior years. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the consolidated opening retained earnings in the year of adoption.	

(c) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income, expenses, and other comprehensive income in a single consolidated statement of comprehensive income.

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

(d) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2021 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021.

PFRS 7, PFRS 9 and PFRS 16 (Amendments)	:	Financial Instruments: Disclosures, Financial Instruments and Leases – Interest Rate Benchmark Reform Phase 2
PFRS 16 (Amendments)	:	Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

Discussed below are the relevant information about these pronouncements.

(i) PFRS 7 (Amendments), *Financial Instruments: Disclosures*, PFRS 9 (Amendments), *Financial Instruments*, and PFRS 16 (Amendments), *Leases - Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no impact on the Group's consolidated financial statements as the Group do not have any financial instruments subject to LIBOR.

(ii) PFRS 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021* (effective from April 1, 2021). The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Group's consolidated financial statements as the Group did not receive any rent concession from its lessors in 2021.

(b) Effective Subsequent to 2021 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022).

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022).

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022).

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group.

a. PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 percent' Test for Derecognition of Liabilities.*

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.*

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023).

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023).

(vii) PAS 8 (*Amendments*), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023).

(viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023).

(ix) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely).

(c) PIC Q&As Relevant to the Real Estate Industry

Discussed below and on the succeeding pages are the PIC Q&As effective January 1, 2021 that are applicable to the Group, including the descriptions of their impact to the Group's consolidated financial statements.

- PIC Q&A No. 2018-12-E, *Treatment of uninstalled materials in the determination of POC and* PIC Q&A No. 2020-02, *Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation*

  PIC Q&A No. 2018-12-E specifies, in recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed are to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials delivered on-site that are not customized, such as steels and rebars, elevators and escalators, which are yet to be installed or attached to the main structure are excluded in the assessment of progress. Control over the uninstalled materials is not transferred to the customer upon delivery to the site but only when these are installed or when they are used in the construction. The application of the PIC Q&A had no significant financial impact to Group's consolidated financial statements since the Group does not include uninstalled materials that are not customized in determining measure of progress for revenue recognition.

- PIC Q&A No. 2020-03, *Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the POC is Ahead of the Buyer's Payment*

  PIC Q&A No. 2020-03 concludes that the difference when the POC is ahead of the buyer's payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group assessed to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as part of the Contract Assets account, hence, the adoption did not have a significant impact on the 2021 consolidated financial statements.

- PIC Q&A No. 2020-05, *Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*

  This PIC Q&A superseded PIC Q&A No. 2018-14. The interpretation provides three acceptable approaches in accounting for sales cancellation and repossession of the property as follows:

  - repossessed property is recognized at fair value less cost to repossess;
  - repossessed property is recognized at fair value plus repossession cost; or,
  - cancellation is accounted for as a modification of the contract.

The Group assessed that it would account for cancellations of sales contracts and repossession of property as a modification of contract, hence, the adoption of this PIC Q&A did not have a significant impact on the Group's consolidated financial statements.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Group is, using consistent accounting principles.

The Group accounts for its investments in subsidiaries, associates, non-controlling interests and interests in joint ventures as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when (a) it has power over the entity, (b) it is exposed, or has rights to, variable returns from its involvement with the entity, and (c) it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Company obtains control.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.10).

(b) Investment in an Associate

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint arrangement. Investments in an associate are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in an associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investment in associates. All subsequent changes to the ownership interest in the equity of the associate are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Earnings (Losses) of Associates account in the Group's consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.17).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity (i.e., revaluation reserves and other reserves). Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss. The Group holds interests in various subsidiaries with non-controlling interests as presented in Note 10.

(d) Interests in Jointly Controlled Operations

For interests in jointly controlled operations, the Group recognizes in its consolidated financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expenses account of the Group.

No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint venture that are recognized in the separate financial statements of the joint operators.

2.4 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Disclosure and Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets are driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the classification and measurement of financial assets applicable to the Group are financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses (ECL).

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to suppliers and contractors and Advances to condominium associations included therein), Contract Assets and Advances to Related Parties in the consolidated statements of financial position.

Financial assets measured at amortized cost are included in current assets, except those with maturities greater than 12 months after the end of reporting period, which are classified as noncurrent assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the consolidated statement of comprehensive income as part of Finance Income.

Financial Assets at FVOCI

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL).

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Any dividends earned on holding equity instruments are recognized in the consolidated statements of income as part of Finance Income, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcomes.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group also assesses the impairment of trade receivables and contract assets as they possess shared credit risk characteristics and have been group based on the days past due [see Note 29.2(b)].

The Group applies a general approach specifically, in relation to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

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

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

The Group determines whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subject to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Lease liabilities, Advances from Related Parties and Other Current Liabilities (excluding Refund liability and Miscellaneous) are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges, except for capitalized borrowing costs, are recognized as an expense in profit or loss as part of Finance Costs account in the consolidated statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs and excluding capitalized borrowing costs, are charged to profit or loss and/or capitalized on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables, advances from related parties and other financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments. The measurement for lease liabilities is disclosed in Note 2.14(a).

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.5 Real Estate Inventories

Cost of real estate inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties (see Note 2.19). All costs relating to the real estate property sold under development are recognized as expense as the work to which they relate is performed. Meanwhile, all costs relating to completed real estate property sold are recognized once control of the property was transferred to the buyer.

Costs of real estate inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as other non-current assets.

2.7 Property and Equipment

Property and equipment, except for land, are stated cost less accumulated depreciation, amortization and any impairment in value. Land is stated at cost less any impairment in value. As the land has no finite useful life, it's related carrying amount is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below. Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

Building and other improvements	5 to 25 years
Office furniture and equipment	3 to 5 years
Transportation equipment	5 years

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

2.8 Intangible Assets

Intangible assets include goodwill and acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite. Goodwill is classified as intangible asset with infinite life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses. In addition, intangible assets are subject to impairment testing as described in Note 2.17.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.9 Investment Properties

Investment properties consists of building and office and commercial units held for lease and a parcel of land held for capital appreciation. Land held for capital appreciation is measured at cost less any impairment while building and office and commercial units held for lease are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

Transfers to, or from, investment properties shall be made when and only when there is a change in use or purpose for such property.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in the consolidated statement of income in the year of retirement or disposal.

2.10 Business Combination

(a) Accounting for Business Combination using the Acquisition Method

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.17).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(b) Accounting of Business Combination using the Pooling-of-interests Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2; *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements, (Amended by PIC Q&A No. 2015-01and PIC Q&A No. 2018-13)*; hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as "equity reserves" (presented as Other Reserves in the equity section of the consolidated statement of financial position), which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

2.11 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that does not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities and rendering of services.

To determine whether to recognize revenue, the Group follows a five-step process:

(a) Identifying the contract with a customer;
(b) Identifying the performance obligation;
(c) Determining the transaction price;
(d) Allocating the transaction price to the performance obligations; and,
(e) Recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The Group develops real properties such as house and lot and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell pre-completed real properties is disclosed in Note 3.1(b). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Group are as follows:

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Group.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(d) *Commission* – Revenue is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered to customers that are completed over time (i.e., end of each month).

(e) *Tuition and miscellaneous fees* – Revenue is recognized over time over the corresponding school term.

Incremental costs of obtaining a contract to sell real property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized (see Note 2.13). Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except for capitalized borrowing costs (see Note 2.19).

The costs of real estate sales include the acquisition cost of the land and development costs incurred for the project (see Note 2.5).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.4(c)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Groups obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, consideration received from buyers is presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.13 Direct Contract Cost

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Group's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets in the consolidated statement of financial position (see Note 19.3). Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the consolidated statement of comprehensive income.

2.14 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured as if the new standard had been applied since commencement date, but discounted using the lessee's incremental borrowing rate as at the date of initial application. Subsequently, the Group amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.17).

On the other hand, the Group measures the lease liability at the present value of the fixed lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented as part of Property and Equipment account and as a separate line item, respectively.

(b) *Group as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its consolidated financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.16 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the consolidated statement of comprehensive income.

2.17 Impairment of Non-financial Assets

The Group's investment in an associate, property and equipment, intangible assets, investment properties, goodwill and other non-financial assets are tested for impairment. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Except for goodwill, all non-financial assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.18 Employee Benefits

The Group provides short-term benefits, post-employment benefits to employees through a defined benefit plan and certain defined contribution plans and other employee benefits which are recognized as follows:

(a) Short-term benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees which are expected to be settled before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Salaries and Employee Benefits under Cost and Expenses section in the consolidated statement of comprehensive income.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory, and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on the market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(c) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.19 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. For financial reporting purposes, interest and other costs on certain borrowings that are attributable to the acquisition, construction or development of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of Real Estate Inventories account in the consolidated statement of financial position and consolidated statement of comprehensive income, respectively. The capitalization of borrowing costs commences when expenditures for the asset are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.20 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of current tax and deferred tax not recognized in consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the consolidated profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.21 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

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

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Group's BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

2.22 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Group by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares. For the years ended December 31, 2021, 2020 and 2019, the Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

2.23 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves consist of:

(a) Accumulated actuarial gains and losses arising from remeasurements of retirements benefit obligation, net of tax;

(b) Net fair value gains or losses recognized due to changes in fair values of financial assets recognized through other comprehensive income; and,

(c) Cumulative share in other comprehensive income of associates attributable to the Group.

Other reserves pertain to the difference between the fair value of any consideration paid and the relevant share in the carrying value of a new subsidiary that was accounted for under the pooling-of-interest method.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income.

2.24 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments mentioned below and in the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Option

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the factors enumerated below.

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determines that its performance obligation for pre-completed real estate inventories is satisfied over time, while its performance obligation for completed real estate inventories is satisfied at a point in time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(iii) Tuition fees

The Group determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the counterparties. The Group renders services without the need for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(c) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(d) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for trade receivables, contract assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to advances to related parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Group's trade and other receivables, contract assets and advances to related parties are disclosed in Notes 2.4(a)(ii) and 29.2.

(e) Distinction Among Investment Property and Owner-managed Properties

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for 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.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(f) Distinction Between Real Estate Inventories and Investment Property

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's use over these assets in making its judgment.

(g) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(h) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(i) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligations. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 2.4(a)(ii).

(d) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's Inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(e) Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties

The Group estimates the useful lives of property and equipment, intangible assets, and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, intangible assets, and investment properties are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2021 and 2020, there is no change in estimated useful lives of property and equipment, and investment property during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2021 and 2020 will be utilized in the succeeding years.

The carrying values of the Group's deferred tax assets as of December 31, 2021 and 2020 are disclosed in Note 24.

(g) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Also, the Group's policy on estimating the impairment of goodwill and other non-financial assets is discussed in detail in Note 2.17.

Significant portion of goodwill amounting to P77.3 million arising from the acquisition of LBASSI has been tested for impairment. The recoverable amount of cash generating units assigned to LBASSI amounted to P386.1 million and P168.3 million in 2021 and 2020, respectively.

The 2020 recoverable amount was determined using a cash flow projection covering a five-year period with growth rate of 5% and an average discount rate of 2% in 2020. The discount rates and growth rate are the key assumptions used by management in determining the recoverable amount of cash generating units (CGU). Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying amount of the cash generating unit to exceed their respective recoverable amounts.

However, for 2021, due to the planned cessation of operations of LBASSI, the management determined the recoverable amount of LBASSI's CGU using the fair market value of its net assets less related costs to sell. The Group assessed that only LBASSI's capital assets would have a significant difference between its carrying amount and its fair market value. All other net assets' carrying amounts approximates their fair market values.

The Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. Management considered the market prices of similar assets within the location of LBASSI as the key assumptions in determining the recoverable amount of CGU as the recoverability of the CGU now entirely depend on how the market perceives and prices such units upon selling. Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that the market values used would not cause the carrying amount of the cash generating unit to exceed their respective recoverable amounts. As at December 31, 2021, the fair value of the CGU is classified under Level 3 of the fair value hierarchy.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. Subsequently, LBASSI will continue to exist as a non-operating subsidiary of the Group. The Group will continue supporting LBASSI until concrete plans or changes have been made.

Based on management's assessment, no impairment loss needs to be recognized on goodwill since the recoverable amount of the cash generating units is greater than their carrying amount in both years presented (see Note 1).

No impairment losses were recognized on advances to landowners and joint ventures, investment in an associate, property and equipment, intangible assets, investment properties, and other non-financial assets in 2021, 2020 and 2019 (see Notes 9, 10, 11, 12 and 13).

(h) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(i) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 31.4.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, contract assets and real estate inventories. Excluded from segment assets are cash and cash equivalents, advances to related parties, prepayments, advances to landowners and joint ventures, investments in an associate, property and equipment, intangible assets, investment properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of contract liabilities and customers' deposits. Excluded from segment liabilities are interest-bearing loans and borrowings, trade and other payables, lease liabilities, advances from related parties, deferred tax liabilities and retirement benefit obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2021, 2020 and 2019 and certain asset and liability information regarding segments as at December 31, 2021, 2020 and 2019.

	High Rise Projects			Horizontal Projects			Total		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
REVENUES									
Real estate sales	**P 3,383,909,085**	P 4,121,674,336	P 3,594,313,181	**P 238,898,427**	P 140,417,744	P 338,156,038	**P 3,622,807,512**	P 4,262,092,080	P 3,932,469,219
Finance income	**115,749,633**	75,709,547	59,796,957	**5,092,961**	14,205,713	6,524,916	**120,842,594**	89,915,260	66,321,873
Rental income	**17,431,216**	11,994,865	30,939,469	**-**	-	-	**17,431,216**	11,994,865	30,939,469
Other income	**157,184,641**	111,344,448	203,279,317	**4,685,048**	12,288,871	9,481,959	**161,869,689**	123,633,319	212,761,276
	3,674,274,575	4,320,723,196	3,888,328,924	**248,676,436**	166,912,328	354,162,913	**3,922,951,011**	4,487,635,524	4,242,491,837
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,083,592,091**	2,473,145,096	2,017,198,214	**145,109,600**	64,031,799	175,016,095	**2,228,701,691**	2,537,176,895	2,192,214,309
Commissions	**195,115,595**	275,131,527	279,420,341	**18,570,947**	9,080,480	20,410,340	**213,686,542**	284,212,007	299,830,681
Advertising and promotion	**158,959,027**	185,121,584	210,170,540	**23,329,042**	7,369,175	16,912,080	**182,288,069**	192,490,759	227,082,620
Association dues	**50,765,686**	95,156,461	76,313,602	**5,729,143**	7,134,462	2,688,230	**56,494,829**	102,290,923	79,001,832
Taxes and licenses	**48,973,052**	22,517,959	44,661,600	**8,641,254**	11,051,762	9,213,755	**57,614,306**	33,569,721	53,875,355
Rentals	**6,498,758**	3,493,877	24,159,601	**-**	3,759	157,920	**6,498,758**	3,497,636	24,317,521
Salaries and employee benefits	**865,327**	1,353,073	2,946,608	**128,141**	34,870	126,738	**993,468**	1,387,943	3,073,346
Travel and transportation	**48,826**	3,092	194,996	**4,049**	67,464	142,449	**52,875**	70,556	337,445
Other expenses	**49,916,296**	59,383,830	59,982,166	**5,071,813**	7,762,734	8,202,832	**54,988,109**	67,146,564	68,184,998
Cost and other operating expenses excluding depreciation and amortization	**2,594,734,658**	3,115,306,499	2,715,047,668	**206,583,989**	106,536,505	232,870,439	**2,801,318,647**	3,221,843,004	2,947,918,107
Depreciation and amortization	**-**	225,558	345,562	**-**	-	8,887	**-**	225,558	354,449
	2,594,734,658	3,115,532,057	2,715,393,230	**206,583,989**	106,536,505	232,879,326	**2,801,318,647**	3,222,068,562	2,948,272,556
SEGMENT OPERATING PROFIT	**P 1,079,539,917**	P 1,205,191,139	P 1,172,935,694	**P 42,092,447**	P 60,375,823	P 121,283,587	**P 1,121,632,364**	P 1,265,566,962	P 1,294,219,281
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P 22,576,593,688**	P 23,889,201,226	P 24,297,127,389	**P 7,087,914,726**	P 7,188,329,385	P 7,333,417,274	**P 29,664,508,414**	P 31,077,530,611	P 31,630,544,663
Segment liabilities	**4,226,231,265**	4,892,259,636	4,309,464,596	**290,631,100**	303,766,808	328,121,410	**4,516,862,365**	5,196,026,444	4,637,586,006

4.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2021	2020	2019
Revenues			
Total segment revenues	**P 3,922,951,011**	P 4,487,635,524	P 4,242,491,837
Unallocated revenues:			
Finance income	**289,016,717**	250,631,687	229,080,549
Rental income from investment property	**64,938,571**	66,561,838	123,531,564
Commission income	**45,075,231**	90,004,074	134,220,853
Other income	**212,857,173**	215,522,337	412,089,940
	611,887,692	622,719,936	898,922,906
Revenues as reported in the consolidated statements of comprehensive income	**P 4,534,838,703**	P 5,110,355,460	P 5,141,414,743
Profit or loss			
Segment operating profit	**P 1,121,632,364**	P 1,265,566,962	P 1,294,219,281
Other unallocated income	**611,887,692**	622,719,936	898,922,906
Other unallocated expenses	**(936,430,986)**	(1,363,344,571)	(1,577,578,876)
Net profit as reported in the consolidated statements of comprehensive income	**P 797,089,070**	P 524,942,327	P 615,563,311
Assets			
Segment assets	**P29,664,508,414**	P31,077,530,611	P31,630,544,663
Unallocated assets:			
Cash and cash equivalents	**3,389,416,319**	2,129,720,752	1,145,332,574
Trade and other receivables-net	**4,841,126,749**	4,311,174,499	4,225,749,275
Advances to related parties	**4,747,775,842**	4,428,734,137	4,122,109,792
Prepayments and other current assets	**806,697,644**	714,844,084	686,408,889
Financial asset at FVOCI	**1,328,680,000**	1,193,560,000	1,312,916,000
Advances to landowners and joint ventures	**237,419,388**	226,428,530	226,304,025
Investment in associate	**279,556,412**	275,482,240	282,074,777
Property and equipment - net	**144,934,008**	251,102,397	378,706,446
Investment property - net	**643,119,509**	671,138,058	699,156,607
Intangible assets - net	**116,628,807**	122,100,528	127,572,249
Other non-current assets	**5,190,893**	5,190,893	5,190,893
	16,540,545,571	14,329,476,118	13,211,521,527
Total assets as reported in the consolidated statements of financial position	**P46,205,053,985**	P45,407,006,729	P44,842,066,190

