C O V E R   S H E E T

SEC Registration Number

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C O M P A N Y   N A M E

FILINVEST LAND, INC. AND SUBSIDIARIES

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

79 EDSA, Brgy. Highway Hills, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,606	**Every 2nd to the last Friday of April Each Year**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	
Ms. Venus A. Mejia	**venus.mejia@filinvestgroup.com**	**02-7918-8188**	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATIONS CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPINES

For the calendar year ended **December 31, 2023**

SEC Identification Number **170957** BIR Tax ID **000-533-224**

Exact name of registrant as specified in its charter **FILINVEST LAND, INC.**

Province, Country or other jurisdiction of incorporation or organization **Philippines**

Filinvest Bldg., #79 EDSA, Highway Hills, Mandaluyong City, Metro Mla. **1550**
Address of principal office Postal Code

Registrant 's telephone number, including area code **02-7918-8188 / 02-7588-1678**

N/A
Former name, former address, and former fiscal year, if changed since last report

Securities registered pursuant to Section 8 and 12 of the SRC

Title of Each Class	Number of shares of Common Stock Outstanding	Amount of Interest-bearing Debt Outstanding In Php thousands
Common Stock, P 1.00 par value	24,249,759,506	₱73,892,270

Are any or all of these securities listed on the Philippine Stock Exchange

Yes [x] No [ ]

Check whether the issuer:

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

Yes [x] No [ ]

- has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

State the aggregate market value of the voting stock held by non-affiliates. ₱7.71 Billion

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

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 of the Commission.

Not Applicable

Yes [ ] No [ ]

If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-1 into which the document is incorporated.

(a) Any annual report to security holders;
(b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);
(c) Any prospectus filed pursuant to SRC Rule 8.1-1

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Part 1 – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

1. 1. Brief Description and Recent Developments

Filinvest Land Inc. ("FLI" or "the Parent Company") is one of the leading real estate developers in the country, providing a wide range of real estate products to residential and commercial customers. FLI (including its predecessor's operations) has over 50 years of real estate expertise and has developed over 2,500 hectares of land, having provided home/home sites for over 200,000 families.

FLI is one of the largest nationwide residential developers in 55 cities and towns in 22 provinces in the Philippines. It is also one of the largest mid-rise buildings (MRB) developers in the country today and a market leader in the affordable and middle-income residential segments. It currently owns land bank of 1,665 hectares and has joint ventures arrangement for another 201 hectares, totaling 1,866 hectares under its control and management for sustainable future growth.

The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, Dumaguete and Clark Mimosa. Upcoming locations are New Clark City (NCC), Ortigas, Manila, among others in the pipeline.

FLI now operates 34 office buildings totaling 576,008 square meters and 256,830 sq.m. Gross Leasable Area (GLA) in retail portfolio.

With a more diversified portfolio, FLI expects to generate stable recurring revenue from its retail and office investment properties. These recurring revenues can, in turn, be used to provide internally generated funding for other projects. FLI is not and has never been a subject of any bankruptcy, receivership, or similar proceedings.

<u>19.2-hectare South Road Properties</u>
In July 2015, FLI, Filinvest REIT Corp. ("FILRT") and Filinvest Alabang, Inc. ("FAI") (collectively referred to as "Filinvest Consortium") won the bidding for a 19.20-hectare lot in Cebu's South Road Properties (SRP). Thereafter, on August 7, 2015, the Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer's discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

As of February 27, 2019, such payment has not been received and no formal and definitive legal proceeding has been undertaken by the parties on this matter. Consequently, as of said date, the DSI remains valid and Filinvest Consortium has the sole and rightful claim over the property.

The 19.2-hectare property mentioned above is a separate property from the other two (2) properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to FLI Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to restitute the Filinvest Consortium of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020 with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019 the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.

The carrying value of the property amounted to ₱1.46 billion as of December 31, 2023.

1.2. Form and Date of Organization

FLI was incorporated in the Philippines on November 24, 1989 as Citation Homes, Inc. and later changed its name to FLI on July 12, 1993. It started commercial operations in August 1993 after Filinvest Development Corporation (FDC), FLI's Parent Company, spun off its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI. FLI was listed on the Philippine Stock Exchange (PSE) on October 25, 1993.