	2021	2020	2019
Liabilities			
Segment liabilities	**P 4,516,862,365**	P 5,196,026,444	P 4,637,586,006
Unallocated liabilities:			
Interest-bearing loans and borrowings	**1,250,000,000**	1,183,333,352	1,416,666,685
Trade and other payables	**1,821,485,322**	1,196,578,156	1,674,530,611
Customers' deposits	**414,620,297**	325,693,269	385,828,682
Lease liabilities	**-**	59,644,201	159,098,877
Advances from related parties	**5,495,817,845**	5,237,759,982	4,776,873,636
Income tax payable	**-**	-	45,934
Other current liabilities	**698,529,073**	773,553,870	813,113,986
Retirement benefit obligation	**136,639,807**	201,252,634	345,782,326
Deferred tax liabilities - net	**1,877,969,161**	2,212,214,170	2,028,814,391
	11,695,061,505	11,190,029,634	11,600,755,128
Total liabilities as reported in the consolidated statements of financial position	**P16,211,923,870**	P16,386,056,078	P16,238,341,134

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	2021	2020
Cash on hand and in banks	**P 1,990,639,917**	P 1,877,435,742
Short-term placements	**1,398,776,402**	252,285,010
	P 3,389,416,319	P 2,129,720,752

Cash in banks generally earns interest based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 51 days in 2021, 36 days in 2020 and 2019, and earn annual effective interest ranging from 0.25% to 1.25% in 2021, 0.13% to 3.30% in 2020, and 0.75% to 6.50% in 2019. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2021, 34 days in 2020, and 31 days in 2019 and earn annual effective interest ranging from 0.05% to 0.15% in 2021, 0.05% to 1.44% in 2020, and 0.90% to 2.00% in 2019 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2021	2020
Current:			
Trade receivables	25.2	**P 4,289,839,206**	P 3,765,957,755
Advances to suppliers and contractors		**2,869,679,015**	2,374,961,651
Rent receivable	25.2	**390,510,409**	383,910,377
Advances to condominium associations		**288,792,728**	260,412,500
Interest receivable		**74,092,660**	75,195,893
Management fee receivable	25.2	**44,119**	79,049,055
Others		**456,932,345**	502,889,331
		8,369,890,482	7,442,376,562
Allowance for impairment		**(186,202)**	(203,622)
		8,369,704,280	7,442,172,940
Non-current:			
Trade receivables		**2,257,475,440**	2,018,905,970
Refundable security deposits		**114,073,291**	114,005,324
		2,371,548,731	2,132,911,294
		P 10,741,253,011	P 9,575,084,234

The Group's trade and other receivables are subjected to credit risk. Based on management's assessments, all receivables were found to be collectible.

A reconciliation of the allowance for impairment on current trade and other receivables at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P 203,622**	P 207,852
Recovery of accounts previously provided with allowance	**(17,420)**	(4,230)
Balance at end of year	**P 186,202**	P 203,622

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 10% to 22%. The related interest earned on these sales contracts amounting to P18.8 million, P13.5 million, and P3.3 million in 2021, 2020 and 2019, respectively, are reported as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The installment period of noninterest-bearing sales contracts ranges from two to five years with imputed interest of 5.78% in 2021, 4.75% in 2020 and 5.63% in 2019. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P117.8 million, P102.1 million and P76.4 million in 2021, 2020 and 2019, respectively, are presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income. Amortization of day one loss amounting to P102.1 million, P76.4 million and P63.1million in 2021, 2020 and 2019, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

Advances to suppliers and contractors represent down payments made by the Group to the suppliers and contractors based on a certain percentage of the contract price, construction materials purchased by the Group that is used by the contractors, and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Group either on a pro-rated basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Group's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric Group, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables, both current and non-current, include advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

7. REAL ESTATE INVENTORIES

The Group's real estate inventories at the end of 2021 and 2020 were stated at cost. The composition of this account as at December 31 is shown below (see Note 20).

	2021	2020
Residential and condominium units for sale	**P 14,688,573,284**	P16,401,984,574
Raw land inventory	**5,135,063,687**	5,135,063,687
Property development costs	**1,887,796,935**	1,887,796,935
	P 21,711,433,906	P23,424,845,196

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the consolidated statements of comprehensive income (see Note 20), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Group's interest-bearing loans and borrowings for the year ended December 31, 2021 and 2020.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management assessment the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of Real Estate Inventories have been recognized in the consolidated financial statements.

8. FINANCIAL ASSETS AT FVOCI

The movements in the carrying amounts of financial assets at FVOCI as of December 31 are as follows:

	2021	2020
Balance at beginning of year	**P 1,193,560,000**	P 1,312,916,000
Fair value gains (losses)	**135,120,000**	(119,356,000)
Balance at end of year	**P 1,328,680,000**	P 1,193,560,000

Financial assets at FVOCI pertain to investments held by EPHI in equity securities of the Ultimate Parent company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments as of December 31, 2021, and 2020, is categorized as Level 1 in the fair value hierarchy (see Note 31.2).

The net accumulated fair value gains or losses in financial assets at FVOCI are shown as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 26.4).

Dividend income earned amounted to P7.9 million and P5.6 million in 2021 and 2020, respectively, and is presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1). There was no dividend income earned in 2019.

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recognized as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7).

In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

	2021	2020
Advances to landowners:		
Balance at beginning of year	**P 121,909,391**	P 121,801,386
Additional advances	**10,977,658**	108,005
Balance at end of year	**132,887,049**	121,909,391
Advances to joint ventures:		
Balance at beginning of year	**104,519,139**	104,502,639
Additional advances	**13,200**	16,500
Balance at end of year	**104,532,339**	104,519,139
	P 237,419,388	P 226,428,530

The Group commits to developing the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2021 and 2020.

The net commitment for construction expenditures amounts to:

	2021	2020
Total commitment for construction expenditures	**P 11,205,054,936**	P 10,304,770,365
Total expenditures incurred	**(8,980,771,947)**	(8,961,954,154)
Net commitment	**P 2,224,282,989**	P 1,342,816,211

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2021 and 2020. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Group accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Group was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project.

Administrative and operational functions of the project are provided by the Group and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Group and the co-joint operator.

As of December 31, 2021 and 2020, the Group has neither other material contingent liabilities with regard to these joint ventures.

10. INVESTMENT IN AN ASSOCIATE AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The components of investment in an associate as of December 31 are as follows:

	2021	2020
Investments in associate – at equity		
Balance at end of year	**P 293,960,618**	P 293,960,618
Accumulated equity in net losses:		
Balance at beginning of year	**(18,478,378)**	(11,885,841)
Equity shares in net income (losses) for the year	**4,074,172**	(6,592,537)
Balance at end of year	**(14,404,206)**	(18,478,378)
	P 279,556,412	P 275,482,240

10.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues, and net loss of GPMAI as of December 31 are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Loss
2021	**P 573,690,897**	**P 16,353,588**	**P 12,051,047**	**P -**	**P 806,380**	**(P 3,643,001)**
2020	576,960,286	16,715,788	12,039,635	-	2,752,167	(3,819,796)
2019					7,624,319	2,402,820

The reconciliation of the above summarized information to the carrying amount of the interest in GPMAI is as follows:

	2021	2020
Net assets at end of year	**P 577,993,438**	P 581,636,439
Share of GPMAI in net asset of MCPI	**(55,343,022)**	(67,586,767)
	522,650,416	514,049,672
Equity ownership interest	**47.37%**	47.37%
	247,579,502	243,505,330
Nominal goodwill	**31,976,910**	31,976,910
Balance at end of year	**P 279,556,412**	P 275,482,240

As of December 31, 2021 and 2020, there are no available fair values for these investment in associate as they are not listed in stock markets.

Based on the assessment of the management, the investment in an associate is not impaired due to the active efforts of the Group to raise funds to push through with the associate's projects.

10.2 Subsidiaries with Material Non-controlling Interest

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

Name	Proportion of Ownership Interest and Voting Rights Held by NCI 2021	2020	Subsidiary's Consolidated Loss Allocated to NCI 2021	2020	Accumulated Equity of NCI December 31, 2021	December 31, 2020
LBASSI	**27.50%**	27.50%	**(P 2,625,636)**	(P 673,427)	**P 77,678,409**	P 80,304,045
SPLI	**40.00%**	40.00%	**(78,421)**	(72,039)	**542,379,112**	542,457,533
PCMI	**60.00%**	60.00%	**(5,972,389)**	(5,956,814)	**2,176,897,016**	2,182,869,405

The summarized financial information of LBASSI, SPLI, and PCMI before intragroup eliminations is shown below.

	LBASSI 2021	LBASSI 2020	SPLI 2021	SPLI 2020	PCMI 2021	PCMI 2020
Current asset	**P 17,406,556**	P 30,111,663	**P 512,052,697**	P 512,032,920	**P2,820,355,496**	P 2,830,309,477
Non-current asset	**124,538,565**	131,153,694	**-**	-	**816,261,150**	816,261,150
Total asset	**P 141,945,121**	P 161,265,357	**P 512,052,697**	P 512,032,920	**P3,636,616,646**	P 3,646,570,627
Current liabilities	**P 23,970,755**	P 19,454,437	**P 22,803,125**	P 22,587,295	**P 8,454,960**	P 8,454,960
Non-current liabilities	**5,739,497**	19,567,073	**-**	-	**-**	-
Total liabilities	**P 29,710,252**	P 39,021,510	**P 22,803,125**	P 22,587,295	**P 8,454,960**	P 8,454,960
Equity	**P 112,234,869**	P 122,243,847	**P 489,249,572**	P 489,445,625	**P3,628,161,686**	P 3,638,115,667

	LBASSI 2021	LBASSI 2020	LBASSI 2019	SPLI 2021	SPLI 2020	SPLI 2019	PCMI 2021	PCMI 2020	PCMI 2019
Revenues	**P30,718,352**	P37,289,624	P52,091,228	**P -**	P -	P -	**P 6,961**	P -	P 24,717
Net profit (loss)	**(P10,008,978)**	(P 1,680,171)	P 4,181,981	**(P 196,053)**	(P 180,097)	(P 203,802)	**(P 9,953,981)**	(P 9,928,022)	(P12,545,140)
Other comprehensive Income (loss)	**P -**	(P 768,655)	P 689,818	**P -**	P -	P -	**P -**	P -	P -
Net cash from (used) in operating activities	**(P 1,670,637)**	P 8,444,094	P 8,593,160	**(P 215,905)**	(P 200,246)	(P 16,932)	**(P 168,113)**	(P 177,591)	(P1,239,981,227)
Net cash from (used) in investing activities	**35,640**	(1,682,868)	3,027,686	**-**	-	-	**-**	-	-
Net cash from (used) in financing activities	**(6,769,053)**	(1,681,119)	20,307,025	**215,830**	204,858	13,213	**-**	-	1,240,000,000
Net cash inflow(outflow)	**(P 8,404,050)**	P 5,080,107	P14,741,551	**(P 75)**	P 4,612	(P 3,719)	**(P 168,113)**	(P 177,591)	P 18,773

In 2021, 2020, and 2019, LBASSI, SPLI, and PCMI have not declared nor paid any dividends.

10.3 Contingent Liabilities

As of December 31, 2021, and 2020, the Group has no contingent liabilities for subsidiaries and associate which were incurred jointly with other investors and the Group is not severally liable for all or part of the contingent liabilities of the subsidiaries and associate.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of items of property and equipment at the beginning and end of 2021 and 2020 are shown below.

	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Asset	Total
December 31, 2021							
Cost	P 81,095,000	P 92,464,582	P 92,141,300	P 75,801,561	P 168,164,268	P -	P 509,666,711
Accumulated depreciation and amortization	-	(52,425,906)	(78,394,715)	(71,677,802)	(162,234,280)	-	(364,732,703)
Net carrying amount	**P 81,095,000**	**P 40,038,676**	**P 13,746,585**	**P 4,123,759**	**P 5,929,988**	**P -**	**P 144,934,008**
December 31, 2020							
Cost	P 81,095,000	P 92,464,582	P 165,678,198	P 76,269,063	P 167,597,918	P 78,213,619	P 661,318,380
Accumulated depreciation and amortization	-	(48,226,018)	(98,006,043)	(67,946,917)	(156,930,197)	(39,106,808)	(410,215,983)
Net carrying amount	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
January 1, 2020							
Cost	P 81,095,000	P 90,984,582	P 160,354,509	P 76,669,313	P 166,226,648	P 193,481,098	P 768,811,150
Accumulated depreciation and amortization	-	(44,009,365)	(87,290,168)	(63,417,487)	(147,017,409)	(48,370,275)	(390,104,704)
Net carrying amount	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446

A reconciliation of the carrying amounts at the beginning and end of 2021, 2020 and 2019 is shown below.

	Land	Building Other and Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Asset	Total
Balance at January 1, 2021, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
Additions	-	-	4,981,649	45,893	1,509,152	-	6,536,694
Write-off – cost	-	-	(78,518,547)	(513,395)	(782,141)	-	(79,814,083)
Write-off – accumulated depreciation	-	-	31,130,382	513,395	782,141	-	32,425,918
Disposal – cost	-	-	-	-	(160,661)	-	(160,661)
Disposal – accumulated depreciation	-	-	-	-	160,661	-	160,661
Derecognition of right-of-use asset	-	-	-	-	-	(78,213,619)	(78,213,619)
Depreciation and amortization charges for the year	-	(4,199,888)	(11,519,054)	(4,244,280)	(6,246,885)	(9,776,703)	(35,986,810)
Derecognition of accumulated depreciation	-	-	-	-	-	48,883,511	48,883,511
Net carrying amount at December 31, 2021	**P 81,095,000**	**P 40,038,676**	**P 13,746,585**	**P 4,123,759**	**P 5,929,988**	**P -**	**P 144,934,008**
Balance at January 1, 2020, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446
Additions	-	1,480,000	5,323,689	793,750	1,371,270	-	8,968,709
Derecognition of right-of-use asset	-	-	-	-	-	(115,267,479)	(115,267,479)
Disposal – cost	-	-	-	(1,194,000)	-	-	(1,194,000)
Disposal – accumulated depreciation	-	-	-	1,123,564	-	-	1,123,564
Depreciation and amortization charges for the year	-	(4,216,653)	(10,715,875)	(5,652,994)	(9,912,788)	(45,968,868)	(76,467,178)
Derecognition of accumulated depreciation	-	-	-	-	-	55,232,335	55,232,335
Net carrying amount at December 31, 2020	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
Balance at January 1, 2019, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 50,226,912	P 81,387,870	P 16,802,165	P 19,455,306	P 193,481,098	P 442,448,351
Additions	-	382,316	1,891,808	2,192,108	9,670,790	-	14,137,022
Disposal – cost	-	-	-	(2,639,545)	-	-	(2,639,545)
Disposal – accumulated depreciation	-	-	-	2,639,545	-	-	2,639,545
Depreciation and amortization charges for the year	-	(3,634,011)	(10,215,337)	(5,742,447)	(9,916,857)	(48,370,275)	(77,878,927)
Net carrying amount at December 31, 2019	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. This resulted in a loss amounting to P47.4 million which is presented as Loss on write-off of property and equipment under Other Expenses account in the 2021 consolidated statement of comprehensive income (see Note 21.2).

The Group sold fully depreciated office furniture and equipment for P66,002 in 2021, transportation equipment with total carrying value of P70,436 for P242,064 in 2020, and a fully depreciated transportation equipment for P123,214 in 2019. The Group recognized gain on sale of property and equipment amounting to P66,002, P171,628 and P123,214 in 2021, 2020 and 2019, respectively, and is presented as part of Miscellaneous under Other Income in the Revenue and Income section of the consolidated statements of comprehensive income.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2021 and 2020 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in business amounted to P275.3 million and P250.8 million as of December 31, 2021 and 2020, respectively.

12. INTANGIBLE ASSET

This account is composed of the following:

	Notes	2021	2020
Goodwill	1, 2.8	**P 78,326,757**	P 78,326,757
Software licenses		**38,302,050**	43,773,771
		P 116,628,807	P 122,100,528

Goodwill arose from the acquisition of LBASSI and VVPI.

Goodwill arising from the acquisition of subsidiaries mentioned above were recognized based on management's expected future economic benefit and synergies that will result from combining the operation of the acquired subsidiaries.

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2021 and 2020 are shown below.

	2021	2020
Cost	**P 54,717,213**	P 54,717,213
Accumulated amortization	**(16,415,163)**	(10,943,442)
Net carrying amount	**P 38,302,050**	P 43,773,771

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2021, 2020 and 2019 is shown below.

	2021	2020	2019
Balance at beginning of year	**P 122,100,528**	P 127,572,249	P 133,043,970
Amortization expense for the year	**(5,471,721)**	(5,471,721)	(5,471,721)
Balance at end of year	**P 116,628,807**	P 122,100,528	P 127,572,249

The amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

Intangible assets are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2021 and 2020 as the recoverable amount of intangible assets determined by management is higher than its carrying value.

13. INVESTMENT PROPERTIES

The Group's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income recognized for the years ended December 31, 2021, 2020 and 2019 amounted to P64.9 million, P66.6 million and P123.5 million, respectively, and are presented as part of Rental Income in the consolidated statements of comprehensive income. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P1.1 million, P1.5 million and P1.1 million in 2021, 2020 and 2019, respectively, and repairs and maintenance amounting to P1.3 million, P3.1 million, and P0.1 million in 2021, 2020 and 2019, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses, and Repairs and maintenance under Other Expenses account in the consolidated statements of comprehensive income.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2021 and 2020 are shown below.

		Held for Lease		
	Land	**Building**	**Other Properties**	**Total**
December 31, 2021				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(34,510,121)	(296,144,906)	(330,655,027)
Net carrying value	**P 1,040,000**	**P 12,764,019**	**P 629,315,490**	**P 643,119,509**
December 31, 2020				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(32,382,785)	(270,253,693)	(302,636,478)
Net carrying value	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
January 1, 2020				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(30,255,449)	(244,362,480)	(274,617,929)
Net carrying value	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607

A reconciliation of the carrying amount of investment properties at the beginning and end of 2021, 2020 and 2019 is shown below.

	Land	Held for Lease: Building	Held for Lease: Other Properties	Total
Balance at January 1, 2021, net of accumulated depreciation	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2021, net of accumulated depreciation	**P 1,040,000**	**P 12,764,019**	**P 629,315,490**	**P 643,119,509**
Balance at January 1, 2020, net of accumulated depreciation	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2020, net of accumulated depreciation	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
Balance at January 1, 2019, net of accumulated depreciation	P 1,040,000	P 19,146,027	P 706,989,129	P 727,175,156
Reclassifications	-	-	-	-
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2019, net of accumulated depreciation	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607

The amount of depreciation on investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses in the consolidated statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2021, 2020 and 2019 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 31.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings from local banks are discussed below.

2021	2020	Explanatory Notes	Interest Rate	Security	Maturity
P 250,000,000	P 583,333,332	*(a)*	Fixed at 5.6% for 1st and 2nd tranches and 4.8% for the 3rd tranche	Unsecured	Up to 2022
1,000,000,000	-	*(b)*	Floating rate at 3.5% subject to quarterly repricing	Unsecured	Up to 2028
-	100,000,000	*(c)*	Fixed at 4.8% pa subject to annual repricing	Unsecured	2021
-	500,000,000	*(d)*	Fixed rate of 3.1%	Unsecured	2021
P 1,250,000,000	P 1,183,333,352				

(a) *Philippine Peso, unsecured seven-year loan due in 2022*

In 2015, the Group obtained an interest-bearing seven-year P2.0 billion loan from a local bank. The loan was released in three tranches from 2015 to 2017 and bears fixed interest rate of 5.6% per annum for the first and second tranches and fixed interest of 4.8% for the third tranche. The proceeds of the loan were used to fund the development of the Group's various real estate projects.

(b) *Philippine Peso, unsecured seven-year loan due in 2028*

In 2021, the Group obtained an interest-bearing seven-year P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate of 3.5% per annum. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

(c) *Philippine Peso, unsecured three-year loan due in 2021*

In 2018, the Group obtained an interest-bearing three-year loan from a local bank. The loan was released in February 2018 and subject to floating rate of 4.8% and fixed rate at 7.7% starting in October 2018. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable in eight equal quarterly payments starting on February 23, 2019 with one-year grace period and interest is payable quarterly in arrears.

(d) *Philippine Peso, unsecured 90 days loan due in 2021*

In 2020, the Group obtained an unsecured loan from local banks. The loans bears fixed interest rate of 3.1%. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable upon maturity and the interest is payable monthly in arrears.

Certain bank loans require the Group to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2021 and 2020, the Group is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2021, 2020, and 2019 amounted to P57.6 million, P64.9 million and P122.0 million, respectively. The loans are directly attributable to the construction of the Company's projects; hence, the related interest amounting to P8.9 million, P35.1 million, and P83.1 million in 2021, 2020 and 2019, respectively, is capitalized as part of Real Estate Inventories account in the consolidated statements of financial position. However, certain interests were expensed out since the projects related to certain loans are already completed. Unpaid interest as of December 31, 2021 and 2020 amounted to P5.6 million and P1.5 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 2.64%, 2.97% and 5.86% in 2021, 2020 and 2019, respectively (see Note 7).

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the consolidated statements of financial position as follows:

	2021	2020
Current	**P 250,000,000**	P 933,333,352
Non-current	**1,000,000,000**	250,000,000
	P 1,250,000,000	P 1,183,333,352

15. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2021	2020
Trade payable		**P 1,685,516,558**	P 1,068,891,316
Taxes payable		**97,359,150**	74,648,165
Accrued expenses		**32,653,228**	49,626,896
Interest payable	14	**5,565,312**	1,535,405
Miscellaneous		**391,074**	1,876,374
		P 1,821,485,322	P 1,196,578,156

Taxes payable pertains to withholding taxes payable and other statutory payables such as SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

	2021	2020
Advances from customers	**P3,335,069,482**	P4,170,603,679
Other deposits	**1,125,559,292**	976,348,329
	P4,460,628,774	P5,146,952,008

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. LEASES

The Group leases its office space and is presented as Right-of-use assets under Property and Equipment and Lease Liabilities in the consolidated statements of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contracts.

In 2021 and 2020, the Group pre-terminated the contract with its lessor for its leased asset located in Taguig. The lease term of this asset, based on the original contract, is for five years from January 1, 2018 to December 31, 2022. The Group has fully vacated the 10th and 11th floors of the leased premises in December 2020 and the 12th floor in June 2021. Accordingly, the related lease liabilities and right-of-use assets were derecognized as of December 1, 2020 and June 30, 2021. The gain on lease modification amounting to P4.1 million and P9.0 million in 2021 and 2020, respectively, is presented as part of Miscellaneous under Other Income in the consolidated statements of comprehensive income (see Note 21.1).

17.1 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at December 31, 2020 as follows:

Current	P 35,797,100
Non-current	23,847,101
	P 59,644,201

The movements in the lease liabilities recognized in the consolidated statements of financial position are as follows:

	2021	2020
Balance at beginning of year	**P 59,644,201**	P 159,098,877
Derecognition of lease liability	**(59,644,201)**	-
Cash flows from financing activities –		
Repayment of lease liability including interest	**-**	(13,866,416)
Non-cash financing activities:		
Lease modification	**-**	(93,463,134)
Interest amortization on lease liabilities	**-**	7,874,874
	P -	P 59,644,201

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's business strategy and the economic benefit of exercising such option exceeds the expected overall cost. As of December 31, 2021 and 2020, the Group has exercised its termination option for its existing lease agreement.

The undiscounted maturity analysis of lease liabilities at December 31, 2020 are as follows:

	Lease Payment	Interest Expense	Net Present Value
Within one year	P 40,359,015	(P 4,561,915)	P 35,797,100
After one year but not more than two years	24,719,896	(872,795)	23,847,101
	P 65,078,911	(P 5,434,710)	P 59,644,201

17.2 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The December 31, 2021, 2020 and 2019 expenses relating short-term leases amounted to P11.1 million, P10.2 million and P37.4 million respectively, are presented as Rentals under Other Expenses account in the consolidated statements of comprehensive income (see Notes 21.2).

17.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in 2020 in respect of leases recognized as liabilities amounted to P13.9 million. Interest expense relating to lease liabilities amounts to P7.9 million in 2020 and is presented as part of Finance Costs account under Costs and Expenses section of the 2020 consolidated statements of comprehensive income (see Notes 22.2 and 33). There are no similar transactions in 2021.

18. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

	Note	**2021**	2020
Retention payable		**P 613,922,575**	P 696,350,714
Refund liability	21.2	**190,283,848**	157,099,267
Refundable deposits		**52,839,763**	55,964,697
Miscellaneous		**31,766,735**	21,238,460
		P 888,812,921	P 930,653,138

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2021, 2020 and 2019 amounted to P34.1 million, P31.0 million and P45.0 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the consolidated statements of comprehensive income (see Note 21.2).

19. REAL ESTATE SALES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and other income. An analysis of the Group's real estate sales is presented below.

	2021	2020	2019
Geographical areas			
Within Metro Manila	**P 2,740,174,242**	P 3,878,197,366	P 3,538,380,366
Outside Metro Manila	**882,633,270**	383,894,714	394,088,853
	P 3,622,807,512	P 4,262,092,080	P 3,932,469,219
Types of product or services			
Residential condominium	**P 3,383,909,085**	P 4,121,674,336	P 3,594,313,181
Residential lots and house and lots	**238,898,427**	140,417,744	338,156,038
	P 3,622,807,512	P 4,262,092,080	P 3,932,469,219

19.2 Contract Accounts

a. Contract Assets

The Group's contract assets are classified as follows:

	2021	2020
Current	**P 1,758,022,623**	P 2,373,434,910
Non-current	**294,925,623**	15,340,770
	P 2,052,948,246	P 2,388,775,680

The significant changes in the contract assets balance as of December 31 are as follows:

	2021	2020
Balance at beginning of year	**P2,388,775,680**	P1,951,878,579
Transfers from contract assets recognized at the beginning of year to trade receivables	**(600,098,033)**	(2,585,559,212)
Increase as a result of changes in measurement of progress	**264,270,599**	3,022,456,313
Balance at end of year	**P2,052,948,246**	P2,388,775,680

b. Contract Liabilities

The Group's contract liabilities are classified as follows:

	2021	2020
Current	P 128,793,174	P 50,028,890
Non-current	151,776,866	167,639,547
	P 280,570,040	P 217,668,437

The significant changes in the contract liabilities balance as of December 31 are as follows:

	2021	2020
Balance at beginning of year	P 217,668,437	P 128,320,141
Revenue recognized that was included in contract liabilities at the beginning of year	(26,693,792)	(1,020,085,550)
Increase due to cash received excluding amount recognized as revenue during the year	89,595,395	1,109,433,846
Balance at end of year	P 280,570,040	P 217,668,437

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its revenue contracts. The total amount of amortization for 2021, 2020 and 2019 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movements in balances of deferred commission in 2021 and 2020 are presented below.

	2021	2020
Balance at beginning of year	P 192,031,164	P 168,090,758
Additional capitalized cost	79,836,049	38,264,955
Amortization for the period	(12,875,219)	(14,324,549)
Balance at end of year	P 258,991,994	P 192,031,164

19.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2021 and 2020 is P3.9 billion and P2.8 billion, respectively. As of December 31, 2021 and 2020, the Group expects to recognize revenue from unsatisfied contracts as presented on the succeeding page.

	2021	2020
Within a year	**P 1,558,231,805**	P 1,030,870,676
More than one year to three years	**2,104,137,917**	1,634,042,299
More than three years to five years	**283,673,954**	127,376,263
Balance at end of year	**P 3,946,043,676**	P 2,792,289,238

20. COST OF REAL ESTATE SALES

The total cost of real estate sales for the years ended December 31 is as follows:

	Note	2021	2020	2019
Actual costs		**P 1,995,213,030**	P 1,838,819,898	P 1,794,872,773
Estimated costs	2.5	**233,488,661**	698,356,997	397,341,536
		P 2,228,701,691	P 2,537,176,895	P 2,192,214,309

The breakdown of the cost of real estate sales are as follows (see Note 7):

	2021	2020	2019
Contracted services	**P 1,999,791,892**	P 2,300,577,406	P 1,961,608,183
Land cost	**141,689,559**	161,300,849	149,613,310
Borrowing cost	**64,641,192**	49,594,420	50,074,877
Other costs	**22,579,048**	25,704,220	30,917,939
	P 2,228,701,691	P 2,537,176,895	P 2,192,214,309

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

	Notes	2021	2020	2019
Marketing and management fees	25.2	**P 217,030,237**	P192,637,740	P 412,247,010
Forfeited collections and deposits		**108,278,701**	99,942,494	160,252,102
Tuition and miscellaneous fees		**30,718,352**	37,289,624	52,091,228
Miscellaneous	17	**14,625,400**	9,285,798	260,876
		P 370,652,690	P339,155,656	P 624,851,216

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers, net of any loss on cancellations. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include gain on lease modification, registration fees, medical and dental fees, laboratory fees, energy fees, and other fees charged to students upon enrollment.

21.2 Other Expenses

The breakdown of this account is shown below.

	Notes	2021	2020	2019
Loss on write-off of property and equipment	11	**P 47,388,165**	P -	P -
Provision for refund liability	18	**34,146,764**	30,960,582	44,969,122
Utilities		**16,547,622**	13,822,704	21,722,897
Security services		**12,612,638**	10,795,393	15,623,688
Rentals	17.2	**11,063,149**	10,205,625	37,426,421
Professional fees	25.4	**7,828,036**	5,842,003	7,005,085
Repairs and maintenance		**7,319,177**	13,491,348	5,636,188
Insurance		**5,244,089**	6,538,057	4,774,245
Training, seminars and other benefits		**5,181,104**	8,643,959	8,462,235
Janitorial services		**4,644,068**	8,425,595	11,045,464
Office supplies		**4,441,652**	10,095,362	7,444,386
Computer license subscription		**3,509,699**	7,916,242	354,320
Documentation		**1,087,533**	4,219,034	2,245,156
Marketing events and awards		**248,865**	2,843,230	1,969,163
Outside services		**132,855**	1,535,472	4,676,853
Representation		**76,844**	538,787	148,487
Loss on write-off of receivables	25.3	**-**	40,643,067	-
Miscellaneous		**8,321,808**	7,805,326	6,747,922
		P 169,794,068	P 184,321,786	P 180,251,632

Miscellaneous expenses include bank charges, motor vehicle registration and others.

Loss on write-off of property and equipment pertains to the loss on derecognized leasehold improvements in 2021. There were no similar transactions in 2020 and 2019 (see Note 11).

Loss on write-off of receivables pertains to forgone collection of interest due from Megaworld Daewoo Corporation in 2020. There were no similar transactions in 2021 and 2019 (see Note 25.3).

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below and on the succeeding page.

	Notes	2021	2020	2019
Interest income:				
Advances to related parties	25.1	**P 268,277,015**	P 238,584,906	P 211,040,685
Cash and cash equivalents	5	**12,170,714**	6,166,800	16,431,520
Trade and other receivables	6	**18,790,091**	13,476,523	3,261,112
Tuition fees		**659,838**	835,724	1,270,768
Balance carried forward		**P 299,897,658**	P 259,063,953	P 232,004,085

	Notes	2021	2020	2019
Balance brought forward		**P 299,897,658**	P 259,063,953	P 232,004,085
Amortization of day-one loss on noninterest-bearing financial instruments	6	**102,052,503**	76,438,736	63,060,763
Dividend income	8	**7,882,000**	5,630,000	-
Foreign currency gain (loss) - net		**27,150**	(585,742)	337,574
		P 409,859,311	P 340,546,947	P 295,402,422

22.2 Finance Costs

The breakdown of finance costs is shown below.

	Notes	2021	2020	2019
Interest expense on advances from related parties	25.1	**P 312,167,217**	P 287,547,306	P 265,222,159
Bank loans	14	**48,647,239**	28,626,652	38,953,861
Net interest expense on post-employment defined benefit obligation	23.2	**6,544,044**	14,285,788	21,530,445
Lease liabilities	17.1	**-**	7,874,874	7,865,015
		P 367,358,500	P 338,334,620	P 333,571,480

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Note	2021	2020	2019
Short-term benefits		**P 378,170,113**	P 377,070,446	P 441,972,438
Post-employment benefits	23.2	**31,941,909**	30,879,854	29,207,828
		P 410,112,022	P 407,950,300	P 471,180,266

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially funded, tax qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of final monthly salary for every year of credited service but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) *Explanation of the Amounts Presented in the Consolidated Financial Statements*

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented below and on the succeeding pages are based on the latest actuarial valuation reports obtained from independent actuaries.

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

	2021	2020
Present value of the obligation	**P 462,835,851**	P 473,563,902
Fair value of the assets	**(326,196,044)**	(272,311,268)
	P 136,639,807	P 201,252,634

The movements in the present value of the post-employment DBO recognized in the books are as follows:

	2021	2020
Balance at beginning of year	**P 473,563,902**	P 474,380,431
Current service cost	**31,941,909**	30,879,854
Interest expense	**18,232,840**	24,602,733
Remeasurements:		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**(49,530,354)**	(19,824,305)
Experience adjustments	**(2,837,531)**	(2,747,653)
Changes in demographic assumptions	**(183,196)**	-
Benefits paid	**(570,560)**	(23,792,635)
Derecognition of RBO	**(7,781,159)**	-
Settlement – (gain)/loss	**-**	(9,934,523)
Balance at end of year	**P 462,835,851**	P 473,563,902

In 2021, the Group did not engage the services of an actuary for RBO valuation for LBASSI and has derecognized its related RBO as the Group is not expecting anymore to pay the retirement obligation of the employees due to the management's decision to cease the operations of Laguna Bel Air Science School taking effect after school year 2021-2022. Instead, the Group has accrued the severance pay that they will pay to the remaining employees as of December 31, 2021 amounting to P14.1 million and is presented as part of Other Current Liabilities in the 2021 consolidated statement of financial position, and as part of Salaries and Employee Benefits under Costs and Expenses section in the 2021 consolidated statements of comprehensive income.

The movements in the fair value of plan assets are presented below.

	2021	2020
Balance at beginning of year	**P 272,311,268**	P 128,598,104
Interest income	**11,688,796**	10,316,945
Loss on plan assets (excluding amounts included in net interest)	**(10,233,460)**	(5,615,007)
Actual contribution	**53,000,000**	143,000,000
Benefits paid	**(570,560)**	(3,988,774)
Balance at end of year	**P 326,196,044**	P 272,311,268

The Group's plan assets are composed of cash and cash equivalents amounting to P122.4 million and P172.8 million as of December 31, 2021 and 2020, respectively, and investment in government issued debt securities amounting to P175.6 million and P75.2 million as of December 31, 2021 and 2020 respectively.

The plan assets earned a return of P1.5 million and P4.7 million in 2021 and 2020, respectively.

The components of amounts recognized in the consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	2021	2020	2019
Reported in profit or loss:				
Current service cost	23.1	**P 31,941,909**	P 30,879,854	P 29,207,828
Net interest expense	22.2	**6,544,044**	14,285,788	21,530,445
		P 38,485,953	P 45,165,642	P 50,738,273
Reported in other comprehensive income (loss):				
Actuarial gains (losses) arising from:				
- changes in financial assumptions		**P 49,530,354**	P 19,824,305	(P 65,009,970)
- experience adjustments		**2,837,531**	2,747,653	29,432,740
- demographic assumption		**183,196**	-	-
Loss on plan assets (excluding amounts included in net interest)		**(10,233,460)**	(5,615,007)	(2,183,196)
		P 42,317,621	P 16,956,951	(P 37,760,426)

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses section in the consolidated statements of comprehensive income while the amounts of net interest expense are included under Finance Costs under Costs and Expenses section in the consolidated statements of comprehensive income.

The amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2021	2020	2019
EELHI			
Discount rates	**5.08%**	3.95%	5.22%
Expected rate of salary increases	**4.00%**	4.00%	6.00%
EPHI:			
Discount rates	**4.98%**	3.77%	5.02%
Expected rate of salary increases	**6.72%**	6.72%	7.01%
LBASSI:			
Discount rate	-	3.96%	5.17%
Expected rate of salary increases	-	2.00%	2.00%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Company; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 to 65 for both males and females is shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	28
LBASSI	60	30
EPHI	65	18

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and on the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2021			
EELHI			
Discount rate	**+7.6%/-8.9%**	**(P 28,718,983)**	**P 33,829,326**
Salary increase rate	**+8.9%/-7.7%**	**33,857,333**	**(29,253,033)**
EPHI			
Discount rate	**+/-0.5%**	**(3,870,616)**	**4,215,130**
Salary increase rate	**+/-1.0%**	**8,266,998**	**(7,142,239)**
2020			
EELHI			
Discount rate	+9.3% / -11.0%	(P 34,705,219)	P 41,257,899
Salary increase rate	+10.9%/ -9.4%	40,808,078	(34,998,877)
EPHI			
Discount rate	+/-0.5%	(5,017,080)	5,510,017
Salary increase rate	+/-1.0%	10,761,481	(9,166,040)
LBASSI			
Discount rate	+/-1.0%	(795,310)	947,719
Salary increase rate	+/-1.0%	957,384	(816,844)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plans are currently underfunded by P136.6 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 10 to 20 years' time when a significant number of employees is expected to retire.

The Group expects to make contribution of at least P53.0 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows:

	2021	2020
Within one year	**P 177,518,738**	P 16,221,023
More than one year to five years	**84,888,374**	209,086,316
More than five years to 10 years	**136,185,152**	111,120,666
More than 10 years to 15 years	**50,055,889**	36,051,215
More than 15 years to 20 years	**86,665,860**	85,484,323
More than 20 years	**205,030,055**	282,239,296
	P 740,344,068	P 740,202,839

The weighted average duration of the DBO at the end of the reporting period is 8.3 to 16 years.

24. TAX EXPENSE

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and was effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group.

- regular corporate income tax (RCIT) rate was reduced from 30% to 20% or 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,

- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 20% to 25% starting July 1, 2020, the current income tax expense and prepaid tax asset, as presented in the 2020 annual income tax return (ITR) of the Group, would be lower and higher, respectively, by P12.4 million than the amount presented in the 2020 consolidated financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to the effective tax rates that applies to the components. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P368.7 million and such was recognized in the 2021 profit or loss (P360.5 million) and in other comprehensive income (P8.2 million).

The components of tax expense reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below.

	2021	2020	2019
Reported in profit or loss:			
Current tax expense:			
RCIT at 25%, 20% and 10% in 2021 and 30% and 10% in 2020 and 2019	**P 166,838,539**	P 37,661,816	P 200,731,023
Final tax at 20%, 15% and 7.5%	**2,430,078**	1,224,081	3,260,933
MCIT at 2% in 2020	**-**	36,996,350	-
	169,268,617	75,882,247	203,991,956
Adjustments in 2020 income taxes due to change in income tax rate	**(12,387,572)**	-	-
	156,881,045	75,882,247	203,991,956
Deferred tax expense (income) relating to:			
Effect of the change in income tax rate	**(360,470,182)**	-	-
Origination and reversal of temporary differences	**23,877,945**	178,082,100	102,668,785
	(336,592,237)	178,082,100	102,668,785
	(P 179,711,192)	P 253,964,347	P 306,660,741
Reported in other comprehensive income (loss) –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**P 10,579,405**	P 5,317,683	(P 11,535,073)
Effect of the change in income tax rate	**(8,232,178)**	-	-
	P 2,347,227	P 5,317,683	(P 11,535,073)

LBASSI, as an educational institution, is subject to 10% tax rate on its taxable income as defined under the tax regulations of the National Internal Revenue Code Section 27(B). LBASSI's deferred tax assets and deferred tax liabilities are, hence, recognized at 10%.

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

	2021	2020	2019
Tax on pre-tax profit at 25%, 20% and 10% in 2021 and 30% and 10% in 2020 and 2019	**P 155,763,572**	P 239,223,270	P 277,123,037
Adjustment for income subjected to lower income tax rates	**(609,822)**	(610,671)	(1,573,728)
Tax effects of:			
Changes in tax rates due to CREATE Act	**(372,857,754)**	-	-
Non-deductible taxes and licenses	**12,959,407**	4,229,546	21,530,429
Non-deductible loss on derecognition of property and equipment	**11,847,041**	-	-
Write-off of net deferred tax assets related to lease pre-termination	**9,829,898**	-	-
Non-taxable income on forfeited collections	**(979,719)**	-	-
Non-deductible interest expense	**606,888**	607,894	1,591,798
Non-taxable income	**-**	(1,689,000)	-
Excess of MCIT over RCIT	**-**	7,220,828	3,975,812
Others - net	**3,729,297**	4,982,480	4,013,393
	(P 179,711,192)	P 253,964,347	P 306,660,741

The net deferred tax liabilities as of December 31 relate to the following:

	Consolidated Statements of Financial Position		**Consolidated Statement of Profit or Loss**		
	2021	2020	**2021**	2020	2019
Deferred tax assets:					
Retirement benefit obligation	**P 34,159,952**	P 58,041,444	**P 21,534,264**	P 38,521,228	(P 524,287)
Lease liability	**-**	17,893,260	**17,893,260**	29,836,403	13,487,827
Provision for refund liability	**47,570,962**	47,129,780	**(441,182)**	(9,145,341)	(12,496,612)
Unamortized past service cost	**-**	-	**-**	15,120	24,159
Net operating loss carry over (NOLCO)	**-**	-	**-**	-	1,530,631
	81,730,914	123,064,484	**38,986,342**	59,227,410	2,021,718
Deferred tax liabilities:					
Uncollected realized gross profit	**(1,783,290,828)**	(2,076,138,645)	**(292,847,817)**	183,388,050	88,250,985
Capitalized borrowing cost	**(111,654,460)**	(192,675,990)	**(81,021,530)**	(36,935,632)	11,362,641
Deferred commission	**(64,747,999)**	(57,609,349)	**7,138,650**	7,182,121	15,502,144
Right of use asset – net	**-**	(9,030,393)	**(9,030,393)**	(34,502,854)	(14,511,082)
Unrealized foreign exchange gains (loss) - net	**(6,788)**	175,723	**182,511**	(276,995)	42,379
	(1,959,700,075)	(2,335,278,654)	**(375,578,579)**	118,854,690	100,647,067
Net Deferred Tax Expense (Income)			**(P 336,592,237)**	P 178,082,100	P 102,668,785
Net Deferred Tax Liabilities - net	**(P 1,877,969,161)**	(P 2,212,214,170)			

The deferred tax expense (income) presented in Other Comprehensive Income section in the consolidated statements of comprehensive income pertains to the tax effect of remeasurements of retirement benefit obligation and change in income tax rates due to CREATE Act in 2021 which resulted to a tax expense amounting to P2.3 million, P5.3 million in 2021 and 2020, respectively, and tax income of P11.5 million in 2019.

The Group is subject to the MCIT which is computed at 1% and 2% of gross income in 2021 and 2020, respectively, as defined under the tax regulations, or RCIT, whichever is higher. The Group earned MCIT amounting to P37.0 million during 2020 which is valid until 2023.

The details of the Group's NOLCO that are valid and deductible from future taxable income are presented on the succeeding page.

Year	Original Amount	Expired Amount	Remaining Balance	Valid Until
2021	P 28,708,937	P -	P 28,708,937	2026
2020	10,971,069	-	10,971,069	2025
2019	13,826,773	-	13,826,773	2022
2018	14,229,751	(14,229,751)	-	
	P 67,736,530	(P 14,229,751)	P 53,506,779	

PCMI, LBASSI, EECI, SPLI, SOHI, VVPI and 20th Century did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2021 for which the related deferred tax asset has not been recognized amounted to a total of P28.7 million with a total tax effect of P2.9 million.

Pursuant to issuance of Revenue Regulations No. 25-2020 to implement Section 4(bbbb) of R.A. 11494, *Bayanihan to Recover as One (Bayanihan II)*, the net operating loss incurred for the taxable years 2021 and 2020 amounting to P28.7 million and P11.0 million, respectively, can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss. Accordingly, the total amount of NOLCO for the taxable years 2021 and 2020 can be claimed as a deduction from the future taxable income until 2026 and 2025, respectively. However, the net operating loss incurred for the taxable year 2019 amounting to P13.8 million can be carried over as a deduction from gross income for only the next three consecutive taxable years following the year of such loss or until 2022.

In 2021, 2020 and 2019, the Group opted to claim itemized deductions in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent company, the Parent company, related parties under common ownership, associate, key management personnel, and the Group's retirement plan as described below and on the succeeding pages.

The summary of the Group's significant transactions and outstanding balances with its related parties are as follows:

Related Party Category	Notes	Amount of Transactions 2021	2020	2019	Outstanding Balance 2021	2020
Ultimate Parent:						
Financial assets at FVOCI	8	**P 135,120,000**	(P 119,356,000)	(P 27,024,000)	**P1,328,680,000**	P 1,193,560,000
Dividend income	8, 22.1	**7,882,000**	5,630,000	-	**7,882,000**	-
Parent:						
Availment of advances	25.1, 25.5	**(294,516,893)**	(498,326,915)	(223,937,720)	**(4,698,945,733)**	(4,404,428,840)
Rendering of services	25.2	**45,075,231**	90,004,074	144,484,332	**666,798,357**	659,169,669
Obtaining of services	25.4	**1,781,940**	1,452,360	829,920	**-**	-
Associate –						
Availment of advances	25.1	**1,459,030**	1,588,529	1,019,005	**(383,890,422)**	(385,349,452)
Under common ownership:						
Repayment of advances - net	25.1	**35,000,000**	35,852,041	24,147,958	**(412,981,690)**	(447,981,690)
Granting of advances	25.1	**319,041,705**	306,624,345	1,194,903,477	**4,747,775,842**	4,428,734,137
Rendering of services	25.2	**196,108,971**	198,241,879	405,730,341	**5,261,796**	79,049,056
Sale of land	25.3	**-**	(40,643,067)	-	-	-
Key management personnel –						
Compensation	25.6	**61,579,836**	74,927,456	51,492,157	-	-

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from interest-bearing and noninterest-bearing advances, joint venture agreements, lease of property and cash advances to related party are unsecured, collectible, or payable on demand, and are generally settled in cash or through offsetting arrangements with the related parties (see Note 30.2).

There were no impairment losses recognized on the outstanding receivables from related parties in 2021, 2020 and 2019 based on management's ECL assessment.

25.1 Advances to and from Related Parties

The Group grants to and obtains unsecured advances from its Parent company, stockholders, associate and other related parties for working capital purposes.

The Advances to Related Parties account represents the outstanding balances arising from cash advances granted by the Group to certain related parties under common ownership. Some of the advances to related parties are interest-bearing with interest rates ranging from 12.00% to 15.00% both in 2021 and 2020. The interest income arising from these interest-bearing advances is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.1). The change in the Advances to Related Parties account are shown below.

	Note	**2021**	2020
Balance at beginning of year		**P 4,428,734,137**	P 4,122,109,792
Interest income	22.1	**268,277,015**	238,584,906
Additional advances		**52,397,867**	84,580,110
Offset against advances		**(1,633,177)**	(15,322,922)
Reclassification		**-**	(1,217,749)
Balance at end of year		**P 4,747,775,842**	P 4,428,734,137

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its Parent company, associate, and certain related parties under common ownership. Some of the advances from related parties are interest-bearing with interest rates ranging from 7.00% to 12.00% both in 2021 and 2020. The details as of December 31 are as follow:

	2021	2020
Parent	**P 4,698,945,733**	4,404,428,840
Associate	**383,890,422**	385,349,452
Related parties under common ownership	**412,981,690**	447,981,690
	P 5,495,817,845	P 5,237,759,982

The movement in the Advances from Related Parties account is shown below.

	2021	2020
Parent:		
Balance at beginning of year	P 4,404,428,840	P 3,906,101,926
Accrued interests	286,146,177	259,859,155
Additions	8,524,628	250,329,321
Repayments	(153,912)	(11,861,562)
Balance at end of year	P 4,698,945,733	P 4,404,428,840
Associate:		
Balance at beginning of year	P 385,349,452	P 386,937,979
Repayments	(1,459,030)	(1,588,527)
Balance at end of year	P 383,890,422	P 385,349,452
Other related parties:		
Balance at beginning of year	P 447,981,690	P 483,833,731
Repayments	(61,021,040)	(63,540,192)
Accrued interests	26,021,040	27,688,151
Balance at end of year	P 412,981,690	P 447,981,690

Cash advances from Parent company bear fixed interest rate ranging between 7% and 12% per annum in 2021, 2020 and 2019. Interest expense is presented as part of Finance Costs account in the consolidated statements of comprehensive income (see Note 22.2).

25.2 Rendering of Services

The summary of services offered by the Group is presented below.

	Amount of Transactions		
	2021	2020	2019
Management services	P 165,548,490	P 169,000,227	P 359,818,838
Commission income	45,075,231	90,004,074	134,220,853
Lease of property	30,560,481	29,241,652	56,174,982
	P 241,184,202	P 288,245,953	P 550,214,673

The Group handled the administrative functions of certain related parties under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recorded as part of Marketing and management fees under Other Income account in the consolidated statements of comprehensive income (see Note 21.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized is presented as Commission Income under Revenues and Income section in the consolidated statements of comprehensive income. The outstanding receivables related to these transactions are presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group leases certain investment property to Megaworld in 2019 and a related party under common ownership in 2021, 2020 and 2019. The revenues earned from the lease are included as part of Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income (see Note 28.1). The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Sale of Land

In prior years, the Group sold on account, to a related party under common ownership, a parcel of land which was used as site of the related party's project. The outstanding receivable, which pertains to the remaining unpaid interest from this sale was derecognized in 2020, and the related expense is presented as Loss on write-off of receivables under Other Expenses account in the 2020 consolidated statement of comprehensive income (see note 21.2).

25.4 Obtaining of Services

The Group incurred management fees for accounting and marketing services obtained from its Parent company and related parties under common ownership, amounting to P1.8 million, P1.5 million and P0.8 million in 2021, 2020 and 2019, respectively, and is presented as part of Professional fee under Other Expenses in the consolidated statements of comprehensive income (see Note 21.2). There was no outstanding payable from this transaction as of December 31, 2021 and 2020.

25.5 Joint Development Agreement with Parent Company

The Group, together with Megaworld, executed a joint development agreement for the development of a mixed-use condominium project; whereby the Group shall contribute land and the Parent company shall develop and sell the property. The entities shall be entitled to a certain percentage of the total saleable area based on the agreed sharing. The land contributed to the joint venture is presented as part of the Real Estate Inventories under Property development cost in the consolidated statements of financial position (see Note 7). As of the end of the reporting period, the property is still being developed and there are no profits received yet from this agreement.

25.6 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

	2021	2020	2019
Short-term benefits	**P 39,451,208**	P 45,886,016	P 45,764,610
Post-employment benefits	**22,128,628**	29,041,440	5,727,547
	P 61,579,836	P 74,927,456	P 51,492,157

These are presented as part of Salaries and Employee Benefits account under Cost and Expenses section in the consolidated statements of comprehensive income for the years ended December 31, 2021, 2020 and 2019 (see Note 23.1).

25.7 Retirement Plan

The Group has a formal retirement plan established separately for the Company, EPHI and LBASSI. The Group's retirement fund for its post-employment defined benefit plan is administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2021 and 2020 are presented in Note 23.2. As of December 31, 2021 and 2020, the Group's retirement fund does not include any investments in any debt or equity securities issued by the Group or any of its related parties.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

26. EQUITY

26.1 Capital Stock

Capital stock as of December 31, 2021 and 2020 consists of:

	No. of Shares	Amount
Common shares – P1 par value		
Authorized	31,495,200,000	P31,495,200,000
Issued	14,803,455,238	P14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.72% ownership interest in the Group as of December 31, 2021 and 2020.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2021 and 2020.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2021, 2020, and 2019, there are 12,360, 12,402 and 12,424 holders of the listed shares, respectively. The shares were listed and closed at a price of P0.25, P0.31 and P0.43 per share as of December 31, 2021, December 31, 2020 and December 28, 2019, respectively.

26.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts in 2021 and 2020.

26.3 Treasury Stock

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of December 31, 2021 and 2020, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Group.

26.4 Revaluation Reserves

Revaluation reserves of the Group are composed of remeasurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI (see Notes 8 and 23.2).

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below and on the succeeding page.

	Financial Assets at FVOCI (see Note 8)	**Retirement Benefit Obligation**	**Total**
Balance as of January 1, 2021	(P 235,100,031)	P 710,260,831	P 475,160,800
Remeasurement of retirement benefit obligation	-	42,317,621	42,317,621
Fait value gains on FVOCI	135,120,000	-	135,120,000
Other comprehensive income before tax for the year	135,120,000	42,317,621	177,437,621
Tax expense	-	(2,347,227)	(2,347,227)
Other comprehensive income after tax for the year	135,120,000	39,970,394	175,090,394
Losses transferred to retained earnings	-	224,084	224,084
Balance as of December 31, 2021	**(P 99,980,031)**	**P 750,455,308**	**P 650,475,278**

	Financial Assets at FVOCI (see Note 8)	Retirement Benefit Obligation	Total
Balance as of January 1, 2020	(P 115,744,031)	P 698,410,183	P 582,666,152
Remeasurement of retirement benefit obligation	-	17,168,331	17,168,331
Fait value losses on FVOCI	(119,356,000)	-	(119,356,000)
Other comprehensive income (loss) before tax	(119,356,000)	17,168,331	(102,187,669)
Tax expense	-	(5,317,683)	(5,317,683)
Other comprehensive income (loss) after tax	(119,356,000)	11,850,648	(107,505,352)
Balance as of December 31, 2020	(P 235,100,031)	P 710,260,831	P 475,160,800
Balance as of January 1, 2019	(P 88,720,031)	P 724,825,236	P 636,105,205
Remeasurement of retirement benefit obligation	-	(37,950,126)	(37,950,126)
Fait value losses on FVOCI	(27,024,000)	-	(27,024,000)
Other comprehensive income (loss) before tax	(27,024,000)	(37,950,126)	(64,974,126)
Tax income	-	11,535,073	11,535,073
Other comprehensive income (loss) after tax	(27,024,000)	(26,415,053)	(53,439,053)
Balance as of December 31, 2019	(P 115,744,031)	P 698,410,183	P 582,666,152

26.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary (see Notes 1.1 and 2.10).