As of December 31, 2023, FDC owns 64.92% of Common Stock and 100% of Preferred Stock of FLI. FDC is the holding company for real estate and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr. and his family in 1955. The shares of FDC and FLI are both listed in the Philippine Stock Exchange. The ultimate parent company of FLI is A. L. Gotianun, Inc.

1.3. Subsidiaries

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2023, 2022 and 2021 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**2023**	2022	2021
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
SJR Developers, Inc. (SDI)	Real estate developer	**100%**	100%	–
Niyog Property Holdings, Inc. (NPHI) [2]	Real estate developer	**100%**	–	–

Subsidiaries	Nature of Business	**2023**	2022	2021
Cajel Realty Corporation (CRC) [2]	Real estate developer	**100%**	–	–
Filinvest REIT Corp. (FILRT)	Leasing	**63%**	63%	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%	100%
ProOffice Works Services, Inc. (ProOffice)	Property management	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Co-Living Pro Managers Corp. (CPMC)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas)[3]	Theater operator	**60%**	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%	98%
Nature Specialists, Inc. (NSI)	Recreational and hospitality business operator	**75%**	75%	75%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%	100%

(Forward)

Subsidiaries	Nature of Business	**2023**	2022	2021
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%	100%
FREIT Fund Managers, Inc. (FFMI)	Fund Manager	**100%**	100%	100%
OurSpace Solutions, Inc. (OSI) [4]	Coworking spaces	**70%**	100%	–

Notes:

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 1).*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KMC Community, Inc. (KCI),resulting to FLI's 70% ownership in OSI (see Note 1).*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Detailed discussion of each subsidiary follows:

- FAPI was incorporated on September 25, 2006 to develop the TSNC and Phase 2 of Timberland Heights

- FCGCC was incorporated on February 11, 2016 to undertake the development of the Clark Green City *(now New Clark City)* Project under the Joint Venture Agreement with Bases Conversion and Development Authority (BCDA). On March 16, 2016, FBCI, a joint venture company with BCDA, was incorporated to handle the aforementioned development. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA. As of December 31, 2023, FCGCC and FBCI have not started commercial operations.

- On January 19, 2018, FLI entered into a Share Sale and Purchase Agreement to purchase 100% of the total outstanding shares of GPRDI for a total consideration of ₱1.71 billion. The primary purpose of GPRDI is to hold, purchase, lease, contract otherwise acquire any and all real and personal properties. GPRDI has not started its commercial operations as of December 31, 2023.

- Homepro was incorporated on March 25, 1997 and started commercial operations on January 1, 2004.

- Filinvest REIT Corp. or FILRT *(formerly Cyberzone Properties, Inc. or CPI)*

  - CPI was incorporated on January 14, 2000 and began commercial operations on May 1, 2001. CPI is registered with the Philippine Economic Zone Authority (PEZA) as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its modified gross income in lieu of national and local taxes. CPI is also entitled to zero percent value-added tax on sales made to other PEZA-registered enterprises. CPI owns and operates the IT buildings in Northgate Cyberzone, located in a 10-hectare parcel of land within Filinvest City owned by the parent Company, FLI. CPI also leases a parcel of land measuring 2,831 sq.m. located in EDSA on which CPI built a 5-storey BPO building with a total GLA of 7,358 sq.m.

  - On January 20, 2021, FLI announced, through a Philippine Stock Exchange (PSE) disclosure, that its BOD has approved the transition of Cyberzone Properties, Inc. (CPI) into a Real Estate Investment Trust (REIT) company. CPI is intended to be listed on the PSE in compliance with the minimum public ownership requirements under Philippine securities regulations and the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations and under such terms and conditions as FLI's BOD may subsequently approve.

- On June 25, 2021, the shareholders of CPI, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Cyberzone Properties, Inc." to "Filinvest REIT Corp.", (ii) reduction of the par value of its shares, and (iii) increase of the CPI's authorized capital stock. The change in name of CPI, the reduction in the par value of its shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.