26.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

27. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

	2021	2020	2019
Net profit attributable to parent Group's shareholders	**P 805,765,516**	P 531,433,225	P 622,021,871
Number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**P 0.055**	P 0.036	P 0.042

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2021, 2020 and 2019.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. The leases have terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

	2021	2020	2019
Within one year	**P 66,308,551**	P 73,179,235	P 85,683,312
After one year but not more than two years	**41,452,326**	67,771,176	68,109,689
After two years but not more than three years	**17,646,880**	36,987,651	63,197,167
After three years but not more than four years	**16,162,471**	17,281,540	35,405,893
After four years but not more than five years	**16,407,851**	14,626,756	15,698,637
More than five years	**7,881,318**	25,824,885	37,942,336
	P 165,859,397	P 235,671,243	P 306,037,034

The total rentals from these operating leases amount to about P82.4 million, P78.6 million and P154.5 million in 2021, 2020, and 2019, respectively, which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Legal Claims

As of December 31, 2021, and 2020, the Group does not have any litigations within and outside the normal course of its business.

28.3 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P5,120 million and P4,020 million as of December 31, 2021 and 2020, respectively. The Group has unused lines of credit amounting to P2,120 million and P1,220.0 million as of December 31, 2021 and 2020, respectively.

28.4 Capital Commitments

As of December 31, 2021, and 2020, the Company has commitments amounting to P2.2 billion and P1.3 billion, respectively, for the construction expenditures in relation to the Company's joint venture (see Note 9).

28.5 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which is not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements, taken as a whole.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Group is exposed to are described below and on the succeeding pages.

29.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, and interest rate risk which results from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the consolidated financial statements as of December 31, 2021 and 2020. The Group has no financial liabilities denominated in foreign currency (see Note 22.1).

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2021, the Group has an outstanding long-term loan with a variable interest rate (see Note 14)

The Group's ratio of fixed to floating rate debt stood at 0.25:1.00 as of December 31, 2021.

The sensitivity of the consolidated net results and consolidated equity in 2021 to a reasonably possible change of 1.6% in floating rates is P16.2 million and P12.1 million respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

At December 31, 2021 and 2020, the Group is exposed to other changes in market interest through its cash and cash equivalents and other fixed rate long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility of 6.0% and 9.0% has been observed during 2021 and 2020, respectively. The impact on the Group's consolidated other comprehensive income and consolidated equity would have increased or decreased by P79.4 million and P107.4 million in 2021 and 2020, respectively.

The investments in quoted equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is not subject to commodity price risk.

29.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	Notes	**2021**	2020
Cash and cash equivalents	5	**P 3,389,416,319**	P 2,129,720,752
Trade and other receivables - net (excluding advances to suppliers and contractors and advances to condominium associations)	6	**7,582,781,267**	6,939,710,083
Contract assets	19.2	**2,052,948,246**	2,388,775,680
Advances to related parties	25.1	**4,747,775,842**	4,428,734,137
		P 17,772,921,674	P 15,886,940,652

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables, as described on the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

Trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Group considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, 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.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from real estate sales. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented in the below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2021				
Contract assets	P 2,052,948,246	P 7,639,424,547	P -	P 2,052,948,246
Contract receivables	5,705,934,513	17,174,345,997	-	5,705,934,513
	P 7,758,882,759	**P 24,813,770,544**	**P -**	**P 7,758,882,759**
2020				
Contract assets	P 2,388,775,680	P 8,496,663,407	P -	P 2,388,775,680
Contract receivables	5,080,986,344	15,742,504,517	-	5,080,986,344
	P 7,469,762,024	P 24,239,167,924	P -	P 7,469,762,024

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay [see Note 29.2(c)]. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

	2021	2020
Not more than three months	**P 132,646,317**	P 104,230,372
More than three months but not more than six months	**222,165,204**	182,085,683
More than six months but Not more than one year	**248,768,915**	205,054,965
More than one year	**89,088,754**	71,431,466
	P 692,669,190	P 562,802,486

(c) Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of December 31, 2021 and 2020, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2021 and 2020.

	Neither Past Due nor Specifically Impaired			Past Due	
	High Grade	Standard Grade	Substandard Grade	but Not Impaired	Total
2021					
Cash and cash equivalents	P 3,389,416,319	P -	P -	P -	P 3,389,416,319
Trade and other receivables	-	6,890,112,077	-	692,669,190	7,582,781,267
Contract assets	-	2,052,948,246	-	-	2,052,948,246
Advances to related parties	-	4,747,775,842	-	-	4,747,775,842
	P 3,389,416,319	**P 13,690,836,165**	**P -**	**P 692,669,190**	**P 17,772,921,674**
2020					
Cash and cash equivalents	P 2,129,720,752	P -	P -	P -	P 2,129,720,752
Trade and other receivables	-	6,376,907,597	-	562,802,486	6,939,710,083
Contract assets	-	2,388,775,680	-	-	2,388,775,680
Advances to related parties	-	4,428,734,137	-	-	4,428,734,137
	P 2,129,720,752	P 13,194,417,414	P -	P 562,802,486	P 15,886,940,652

The Group uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

29.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2021, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Years	More than Five Years
Interest-bearing loans and borrowings	P 292,268,240	P 841,071,250	P 255,182,917
Trade and other payables	1,724,126,172	-	-
Advances from related parties	5,495,817,845	-	-
Other current liabilities	680,911,623	-	-
	P8,193,123,880	**P 841,071,250**	**P 255,182,917**

As at December 31, 2020, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Years
Interest-bearing loans and borrowings	P 965,307,138	P 257,707,050
Trade and other payables	1,121,929,991	-
Lease liabilities	40,359,015	24,719,896
Advances from related parties	5,237,759,982	-
Other current liabilities	752,315,411	-
	P8,117,671,537	P 282,426,946

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of each reporting period.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below and on the succeeding page.

	Notes	2021 Carrying Amounts	2021 Fair Values	2020 Carrying Amounts	2020 Fair Values
Financial assets					
Financial assets at amortized cost					
Cash and cash equivalents	5	**P 3,389,416,319**	**P 3,389,416,319**	P 2,129,720,752	P 2,129,720,752
Trade and other receivables - net	6	**7,582,781,267**	**7,700,557,581**	6,939,710,083	7,041,762,586
Contract assets	19.2(a)	**2,052,948,246**	**2,052,948,246**	2,388,775,680	2,388,775,680
Advances to related parties	25.1	**4,747,775,842**	**4,747,775,842**	4,428,734,137	4,428,734,137
		17,772,921,674	**17,890,697,988**	15,886,940,652	15,988,993,155
Financial assets at FVOCI	8	**1,328,680,000**	**1,328,680,000**	1,193,560,000	1,193,560,000
		P 19,101,601,674	**P 19,219,377,988**	P 17,080,500,652	P 17,182,553,155

	Notes	2021 Carrying Amounts	2021 Fair Values	2020 Carrying Amounts	2020 Fair Values
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	**P 1,250,000,000**	**P 1,253,074,917**	P 1,183,333,352	P 1,223,014,188
Trade and other payables	15	**1,724,126,172**	**1,724,126,172**	1,121,929,991	1,121,929,991
Lease liabilities	17.1	**-**	**-**	59,644,201	65,078,911
Advances from related parties	25.1	**5,495,817,845**	**5,495,817,845**	5,237,759,982	5,237,759,982
Other current liabilities	18	**680,911,623**	**680,911,623**	752,315,411	752,315,411
		P 9,150,855,640	**P 9,153,930,557**	P 8,354,982,937	P 8,400,098,483

Management considers that the fair values of the above enumerated financial assets and financial liabilities measured at amortized costs approximate their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

See Note 2.4 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		Net amount
	Financial assets	Financial liabilities set-off		Financial instruments	Collateral received	
December 31, 2021						
Advances to related parties	**P 4,749,409,019**	**(P 1,633,177)**	**P 4,747,775,842**	**P -**	**P -**	**P 4,747,775,842**
December 31, 2020						
Advances to related parties	P 4,434,057,059	(P 5,322,922)	P 4,428,734,137	P -	P -	P 4,428,734,137

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		Net amount
	Financial liabilities	Financial assets set-off		Financial instruments	Collateral provided	
December 31, 2021						
Interest-bearing loans and borrowings	P 1,250,000,000	P -	P 1,250,000,000	(P 313,298,522)	P -	P 936,701,478
Advances from related parties	5,495,817,845	-	5,495,817,845	-	(77,966)	5,495,739,879
	P 6,745,817,845	**P -**	**P 6,745,817,845**	**(P 313,298,522)**	**(P 77,966)**	**P 6,432,441,357**
December 31, 2020						
Interest-bearing loans and borrowings	P 1,183,333,352	P -	P 1,183,333,352	(P 761,753,242)	P -	P 421,580,110
Advances from related parties	5,237,759,982	-	5,237,759,982	-	(1,037,430)	5,236,722,552
	P 6,421,093,334	P -	P 6,421,093,334	(P 761,753,242)	(P 1,037,430)	P 5,658,302,662

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

31. FAIR VALUE MEASUREMENT AND DISCLOSURES

31.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown on the succeeding page.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

31.2 Financial Instruments Measured at Fair Value

As of December 31, 2021 and 2020, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period (see Note 8). There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2021 and 2020. There were no transfers between Levels 1 and 2 in both years.

31.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2021 and 2020 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

31.4 Fair Value Measurement of Non-Financial Assets

The table below shows the Levels within the hierarchy of investment properties and CGU attributable to LBASSI for which fair value is disclosed as of December 31, 2021 and 2020.

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Land	P -	P -	P 40,370,000	P 40,370,000
Cash generating units – LBASSI	-	-	386,102,379	386,102,379
Buildings and office/commercial units	-	-	3,515,200,585	3,515,200,585
	P -	**P -**	**P 3,941,672,964**	**P 3,941,672,964**
December 31, 2020				
Land	P -	P -	P 40,348,000	P 40,348,000
Buildings and office/commercial units	-	-	2,959,299,395	2,959,299,395
	P -	P -	P 2,999,647,395	P 2,999,647,395

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are based on current market rentals for similar properties in the same location and condition.

As at December 31, 2021 and 2020, the fair values of the Group's investment properties, and CGU attributable to LBASSI are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2021 and 2020.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

	2021	2020
Interest-bearing loans and borrowings	**P 1,250,000,000**	P 1,183,333,352
Total equity	**29,993,130,115**	29,020,950,651
Debt-to-equity ratio	**0.04 : 1.00**	0.04 : 1.00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14)

33. RECONCILATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (See Note 14)	**Advances from Related Parties** (See Note 25.2)	**Lease Liabilities** (See Note 17.1)	**Interest Payable** (See Note 15)	**Total**
Balance as at January 1, 2021	P 1,183,333,352	P 5,237,759,982	P 59,644,201	P 1,535,405	P 6,482,272,940
Cash flows from financing activities:					
Additional loans and borrowings	1,000,000,000	8,524,628	-	-	1,008,524,628
Repayment of loans and borrowings	(933,333,352)	(62,633,982)	-	(53,555,195)	(1,049,522,529)
Non-cash financing activities:					
Effect of derecognition of PFRS 16	-	-	(59,644,201)	-	(59,644,201)
Accrual of interest	-	312,167,217	-	57,585,102	369,752,319
Balance as of December 31, 2021	**P 1,250,000,000**	**P 5,495,817,845**	**P -**	**P 5,565,312**	**P 6,751,383,157**
Balance as at January 1, 2020	P 1,416,666,685	P 4,776,873,636	P 159,098,877	P 2,739,677	P 6,355,378,875
Cash flows from financing activities:					
Repayment of loans and borrowings	(733,333,333)	(76,990,281)	(13,866,416)	(64,929,487)	(889,119,517)
Additional loans and borrowings	500,000,000	250,329,321	-	-	750,329,321
Non-cash financing activities:					
Effect of derecognition of PFRS 16	-	-	(93,463,134)	-	(93,463,134)
Accrual of interest	-	287,547,306	7,874,874	63,725,215	359,147,395
Balance as of December 31, 2020	P 1,183,333,352	P 5,237,759,982	P 59,644,201	P 1,535,405	P 6,482,272,940

In 2021 and 2020, the Group derecognized portion of its lease liabilities amounting to P59.6 million and P93.5 million, respectively (see Note 17.1) and a right-of-use asset amounting to P29.3 million and P60.0 million in each respective year (see Note 11). This resulted in gains amounting to P4.1 million and P9.0 million in 2021 and 2020, respectively, and are presented as part of Miscellaneous under Other Income account in the consolidated statements of comprehensive income (see Note 21.1).

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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

T +63 2 8988 2288

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2021, on which we have rendered our report dated February 28, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
List of Supplementary Information
December 31, 2021

**Information therein are based on the separate financial statements of the Parent Company*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule A - Financial Asset at Fair Value Through Other Comprehensive Income

December 31, 2021

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount in Peso	Equity in earnings (losses) of investee for the period	Other	Distibution of earnings by investee	Other	Number of shares or principal amount of bonds and notes	Amount in Peso	Dividends received from investments not accounted for by the equity method
Financial Asset at Fair Value Through OCI									
Alliance Global Group, Inc.	112,600,000	P 1,328,680,000	-	-	-	-	-	P 1,328,680,000	-

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule B- Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2021

Name and designation of debtor	Balance at Beginning of period	Additions/ Transfer 2020	Deductions: Amounts collected	Deductions: Amounts written off	Ending Balance: Current	Ending Balance: Not current	Balance at end of period
Advances to Officers and Employees:							
Cacho, Evelyn G.	P 391,768	P -	(P 200,124)	P -	P 191,644	P -	P 191,644
Edaño, Dennis E.	753,990	-	(147,244)	-	606,746	-	606,746
Gregorio, Ricardo B.	364,522	-	(152,338)	-	212,184	-	212,184
Jacobe, Joel Ramon A.	80,451	-	(80,451)	-	-	-	-
Jacobe, Elmer Y.	276,716	-	(84,781)	-	191,935	-	191,935
Llaga, Jhoanna Lyndelou T.	109,821	-	(109,821)	-	-	-	-
Lopez, Mark Lawrence D.	259,510	-	(85,759)	-	173,751	-	173,751
Libago, Ricky S.	677,722	-	(227,576)	-	450,146	-	450,146
Madridejos, Arminius M.	313,692	-	(160,273)	-	153,419	-	153,419
Manansala, Kim Camille B.	80,537	-	(80,537)	-	-	-	-
Ramos, Franemil T.	588,273	-	(143,261)	-	445,012	-	445,012
Romero, Gemma O.	266,396	-	(85,333)	-	181,063	-	181,063
Sioson-Bumatay, Celeste Z.	1,084,347	-	(150,212)	-	934,135	-	934,135
	P 5,247,745	P -	(P 1,707,710)	P -	P 3,540,035	P -	P 3,540,035

Note: Please refer to Schedule C for Amounts Receivable from Related parties.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

December 31, 2021

Name and Designation of debtor		Balance of beginning period		Balance at the end of period
Eastwood Properties Holdings, Inc.	P	864,942,444	P	864,942,444
Empire East Communities Inc.		232,735,070		233,045,540
Valle Verde Properties, Inc.		64,188,046		64,391,052
Sonoma Premier Land Inc.		22,235,294		22,451,124
Sherman Oak Holdings Inc.		20,275,543		20,464,594
20th Century Properties, Inc.		977,362		1,206,524
TOTAL	P	1,205,353,759	P	1,206,501,278

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule D - Intangible Assets - Other Assets
December 31, 2021

Description	Beginning Balance	Additions at Cost	Deduction: Charged to Cost and Expenses	Deduction: Charged to Other Accounts	Deduction: Other Changes Additions (Deductions)	Ending Balance
Goodwill	P 78,326,757	P -	P -	P -	P -	P 78,326,757
Computer Software Subscriptions	54,717,213	-	(16,415,163)	-	-	38,302,050
	P 133,043,970	P -	(P 16,415,163)	P -	P -	P 116,628,807

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule E - Long-Term Debt

December 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Position
Unsecured fixed-interest Loans	P 1,250,000,000	P 250,000,000	P 1,000,000,000

Unsecured fixed-interest Loans are payable up to 2028 and bears fixed interest rates from 3.5 % to 5.6%.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule F - Indebtedness to Related Parties (Other than Affiliates)

December 31, 2021

Name of Related Party	Balance at Beginning of Year		Balance at End of Year	
Megaworld Corporation	P	4,404,428,840	**P**	**4,698,945,733**
Gilmore Property Marketing Associatior		385,349,452		**383,890,422**
McKester Piknik International Ltd.		394,000,001		**359,000,001**
Others		53,981,689		**53,981,689**
	P	5,237,759,982	**P**	**5,495,817,845**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule H - Capital Stock
December 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Preferred shares	2,000,000,000	-	-	-	-	-
Common shares	31,495,200,000	14,676,199,167 *	-	11,994,426,438	24,324,913	2,657,447,816

** Number of shares issued and outstanding net of 127,256,071 Treasury Shares.*

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
2nd Floor Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2021

Unappropriated Retained Earnings at Beginning of Year,	P	6,789,883,901
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax income	(	170,575,589)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		6,619,308,312
Net Profit Realized during the Year		
Net profit per audited financial statements		716,414,079
Non-actual/unrealized income, net of tax		
Deferred tax income	(	8,296,145)
Retained Earnings Restricted for Treasury Shares	(	102,106,658)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**7,225,319,588**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Summary of Application of SRO Proceeds

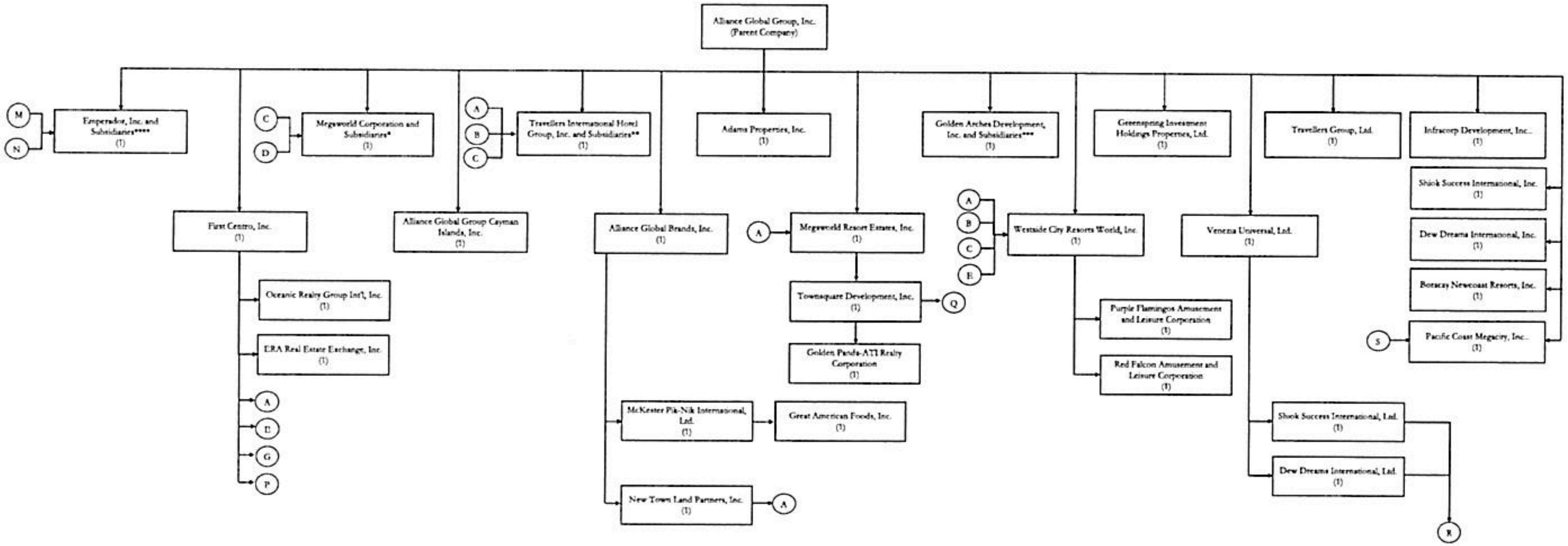
December 31, 2021

		BASED ON IPO PROSPECTUS		BASED ON ACTUAL
SRO Proceeds	P	2,695,239,834	P	2,695,239,834
Less: SRO related expenses		5,239,834		5,239,834
Net proceeds		2,690,000,000		2,690,000,000
Less: Disbursements				
Construction Site Development		1,800,000,000		1,885,000,000
Pioneer Woodlands		800,000,000		350,000,000
San Lorenzo Place		700,000,000		532,081,376
The Rochester		300,000,000		275,267,709
Kasara Urban Resort Residences		-		140,479,357
The Sonoma		-		70,000,000
Little Baguio Terraces		-		314,520,643
South Science Park		-		202,650,915
Landbanking		890,000,000		805,000,000
Total Disbursements		2,690,000,000		2,690,000,000
Remaining Balance of Proceeds, as at December 31, 2021			P	-

Supplementary information on the Summary of Application of SRO Proceeds –

The proceeds were subsequently reallocated and transferred to fund the urgent construction of other projects that have exceeded their respective allocations.

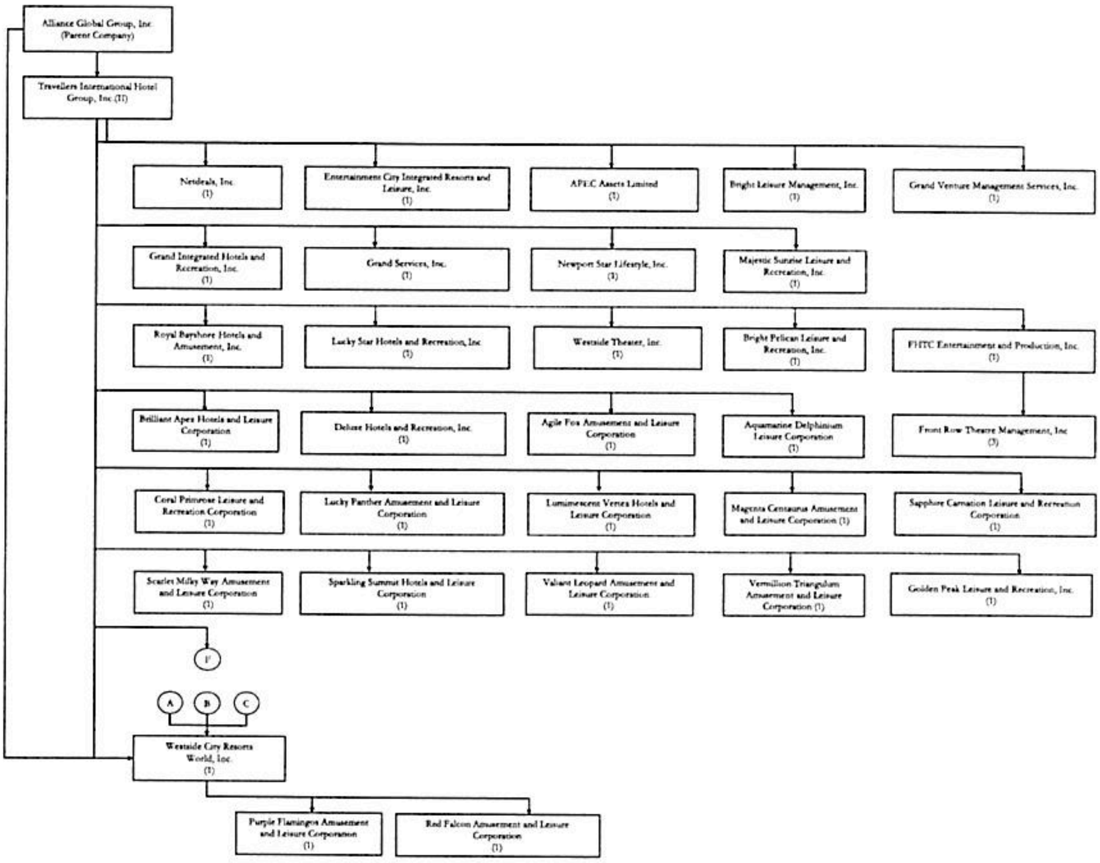
EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2021



Legend

(1)	Subsidiary	A	Megaworld Corporation	F	Manila Bayshore Property Holdings, Inc.	K	Megaworld Global Estates, Inc.	P	Sonoma Premier Land, Inc.		
(2)	Associate	B	Adams Properties, Inc.	G	Westside City Resorts World, Inc.	L	Megaworld Central Properties, Inc.	Q	Gilmore Property Marketing Associates, Inc.		
(3)	Jointly Controlled Entity	C	First Centro, Inc.	H	Townsquare Development, Inc.	M	Shiok Success International, Ltd.	R	Emperador Inc.		
		D	Newtown Land Partners, Inc.	I	Megaworld Resort Estates, Inc.	N	Dew Dreams International, Ltd.	S	Empire East Land Holdings, Inc.		
		E	Travellers International Hotel Group, Inc.	J	Twin Lakes Corporation	O	Southwoods Mall, Inc.				

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2021



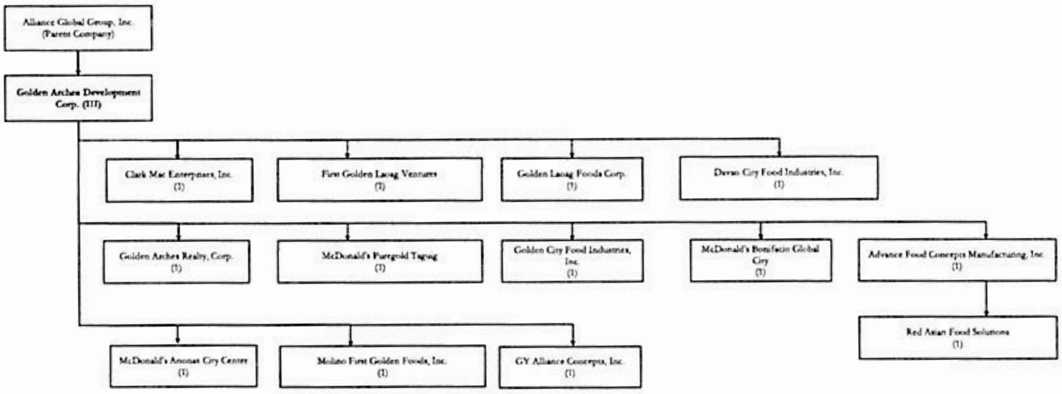
Legend

Relationship with Travellers International Hotel Group, Inc

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2021



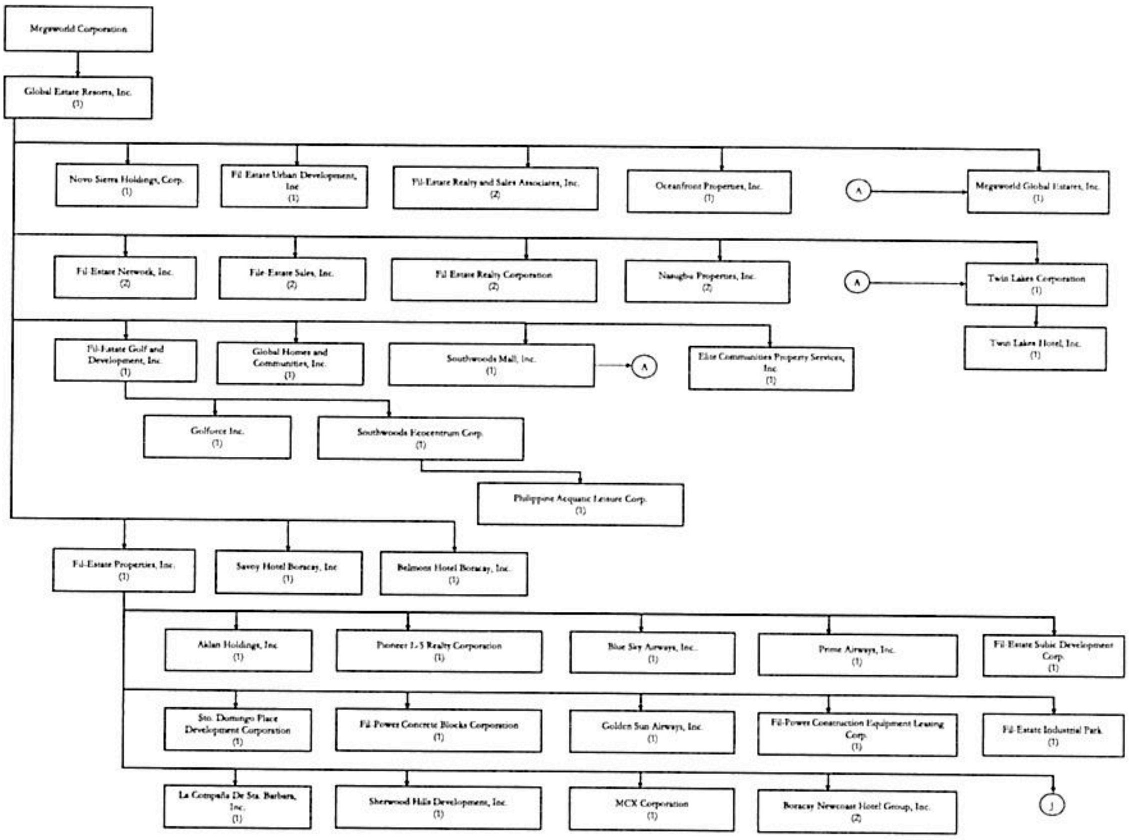
Legend

Relationship with Golden Arches Development Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A Megaworld Corporation
B Adams Properties, Inc.
C First Centro, Inc.
D Newtown Land Partners, Inc.
E Travellers International Hotel Group, Inc.
F Manila Bayshore Property Holdings, Inc.
G Westside City Resorts World, Inc.
H Townsquare Development, Inc.
I Megaworld Resort Estates, Inc.
J Twin Lakes Corporation
K Megaworld Global Estates, Inc.
L Megaworld Central Properties, Inc.
M Shiok Success International, Ltd.
N Dew Dreams International, Ltd.
O Southwoods Mall, Inc.
P Sonoma Premier Land, Inc.
Q Gilmore Property Marketing Associates, Inc.
R Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2021

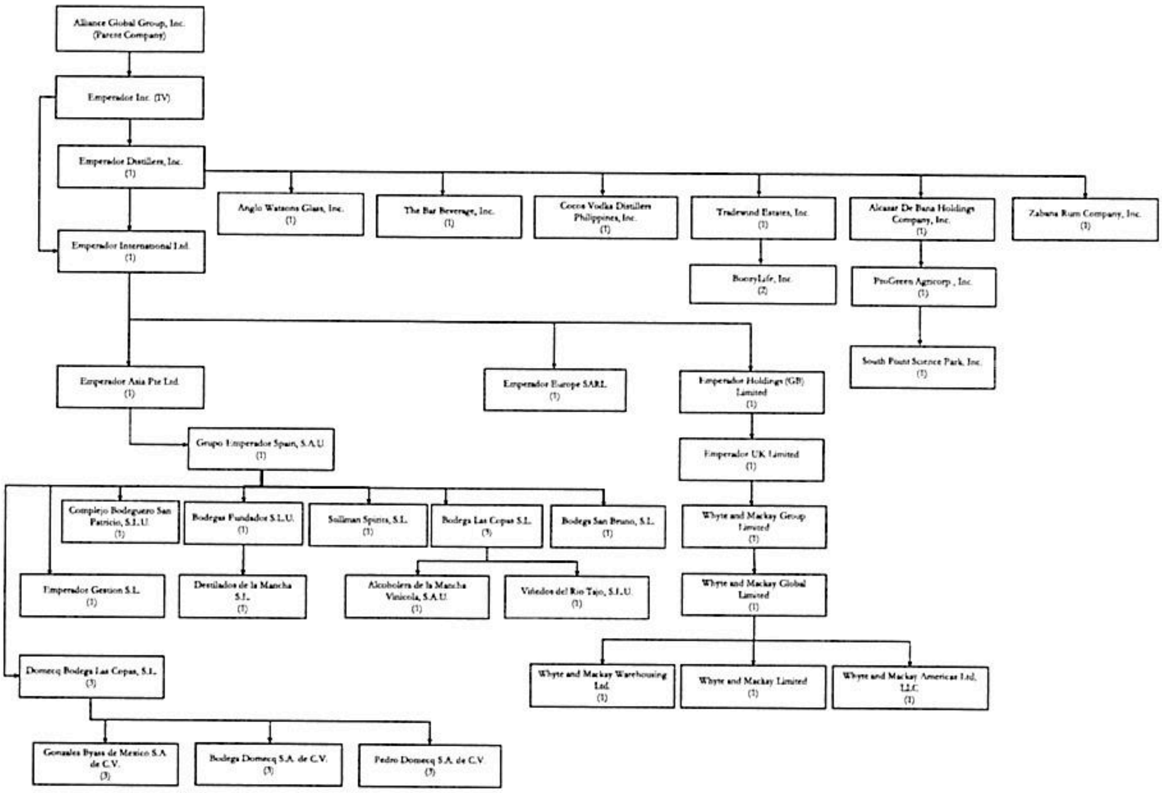


Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A MegaworldCorporation
B Adams Properties, Inc.
C First Centro, Inc.
D Newtown Land Partners, Inc.
E Travellers International Hotel Group, Inc.
F Manila Bayshore Property Holdings, Inc.
G Westside City Resorts World, Inc.
H Townsquare Development, Inc.
I Megaworld Resort Estates, Inc.
J Twin Lakes Corporation
K Megaworld Global Estates, Inc.
L Megaworld Central Properties, Inc.
M Shiok Success International, Ltd.
N Dew Dreams International, Ltd.
O Southwoods Mall, Inc.
P Sonoma Premier Land, Inc.
Q Gilmore Property Marketing Associates, Inc.
R Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2021



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (51%)
(3) Subsidiary (50%)
(4) Jointly Controlled Entity

P&A
Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
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6766 Ayala Avenue
1200 Makati City
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The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2021 and 2020, on which we have rendered our report dated February 28, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula		2021	Formula		2020
Current ratio	Total Current Assets divided by Total Current Liabilities		3.13	Total Current Assets divided by Total Current Liabilities		2.99
	Total Current Assets	P 40,783,050,614		Total Current Assets	P 40,513,752,019	
	Divided by: Total Current Liabilities	13,045,538,036		Divided by: Total Current Liabilities	13,531,102,626	
		3.13			2.99	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.90	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.71
	Total Current Assets	P 40,783,050,614		Total Current Assets	P 40,513,752,019	
	Less:			Less:		
	Inventories	21,711,433,906		Inventories	23,424,845,196	
	Other Current Assets	7,312,496,109		Other Current Assets	7,517,013,131	
	Quick Assets	11,759,120,599		Quick Assets	9,571,893,692	
	Divided by: Total Current Liabilities	13,045,538,036		Divided by: Total Current Liabilities	13,531,102,626	
		0.90			0.71	
Solvency ratio	Total Liabilities divided by Total Assets		0.35	Total Liabilities divided by Total Assets		0.36
	Total Liabilities	P 16,211,923,870		Total Liabilities	P 16,386,056,078	
	Divided by: Total Assets	46,205,053,985		Divided by: Total Assets	45,407,006,729	
		0.35			0.36	
Debt-to-equity ratio	Total Liabilities divided by Total Equity		0.54	Total Liabilities divided by Total Equity		0.56
	Total Liabilities	P 16,211,923,870		Total Liabilities	P 16,386,056,078	
	Divided by: Total Equity	29,993,130,115		Divided by: Total Equity	29,020,950,651	
		0.54			0.56	
Assets-to-equity ratio	Total Assets divided by Total Equity		1.54	Total Assets divided by Total Equity		1.56
	Total Assets	P 46,205,053,985		Total Assets	P 45,407,006,729	
	Divided by: Total Equity	29,993,130,115		Divided by: Total Equity	29,020,950,651	
		1.54			1.56	
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense		2.65	Earnings before interest and taxes (EBIT) divided by Interest expense		3.07
	EBIT:			EBIT:		
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Tax Income	(179,711,192)		Tax Expense	253,964,347	
	Finance Cost	360,814,456		Finance Cost	324,048,834	
		978,192,334			1,102,955,508	
	Divided by: Interest expense	369,752,321		Divided by: Interest expense	359,195,589	
		2.65			3.07	
Return on equity	Net Profit divided by Average Total Equity		0.03	Net Profit divided by Average Total Equity		0.02
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Divided by: Average Total Equity	29,507,040,383		Divided by: Average Total Equity	28,812,337,854	
		0.03			0.02	
Return on assets	Net Profit divided by Average Total Assets		0.02	Net Profit divided by Average Total Assets		0.01
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Dividen by: Average Total Assets	45,806,030,357		Dividen by: Average Total Assets	45,124,536,460	
		0.02			0.01	
Net profit margin	Net Profit divided by Total Revenue		0.18	Net Profit divided by Total Revenue		0.10
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Divided by: Total Revenue	4,534,838,703		Divided by: Total Revenue	5,110,355,460	
		0.18			0.10	

Empire East

Empire East Land Holdings, Inc.