- On August 12, 2021, Filinvest REIT Corp. ("FILRT") was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in FILRT decreased to 63.3%. The transaction was accounted for as an equity transaction since there was no change in control over FILRT. Net proceeds from the public offering amounted to ₱12.13 billion and resulted in additions to retained earnings and noncontrolling interest amounting to ₱10.47 billion and ₱1.66 billion, respectively as of December 31, 2021. As of December 31, 2022, the noncontrolling interest in FILRT represents 36.7%.

- A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

- As of December 31, 2023 and 2022, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. Accordingly, the Group has derecognized deferred taxes of FILRT as of December 31, 2022 and did not recognize any deferred taxes in 2023.

- FAC was incorporated on January 22, 1997 and as at date of this report is 60%-owned by FLI and 40%-owned by Reco Herrra Pte.Ltd. (RHPL). RHPL is 100% beneficially owned by the Government of Singapore Investment Corporation Pte. Ltd (GIC). FAC owns 50% of the 52-storey PBCom Tower, which is strategically located at the corner of Ayala Avenue and V. A. Rufino Streets in the Makati City Central Business District. FAC owns 35,148 sq. m. of leasable office space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications.

  The PBCom Tower is registered as an information technology building by PEZA. Consequently, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5% tax on modified gross income in lieu of the national and local taxes, income tax holidays and zero-rated vat in certain cases.

- FCI was incorporated on February 4, 2014. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

- FCMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation or and hold for investment or otherwise deal in real estate of all kinds, nature, purpose and/or any interest or right therein. FCMI started its commercial operations in May 2018. FCMI is registered with Clark Development Corporation (CDC) as a Clark Freeport Enterprise enjoying incentives similar to PEZA such as zero percent VAT on its revenues and 5% income tax on modified gross income, in lieu of local and national taxes.

- FSI is the property manager of Festival Supermall and other commercial centers of the Group. FSI also owns 60% equity interest in FSM Cinemas, Inc. which is engaged in theater operations. The transaction was accounted for using the pooling of interest method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts.

- FLC, formerly Whiluc Realty & Mgt., Inc., is organized to invest in, purchase, hold, use, develop, lease, sell, assign, transfer mortgage, enjoy or otherwise dispose of, as may be permitted by law, all properties of every kind, nature and description and wherever situated, of any corporation.

- FLMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation, or otherwise, and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds, nature and purpose and/or any interest or right therein. FLMI has not started its commercial operations as of December 31, 2022.

- FLTI was incorporated on November 20, 2017. Its primary purpose is to acquire by purchase, lease (except financial leasing), donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds in order to develop, conduct, operation, lease, and maintenance of retail and commercial space for rent, restaurants, function halls, amusement centers, movie or cinema theaters within the compound to premises of the shopping centers. FLTI started its commercial operations in March 2018.

- ProOffice was incorporated on March 18, 2019 to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019.

- Prosper was incorporated on June 10, 2002 and started commercial operations on January 01, 2004. Prosper is engaged in the purchase, lease and management of hotel and resort properties, and is currently managing the condotel operations of a high-rise condominium (Grand Cenia) and hotel project (Quest Hotel) of the Parent Company. Prior to Prosper's condotel and hotel management business. Prosper was engaged in the business of real estate marketing.

- FSM Cinemas was incorporated on April 23, 1998 to engage in servicing, booking, and arranging of films, programs, shows, plays, and movies of all kinds, types, makes, and colors for movie houses, theaters, or cinemas and to exhibit, lease, rent, run or operate movie houses, theaters, cinemas, as well as, supply equipment, machines and accessories needed in cinemas, theaters or movie houses.

- On April 15, 2015, FLI and Engie Services Philippines (ENGIE) entered into a joint venture agreement to establish PDDC. On July 31, 2015, PDDC was registered with the SEC to engage in the business of building and operating a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by ENGIE.

- On July 18, 2018, the SEC approved TSNC's application on voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, the Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) converting of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive nonprofit association; and (e) removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application for voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation.

- Leisurepro was incorporated on April 21, 2004 and started commercial operations on January 1, 2006. The company is inactive since 2010.