FY 2021 ESG Report

Annex A: Reporting Template

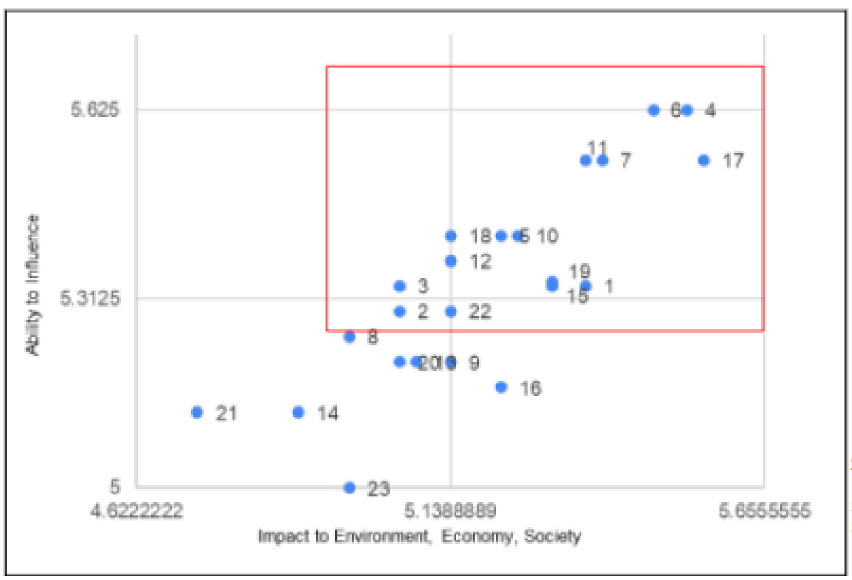
(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	Empire East Land Holdings, Inc. and subsidiaries (the Group)
Location of Headquarters	2nd Floor, Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City 1604 Manila
Location of Operations	Metro Manila, Rizal, Laguna
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Empire East Land Holdings, Inc. (EELHI, Empire East, or the Company) Subsidiaries: Eastwood Property Holdings, Inc. (EPHI) - 100% owned Laguna BelAir Science School, Inc. (LBASSI)- 72.5% owned
Business Model, including Primary Activities, Brands, Products, and Services	The Company specializes in transport-oriented development and marketing of residential communities and condominiums primarily catering to the middle-income market segment.
Reporting Period	January 1, 2021 - December 31, 2021
Highest Ranking Person responsible for this report	Evelyn G. Cacho, Director/Senior Vice President/ Corporate Information Officer/ Compliance Officer

**If you are a holding Company, you could have an option whether to report on the holding Company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
The materiality process of the Group followed the GRI G4 Guidelines— 1) Identification of topics to consider; 2) Prioritization of the most important issues and 3) Validation of topics by the senior management. In the identification and prioritization of topics, a list of select disclosures from the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Home Builders Sector was translated into an online survey. After this, materiality survey responses were synthesized and analyzed to come up with the materiality matrix and better visualize and understand the results. The materiality matrix contrasts two dimensions to highlight the sustainability issues. First are the issues' importance to the organization in terms of the ability to influence or control them, the y-axis. The second are issues that have the biggest impact on the economy, society, and the environment, which matters most to stakeholders, the x-axis. Points in the topmost right quadrant represent the issues the organization has the highest influence on and their biggest impacts on the economy, society, and the environment.  1. Employee Training and Education 2. Diversity and Equal Opportunity 3. Non-discrimination 4. Occupational Health and Safety 5. Labor Rights 6. Customer Health and Safety 7. Customer Privacy 8. Supplier Management 9. Local Communities 10. Design for Resource Efficiency 11. Energy Use and Efficiency 12. Water and Wastewater Management 13. Climate Change Adaptation 14. Greenhouse Gas Emissions 15. Waste 16. Land Degradation, Contamination, and Remediation 17. Environmental Standards Compliance 18. Economic Performance 19. Market Presence 20. Indirect Economic Impacts 21. Procurement/Sourcing Practices 22. Anti-corruption 23. Anti-competitive Behavior From this, 15 material topics have been identified, which were then presented to Empire East's senior management for evaluation and approval.

[1] See *GRI 102-46* (2016) for more guidance.

Furthermore, the senior management decided to include Greenhouse Gas Emissions, Land Degradation, Contamination, and Remediation, Supplier Management, and Local Communities, resulting in a total of 19 material topics for this reporting year.

The Group's Material Topics 2021:

- Employee Training and Education
- Diversity and Equal Opportunity
- Non-discrimination
- Occupational Health and Safety
- Labor Rights
- Customer Health and Safety
- Customer Privacy
- Design for Resource Efficiency
- Energy Use and Efficiency
- Water and Wastewater Management
- Waste
- Environmental Standards Compliance
- Economic Performance
- Market Presence
- Anti-corruption
- Greenhouse Gas Emissions
- Land Degradation, Contamination, and Remediation
- Supplier Management
- Local Communities

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	4,535	mPhP
Direct economic value distributed:		
a. Operating costs	7,921	PhP
b. Employee wages and benefits	410	mPhP
c. Dividends given to stockholders and interest payments to loan providers	54	mPhP
d. Taxes given to government	412	mPhP
e. Investments to community (e.g. donations, CSR)	0.2	mPhP

An external auditor audits the Group annually, which provides assurance on the faithful representation of the reported financial information. Controls are maintained and examined annually and updated as needed to ascertain compliance and accuracy. The Board, through the Audit Committee, periodically reviews the effectiveness of the Company's risk management systems with an emphasis on monitoring existing and emerging risks as well as risk mitigation measures. Moreover, a risk management review is conducted annually with the Internal Audit Department. Criteria used for review are compliance with controls and accuracy of identified risks and appropriateness of risk treatment plans.

The Company has been compliant with the regulatory requirements and has been provided with an "unqualified" opinion by its auditors. Controls are constantly improved and attuned with the use of technology for efficiency, and are remediated for any risks identified.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

Purchase transactions are part of the business processes of the Group. The risks in this include those involving location, an advantageous price, and uncompromised quality.

Suppliers undergo various departmental assessments to operate with the Group. Suppliers must have all proper permits to operate as a business and must submit necessary documents to assess operational stability, legality, and equitability. The Group has a separate procurement department that handles all purchase transactions. They implement a database of suppliers based on the most advantageous prices and quality to the EELHI. Controls over procurement are also in place.

Keeping the economic value chain transparent and equitable in distributing economic value to stakeholders is important to the Group. Unfair business practices from our suppliers or employees could hinder our ability to flow economic opportunities to society.

All transactions are within arm's length and there are no incidents that indicate disadvantageous purchases were made on behalf of the Group.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	Not available	%
Percentage of directors and management that have received anti-corruption training	100%	%
Percentage of employees that have received anti-corruption training	100%	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

There are no reported corruption issues for 2021.

The Group has a code of conduct in place, which has been communicated to all employees. Those involved in government dealings are closely managed. They are not directed to deal with any corrupt practices and to process requirements with due time and diligence.

EELHI ensures that all transactions are executed fairly within its codes of conduct. Each employee is expected to observe the highest standards of business ethics. All employees have been oriented with the Group's codes of conduct as part of their onboarding, provided references through its employee online portal, and given periodic reminders. An employee cannot engage in any activity which would create conflict or interfere with the performance of his responsibilities.

The organization values all information received from whistleblowers and/or anonymous sources. It encourages all stakeholders to communicate, confidentially and without the risk of reprisal, all legitimate concerns about illegal, unethical, or questionable practices and transactions entered by any of its employees and officers.

A Related Party Transaction (RPT) policy is in place to ensure that all RPTs of EELHI, its subsidiaries, and affiliates, and other related entities or persons are conducted at arm's length, fair, and inure to the best interest of the Company, its subsidiaries, and their shareholders. A board has been assigned to manage these dealings and to ensure that those with significant impact are reported to the public.

Furthermore, the organization does not allow any employee to exchange gifts with parties with whom they do business or come in contact through work unless within the bounds of proper and ethical behavior. This is included in the Group's Code of Business Conduct and Ethics.

ENVIRONMENT

Resource Management

Energy consumption within the organization: **EELHI + LBASSI + EPHI**

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	1,118.80	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	1,410.38	GJ
Energy consumption (electricity)	491,043.28	kWh
Total energy consumption	3,921.30	GJ

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	42.08	GJ
Energy reduction (electricity)	204,424.95	kWh

EELHI

The Company views energy efficiency as a business imperative. In the construction of their integrated townships and pioneering lifestyle concepts with the goal of sustainability in mind, it ensures the implementation of policies and energy usage recommendations that meet local regulations. Empire East's project operations comply with the requirements of the Philippine Green Building Code, which promotes resource management efficiency and site sustainability. The Design and Construction Management Group is in charge of this, along with third-party technical consultants and contractors. Contractors identify and implement energy conservation measures in their projects while the design team works with the technical consultants in identifying energy-efficient designs.

Moreover, the pandemic has normalized working remotely and shifting to multiple smaller offices, which resulted in a significant reduction in the Company's fuel and electricity consumption. The Company saved **778 GJ of energy**.

Empire East continues to seek ways to reduce its energy consumption through various efficiency initiatives such as the usage of energy-efficient equipment in its operations.

LBASSI

Electricity is widely used for the school's internet communication technology (ICT), intercom systems, security cameras, monitoring devices, digital signage, lighting, heating and cooling (air conditioning units), and other electrical appliances (fans, stoves, ovens, etc.) as well as in various machines (photocopiers, printers, scanners, etc.). In the classrooms, computers, smartboards, overhead projection machines, televisions, cameras, and other audio-visual materials used by the faculty to facilitate learning are powered by electricity.

The Management Committee (MANCOM) is responsible for managing the Green Program. The following initiatives are worth noting this year for the conservation of energy:

1. The elementary building was permanently shut down and was not used;
2. Guidelines on the use of electricity, specifically the use of lights, fans, and air-conditioning units were implemented; and
3. Breakers in areas such as the Fabrication and Covered Court were also shut down when not in use.

Electricity bills are evaluated monthly to check kilowatt-hours used in the different areas and investigated for changes in the amount of electricity consumption.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	1,806.80	Cubic meters
Water consumption	1,795.65	Cubic meters
Water recycled and reused	N/A	Cubic meters

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	11.15	Cubic meters
Percent of wastewater recycled	N/A	%

EELHI

Empire East withdraws water from a third-party source for its project construction and office use.

Project site teams work with the contractors in the identification of possible water conservation measures, as well as the provision of guidelines in ensuring proper wastewater discharge.

The Company's design stage takes into account relevant sanitary and plumbing codes, as well as the Department of Environment and Natural Resources (DENR) environmental guidelines. Empire East complies with regulations set in DAO 34 and 35, DAO 2016-08. Wastewater is siphoned and processed by a third-party Company before its discharge to surface water in Laguna Lake, Manila Bay, and the Pasig River.

LBASSI

Water is relevant to the LBASSI as it aids in the maintenance of sanitation and hygiene which are two important factors for the prevention of diseases such as diarrhea and dehydration.

LBASSI is active in more than just ensuring clean, drinkable water for washing and drinking. It is also concerned with water conservation and proper utilization. The Human Resources and General Services Department (HRGS) is responsible for ensuring that the goals of clean water, water conservation, and reduction of water consumption are achieved.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	N/A	kg/liters
• Non-renewable*		
Cement	40,233,053.60	kgs
Ceramic tiles	332,454.22	pcs
Paint	38,231.74	sqm
Gypsum Board	5,302.10	sqm
PVC Pipes	34,023.00	m
Reinforcing steel bars	3,333,094.99	kgs
Wood (doors and cabinets)	83,525.00	kgs
Glass	19,350.00	kgs
Wires	1,225.00	lm
Steel pipes	19,551.00	m
Percentage of recycled input materials used to manufacture the organization's primary products and services	No data available	%

**The quantities of non-renewable materials listed above are estimated only.*

EELHI

Empire East consumes non-renewable materials given the nature of current operations, products, and services.

These raw materials are continuously monitored and managed, as part of the Company's commitment to design for resource efficiency, by department staff from the Design and Construction Management Group, as well as third-party technical consultants.

Empire East also provides Design Terms of Reference which serves as a guide in ensuring that all designs are in compliance with sustainability goals

Moreover, there is an increasing demand for the industry to design products as energy-saving and resource-efficient as possible, driving growth to the circular economy, as well as sustainable development. With this, the Company seeks to source sustainable raw materials moving forward, prioritizing impact on resource use and overall energy consumption.

LBASSI

LBASSI has a Green Program and a committee that oversees the implementation of green policies. In 2021, employees and students helped collect recyclable items, raising enough money to sponsor a scholarship program that produced two Green scholars. Additionally, in the employees' annual evaluation is a Green form which assesses an employee's contribution to the Green program.

The school was also awarded by the DENR for best practices in solid waste management. Unfortunately, the COVID-19 pandemic affected the implementation of the said program.

Environmental impact management

Air Emissions

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	85.67	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	349.72	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	n/a	Tonnes

Empire East's greenhouse gas emissions are derived from two components. The first component is the consumption of energy derived from non-renewable resources such as diesel and gas for gas turbines, diesel generators, owned transportation, and refrigeration processes. The second component is organizational operations from the consumption of purchased electricity. 100% of the electricity was purchased from the grid.

There is presently no evaluation parameter for GHG emissions management throughout the construction stages of our projects.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	19,756,920	kg
Reusable	N/A	kg
Recyclable	21,027	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	19,759,008	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

EELHI

Wastes are generated both by the Company's activities and from its upstream value chain. These are food wastes, discarded construction material packaging, and damaged materials, which include cartons, plastics, debris, plywoods, and other scrapped materials generated during construction.

Empire East works with contractors who implement proper solid waste disposal through accredited haulers on a regular basis. Other construction and office wastes are sold to third-party buyers for recycling and processing such as excess metals, and PVC pipes. The purchasing department also contracts third-party services to sell or dispose of scrap metals.

Furthermore, the Company conducts physical inspections of project sites to guarantee that stockpiles of construction debris and scrap materials are regularly transported out of the site premises in order to assess successful waste management.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	n/a
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	n/a
No. of cases resolved through dispute resolution mechanism	0	n/a

This year, there were no substantial penalties or non-monetary sanctions for non-compliance with environmental laws and regulations. The Company maintains strict compliance with the codes and requirements of all regulatory agencies, both in the design of projects and during their construction. The Company works with contractors to ensure that full compliance with the requirements of the regulatory body, such as the Environmental Compliance Certificate (ECC) issued by DENR or Laguna Lake Development Authority (LLDA), is implemented. These are laid out in the contracts of both their technical consultants and contractors. Department professionals from the Design, Pre-Construction, and Construction Management Groups, as well as technical consultants and contractors, are in charge of this.

The current Pre-Qualification procedure only covers a small portion of this topic; therefore, effective Vendor evaluations cannot be measured with this limited perspective. The group is highly open to embracing changes to improve the process.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[2]	602	#
a. Number of female employees	279	#
b. Number of male employees	323	#
Attrition rate[3] (EELHI)	-0.0683	rate
Attrition rate (LBASSI)	-0.3636	rate
Attrition rate (EPHI)	-0.0494	
Ratio of lowest paid employee against minimum wage (EELHI)	543 : 537	ratio
Ratio of lowest paid employee against minimum wage (LBASSI)	528 : 400	ratio
Ratio of lowest paid employee against minimum wage (EPHI)	615 : 537	ratio

Employee benefits

EELHI

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0.19%	0.00%
PhilHealth	Y	0.96%	1.16%
Pag-ibig	Y	1.54%	2.50%
Parental leaves	Y	0.16%	0.19%
Vacation leaves	Y	44.51%	57.42%
Sick leaves	Y	18.30%	25.82%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pagibig)	Y	0.00%	0.58%
Retirement fund (aside from SSS)	Y	0.19%	0.00%
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	Y	18.50%	36.22%
Flexible-working Hours	Y	100%	100%

[2] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[3] Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

LBASSI

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	20%	34%
PhilHealth	Y	No data available	No data available
Pag-ibig	Y	25%	27%
Parental leaves	Y	2%	5%
Vacation leaves	Y	14%	30%
Sick leaves	Y	23%	23%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pagibig)	N	9%	9%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	Y	0%	0%
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	N/A	N/A
(Others) Bereavement assistance, Salary loans	Y	7%	34%

EPHI

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	50%	42%
PhilHealth	Y	0	3%
Pag-ibig	Y	45%	37%
Parental leaves	N	N/A	N/A
Vacation leaves	Y	100%	100%
Sick leaves	Y	25%	21%
Medical benefits (aside from PhilHealth)	Y	10%	14%
Housing assistance (aside from Pagibig)	Y	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	N/A	N/A

Empire East's approach to hiring stems from its commitment to SDG 8, supporting inclusive and sustainable economic growth, full and productive employment, and decent work for all.

Positions at different levels with more entry-level applicants are open to help bolster their careers in a safe and supportive environment. Vacant positions are filled in accordance with the approved annual Manpower Budget, in the best professional manner, and in accordance with the guidelines and procedures of the Human Resources Department. In addition, the Company hires the most qualified personnel, who have the necessary educational background, skills, experience, character, and job knowledge required. The recruitment practice involves communication through multiple means, both online and offline, to reach as many Filipino applicants as possible and cater to their various capacities. The Company also uses relevant platforms like LinkedIn and Kalibrr, as well as newspapers, and conducts virtual interviews to adhere to implemented safety protocols.

Moreover, to maintain a healthy balance and support SDG 5 Gender Equality, Empire East employs a healthy mix of male and female staff. The Company's workforce is 45% Female and 55% Male to this date.

With the ultimate goal of assuring employee safety and productivity at all times, Empire East maintains a healthy connection with its employees, promotes mutual benefit, and optimizes assistance. Health card upgrades and the expansion of benefits to beneficiaries ensure that employees have access to high-quality health care. Rest days and exceptional educational help are also available when needed.

Empire East follows industry best practices and adheres to industry standards in general. It aspires to create a working environment that benefits and assists all internal stakeholders. As a form of evaluation, an employee sentiment check helps ensure that Empire East responds well to the organization's needs.

Employee Training and Development

EELHI

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1394	hours
b. Male employees	1394	hours
Average training hours provided to employees		
a. Female employees	5	hours/employee
b. Male employees	6	hours/employee

LBASSI

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	110.45	hours
b. Male employees	69.55	hours
Average training hours provided to employees		
a. Female employees	6.67	hours/employee
b. Male employees	10.59	hours/employee

EPHI

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	12	hours
b. Male employees	12	hours
Average training hours provided to employees		
a. Female employees	12	hours/employee
b. Male employees	12	hours/employee

The Group's training impacts its business in all development stages, from planning, developing, and transacting up to product usage and operations. This guarantees that the organization provides high-quality services and that employees have the necessary expertise to maintain compliance with regulatory agencies. Finance, documentation and filing, branding and selling, purchasing, property turnover, and project operations all benefit from this.

The organization allows each department to assess its personnel training needs in relation to its core competencies. The department then establishes training objectives and conducts any necessary upskilling. Mental Health, Hygiene, Professional Image Training, Coaching for peak performance, Finance Academy, Corporate Governance, Accountants' Conference, Upskilling of Department's Core competency, G-Suite User Training, and Government Benefits Training are some of the programs that have been implemented to help employees improve their skills.

The organization offers evaluation forms following the training and does routine checks on the KPIs pertinent to individual tasks to evaluate the success of the Company's training and development.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

The Company stays true to its goal to adhere to the Labor Laws of the Philippines and strengthen SDG 8.

The organization's consultation practices are given priority under all circumstances. As a result, the HR department has developed a grievance policy that keeps internal conversations rolling about how to improve and serve the needs of both employers and employees.

An employee is free to approach the HR department to communicate any problem that pertains to working conditions. A grievance committee is then selected to hear the cases filed and provide the right necessary solutions as quickly as possible. As a Group that adheres to labor law and standards, it strives to provide solutions during this process.

Furthermore, Empire East and its subsidiaries give employees time prior to the implementation of significant operational changes that could substantially affect them. In Empire East, it usually takes 1-2 weeks. A core group is created to cascade and immediately disseminate all departments for the major operational changes. Following that, a memo will be sent to all employees' email addresses, and updates will be posted on the Employees’ Facebook page.

In LBASSI, it depends on the nature of the change, as some may need to be put into effect daily. Otherwise, major changes are announced at the start of the school year to be implemented a month after the start of the school year. In EPHI, it takes 2 weeks.

Diversity and Equal Opportunity

EELHI

Disclosure	Quantity	Units
% of female workers in the workforce	55.68	%
% of male workers in the workforce	44.32	%
Number of employees from indigenous communities and/or vulnerable sectors*	0	#

LBASSI

Disclosure	Quantity	Units
% of female workers in the workforce	59	%
% of male workers in the workforce	41	%
Number of employees from indigenous communities and/or vulnerable sectors*	0	#

EPHI

Disclosure	Quantity	Units
% of female workers in the workforce	51	%
% of male workers in the workforce	49	%
Number of employees from indigenous communities and/or vulnerable sectors*	N/A	#

**Vulnerable sectors include, the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

There have been no complaints about gender inequality in the past year. Empire East aims to create jobs at every stage of the Company's supply chain. With this, by catering to larger demographics that include both genders, they can help convert more potential applicants into productive members of society. It makes no distinction between task assignments and remains open to collaborating with people based on knowledge, experience, personal goals, potential value, and skills.

Additionally, Empire East follows laws that encourage women's health and safety, equal compensation, maternity leave, and health insurance. It protects women from any discrimination or harassment. A grievance committee is also on hand to investigate and prosecute any complaints, and violators may be subject to sanctions from the law.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	2,612,740.00	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	5	#

With building construction as a major component of the business, the Company prioritizes the overall safety of projects.

The Property Development department ensures that all parties involved have the awareness and same prioritization on safety during construction. The contractor's duty for this aspect is expressly stated under the terms of his contract with Empire East. Contractors hired must be qualified and capable of implementing a good safety program for the project. They go through pre-qualification inspections and review contractors' track records on the safety aspect.

At Empire East, it is imperative to strive every day to create a safe and pleasant workplace environment, ensuring the safety and health of employees in the workplace following the Labor Standards Act, Industrial Safety, and occupational safety and health regulations. With this, the Company has formed a Health & Safety Committee with representatives from different departments.

The processes to identify work-related hazards include the following:

1. Establishment of the DOLE-approved safety plan.
2. Execution of the approved plan.
3. Observation of daily toolbox meetings.
4. Observation of daily safety inspection.
5. Observation of weekly safety meetings.
6. Observation of weekly submission of safety reports.
7. Observation of issuance of infraction notices, emphasizing penalties, correction, and prevention.

On construction sites, to ensure the quality of these processes, the Company conducts weekly safety meetings to discuss compliance with policies and instructions based on Occupational Safety and Health (OSH) standards and other project safety concerns. The Company also ensures a sufficient number of on-site certified safety officers, nurses, and crew, based on the number of personnel.

Workers report on work-related hazards and hazardous situations through daily toolbox meetings conducted by the project Health and Safety Committee (HSC). Here, the committee gives out instructions and reminders to all workers and encourages them to speak up about issues they believe should be discussed regarding work execution and overall safety and security. Group (subcontractor) representatives, designated safety officers, project-in-charge, and foremen, are required to attend HSC weekly safety meetings.

In any hazardous situation, workers are free to address their respective safety officers in such cases at any given time. Sufficient Personal Protective Equipment (PPE) is prepared and provided on-site for all manner of hazardous and high-risk work.

Empire East's process to investigate work-related incidents includes the following:

4. The Contractor shall gather information regarding the incident.
5. Search for and establish facts of the incident.
6. Establish essential contributing factors.
7. Find the root causes of the incident.
8. Implement immediate corrective/preventive measures
9. Submit reports regarding all accidents and incidents to the Project Management Team and update the project Safety Manual if necessary.

Occupational Health Services

The safety group conducts daily routine inspections and completes safety checklists to ensure that hazards are eliminated and risks are minimized. Safety work permits, such as Hot Work permits, are also in place to verify that the correct equipment and area safety is in order.

Contractors are required to submit their health and safety plans to ensure that health and safety services are available to all workers. Implementation is regularly checked by our organization.

Worker Participation

The health and safety measures that are being implemented are based on plans that have been approved by the Department of Labor. Additionally, workers' input and concerns made at toolbox meetings are used to improve these plans and programs.

Worker Training

Construction Safety and Health Seminar (COSH) Training for Safety Officers is a mandatory course designed to impart knowledge & skills on basic concepts & principles of occupational safety and health to enable Safety Officers (SO2-certification) to implement their respective offices' safety and health. Although not fully required, COSH training is also recommended for technical staff.

Promotion of Worker Health

In construction sites, all contractors are mandated to have their workers covered by Philhealth. In addition, workers are also covered with accident insurance. Empire East direct employees are covered by Philhealth, HMO & Life Insurance. The Annual Physical Exam also allows employees to check their overall health.

The Company also launched the Social Spaces campaign, a connected effort to promote a caring workplace culture focused on employee wellbeing and engagement while working on a hybrid set-up. In this campaign, employees were provided free Covid-19 vaccinations, as well as a variety of educational materials. Resource speakers from the Department of Health are invited to talk about available vaccines, their efficiency, and other health risks.

Employees can freely join and choose a group that interests them through the Social Spaces. Having a strong network of support or strong community relationships encourages both mental and physical wellness among our employees.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Empire East supports SDG 8 which protects children from abuse and exploitation. Its social activities including pocket CSR activities have always supported children's quality education. The Company respects this by assuring that any reports on violations across our business are monitored and only eligible applicants are employed.

The hiring process defines the eligibility of future employees according to age. The Company ensures that proper personal documents are submitted to verify the age and eligibility of a probable applicant.

Empire East's project leaders choose partners that are legally bound to labor laws. They are as equally committed to eliminating any form of child labor just as the Company. Empire East ensures that the companies they work with have proper documentation submitted prior to hiring or working.

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	N/A
Child labor	Y	In hiring, policy dictates that employees provide proper identification detailing accurate date of birth. This is strictly enforced by our recruitment team
Human Rights	Y	Listed in our Employee Code of discipline, violations such as provoking quarrel, acts of intimidation and harassment among others are classified as very serious offenses that can be grounds for suspension and termination. Kindly refer further to the EELHI Code of Discipline, Parts II and IV

Empire East has a human rights policy stated in the Company Code of Discipline, Parts II and IV. The Board shall ensure the Company's faithful compliance with all applicable laws, regulations, and best business practices (Section 2.2.6, Code).

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	The issued Mayor's / Sanitary Permit and PCAB license provides assessment relative to Environmental performance
Forced labor	N	N/A
Child labor	N	N/A
Human rights	N	N/A
Bribery and corruption	Y	Letter 101

EELHI Pre-Construction Group's (PrCG) Pre-Qualification criterion for social assessment deals more with the technical capabilities of its personnel through submitted training certificates and overall satisfaction rating of the vendor based on a background investigation. However, the technical assessment makes only a small part of the entire evaluation system, and if all other criteria are met, the impact on the overall rating is negligible.

The evaluation system helps the Company to ensure that documents are properly completed and assesses the qualifications accordingly. As part of this evaluation, PrCG conducts a background investigation to further check if social commitments are being carried out and if the vendor has made no record of serious legal actions before granting accreditation. Additionally, to promote trust and mutual respect with vendors, EELHI-PrCG accepts Vendors' Product Presentations and Training invitations, which may be beneficial to the team's knowledge enhancement.

EELHI-PrCG constantly ensures social compliance and relations using the systematic evaluation process. The collected data is being used as a basis for further improvements on current accreditation questionnaires being used.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
N/A					

**Vulnerable sectors include children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: *Not applicable*

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

Empire East is a public Company that serves a community of various stakeholders. As an active member of society, Empire East has a responsibility to help promote what it truly values: community growth, resilient cities, and safe and inclusive areas that enable people to thrive.

By building sustainable homes in specific locations, Empire East is one with the Local Government Units (LGUs) in its goal to implement and promote a comprehensive land use program that adheres to its residents' rights to access valuable touchpoints that contribute to their city living needs. Empire East's core purpose is to help provide sustainable homes to support the growth of Filipino families. They also value the role of the family in nation-building and the contribution of the youth to this cause as well.

The Company’s community engagement practices are voluntary and responsive. It began in 2011 during Typhoon Ondoy when Empire East pooled a team to help deliver relief goods to the survivors in Pasig and Marikina. Soon after, they launched several outreach activities like The Blanket Project, which aimed to provide old but useful and new blankets to the Marawi siege survivors in 2017. In 2018, they launched several voluntary pocket outreach projects that served five recipient communities in different areas. Some of these events are 'strEAT,' a project that aimed to provide warm meals for the street families in Manila, and 'heART' which sought to reach out to a small school in far-flung Santa Maria, Laguna, to provide food and school supplies while teaching school-aged kids with art.

In the same year, Empire East launched 'pROOFs,' a partnership with Gawad Kalinga, Laguerta, to help build multiple housing units for beneficiary families in Muntinlupa City.

These projects prompted the Company to call its collectively voluntary efforts 'Empire East Cares,' which reflects its internal stakeholders' culture of giving that follows in the footsteps of Empire East President and CEO Atty. Anthony Charlemagne Yu is a professor and philanthropist who has long made it his advocacy to reach and help marginalized sectors of society.

In 2019, Empire East won 'Best in CSR' in the Philippines Property Awards because of this series of voluntary works, which inspired the Company to launch its 25 pocket outreach activities in time for its 25th-anniversary celebration.

Empire East believes that true celebration gives back to the community. So, through the help of each department and the Company's sales teams, they reached more than 25 communities. They then launched the five pillars of Empire East Cares, each aiming to target a specific objective. Through this project, volunteers were able to paint schools, feed children, plant trees, and provide fun activities to orphans and the elderly.

Project SAVE: Support for Adolescents and Voice for the Elderly, EXCELerate: Elevating Filipino Literacy Rate Towards Excellence, UNITed: Edifying the Filipino Family as Basic Unit of Society, SustainABLE: Caring for the Environment for a Sustainable Future, and HEALth: Addressing problems of the heart to promote health.

In 2020, Empire East came back to its partner school Little Baguio Elementary School in Santa Maria, Laguna, to help build a library within their school and provide a year's worth of savings from the employees themselves.

In 2021, Empire East continued its commitment to serve the community. Among its recent projects is a partnership with Tayo Tayo (Let's Stand Together) - a group of friends in a local barangay that launched 'Community Pantry sa New Manila' - one of the longest-sustained pantries that helped feed about 300 families per day of operation in response to the COVID-19 pandemic.

Its latest community response started in December when the employee volunteers decided to raise funds to provide relief bags containing essential food items to the survivors of Typhoon Odette, in partnership with the Tanging Yaman Foundation.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Empire East complies with safety regulations in the industry such as building codes and marketing promotions.

During the pandemic lockdowns, the Company conducted online walkthroughs in lieu of a physical meet-up to protect the customers at all points of their buyers' journey. Campaigns for selling online in the work-from-home setup are also amplified. Additionally, the Company provided independent contractors with a virtual walkthrough to aid them in presenting even within their homes. Table barriers were installed in the few open showrooms to reduce the danger of viral exposure to everyone they speak with. Various departments collaborate to ensure the safety of the customers from the blueprint to construction. Services are provided for every step of the buyers' journey—from location research, procurement of materials, construction, and customer sales handling, up to the turnover and move-in.

Empire East created a central customer grievance bank where any complaint may be formally filed, evaluated, and acted upon. This results in comprehensive internal coordination to determine customers' needs and how they might be met as soon as possible.

Environmental compliance, sales agents accreditation, broker licenses, Housing and Land Use Regulatory Board (HLURB) compliance, help the Company manage and ensure the health and safety of its customers.

Marketing and labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling*	12	#
No. of complaints addressed	5	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labeling provide the avenue to deliver truthful and meaningful communications about Empire East's new products to its target audience. Producing marketing materials for announcements or advertisements allows new customers to discover its brand and connect with sales agents to facilitate their buying journey. In addition, Empire East assures the consistency of its condominiums' concepts, including information on the neighborhood and payment terms.
For 2021, Empire East did not run advertisements in paid newspapers. Instead, it opted for property features and announcements in the strategic times it engaged with publishers, mainly about the Transmutation Plan and Company news.

Empire East maintains compliance with the Department of Human Settlements and Urban Development (DHSUD) and Ad Standards Council (ASC) regulations. The company has a solid plan to control and improve the individual marketing efforts of its independent contractors.

In 2021, there were 12 formal cases of complaints on marketing and labeling by buyers on unit purchases, 5 of which were resolved.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

For the reporting year, there were no proven complaints about client privacy.

Empire East is required to comply with the Data Privacy Act and the regulations of the National Privacy Commission. As such, it is required to keep confidential the personal data of its customers, contractors, employees, and the process same only for purposes stated in its privacy policy, to which the customers, contractors, and employees consented.

Empire East has a privacy policy that can be accessed on its website. All customers, contractors, and employees are asked to give their consent to the same prior to obtaining their personal data. Furthermore, MIS implements different policies such as data encryption using ReCaptcha and two-way authentication (password and daily portal key).

The person responsible for managing this is primarily the Data Protection Officer. The President and all department heads are likewise required to incorporate safeguards in order to ensure the confidentiality of personal data.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#

Empire East collects client data pertaining to name, birth date, marital status, and taxpayer identification number (TIN) in order to process the transfer of property titles to the respective clients. More than 35,000 individual client data are maintained by the Company. The client data is stored in Empire East's in-house servers, to which only the Company's in-house applications and tailored-fit enterprise accounting systems have access. (Note: Authorized personnel from the Empire East's Management Information Systems (MIS) department also have direct access to the client database when on the local network.

Any electronic component that may or had ever contained data, whether the Company's or clients', is removed and kept secure before disposal. For instance, it is Empire East's standard operating procedure that before a computer is disposed of, the hard disk drive platter and the magnetic read heads are removed from the drives. These are stored for safekeeping by the Empire East's MIS department and disposed of adequately. The Company is committed to resolving issues raised by customers through its Credit and Collections department and its Customer Relations department.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Residential Developments	The Company develops many of its residential projects in locations near public transportation hubs. In doing so, homeowners are given convenient routes to work and reduced time spent commuting. This also encourages homeowners to use public transportation rather than private vehicles, thereby reducing emissions and fuel consumption. Moreover, Empire East's residential developments also support SDG 11 and SDG 8. Residential developments provide housing and are essential to achieving inclusive, safe, resilient, and sustainable cities. (SDG 11) It also contributes to economic growth through construction-related jobs, as well as, an increase in demand for construction materials and services.	Substantial amounts of resources and energy are consumed to construct residential projects, as well as Economical and Social impacts on the local community.	Empire East keeps track of its energy and GHG emissions. However, no evaluation parameter for energy and GHG emissions management throughout the stages of construction projects exists at this time.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Commercial Spaces in Residential Developments	Commercial stores integrated into the Company's residential developments provide homeowners access to goods and services within walking distance, as well as provide entrepreneurs an avenue to access a key demographic market. These developments also help stimulate the economic activity of the local community, bringing in more potential customers for local businesses and generating employment opportunities.	Substantial amounts of resources and energy are consumed to construct these projects, as well as economic and Social impacts on the local community.	Empire East keeps track of its energy and GHG emissions. However, no evaluation parameter for energy and GHG emissions management throughout the stages of construction projects exists at this time.
Primary and Secondary Education	Accredited as a science school, LBASSI provides quality and balanced education in the Community, contributing to SDG Goal 4 - Quality Education. It contributes to the goal of building and upgrading education facilities that are child, disability, and gender-sensitive and provide safe, non-violent, inclusive, and effective learning environments for all. Additionally, LBASSI's focus on sustainability allows its students to understand environmental responsibility.	Apart from the resource used by the institution in its day-to-day operation, no negative impacts have been identified for this service.	No material negative impacts identified.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of their subsidiaries may be disclosed.*