- PPI was incorporated on March 29, 2017 to provide management, organizational, and other administrative services and training. PPI started its commercial operations in November 2017.

- PLIL, a company limited by shares, was registered at the territory of the British Virgin Islands on February 7, 2017. PLIL has not started its commercial operations as of December 31, 2022

- Promax was incorporated on October 3, 1997. It is engaged in real estate marketing business and handle the marketing and sale of socialized, affordable, middle income, high-end and farm estate property development projects of FLI.

- RPI was incorporated on August 3, 2017 to provide administrative support services and skills training primarily through the use of information technology, licensed software, and systems. RPI has started its commercial operations in November 2017.

- NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc. NSI has opened on March 14, 2021.

- FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to REIT companies.

- CPMC was incorporated on August 2, 2021 in to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has started commercial operations last November 2023.

- OSI was incorporated on May 26, 2022 to engage in developing, operating, managing and maintaining commercial buildings to be used as coworking spaces. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Community, Inc. (KCI) and FLI, for the development and management of flexible workspaces.

- On December 14, 2022, FLI entered into a Deed of Assignment to purchase 100% ownership in SDI. The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

1.4. Equity Investments in Associates

Corporate Technologies, Inc. (CTI)
CTI was incorporated on September 11, 1998. CTI is primarily involved in information technology service management. Share in net earnings (loss) of CTI amounted to ₱1.97 million and (₱2.94 million) for the years ended December 31, 2023 and 2022, respectively.

Pro Excel Property Managers, Inc. (Pro-Excel)
Pro-Excel was incorporated on November 28, 2001. Pro-Excel is engaged in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

On December 26, 2019, FILRT and FCI, wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell ownership in Pro-Excel to FAI. The sale resulted to a loss of control in Pro-Excel and deconsolidation by the Group. The remaining ownership of the Parent Company in Pro-Excel is 33%. Subsequently, on December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%. Share in net earnings of Pro-Excel amounted to ₱10.49 million and ₱4.01 million for the years ended December 31, 2023 and 2022, respectively.

Filinvest Alabang, Inc. (FAI)
FAI was incorporated on August 25, 1993 and started commercial operations in October 1995. FLI has a 20% equity interest in FAI. FAI's current project is the master-planned development of Filinvest City, a 244-hectare premier satellite city development project which has been designed using modern and state of the art, ecological, urban planning with a mixed-use integrated development with office, retail, residential, institutional, leisure and hospitality projects in southern Metro Manila. Located at the southern end of Metro Manila and adjacent to the South Expressway, Filinvest City is approximately 16 kilometers south of Makati, the central business district in Manila and 10 kilometers from the Ninoy Aquino International Airport. Filinvest City is surrounded by over 2,800 hectares of developed high-end and middle-income residential subdivisions and commercial developments. The said project is under a joint venture agreement with the Government. For the years ended December 31, 2023 and 2022, share in net earnings of FAI amounted to ₱213.7 million and ₱72.70 million, respectively.

Filinvest Mimosa, Inc. (FMI)
FMI was incorporated on March 31, 2016 and started commercial operations in June 2016. FLI has a 47.5% equity interest in FMI. FMI entered into a long-term lease of the Mimosa Leisure Estate after it bagged the rights to lease, develop and operate the 202-hectare estate development. FMI subleases to FCMI the development of residential, office, retail and co-living leasing segments of the Estate while another affiliate MCI, sub-leases the leisure, hospitality segments of the estate. For the years ended December 31, 2023 and 2022, share in net earnings of FMI amounted to ₱1.28 million and ₱5.77 million, respectively.

Dreambuilders Pro Inc. (DPI)
DPI was incorporated on January 11, 2017 to engage in and carry on a general construction business. DPI started its commercial operations in February 2017. DPI was deconsolidated from the Group and became associate effective December 17, 2020. For the years ended December 31, 2023 and 2022, share in net earnings (loss) of DPI amounted to (₱2.38 million) and (₱3.39 million), respectively.

SharePro Inc. (SPI)
SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Group. In December 2021, the Parent Company subscribed for 45.0% of SPI's capital stock amounting to ₱11.25 million. Share in net earnings of SPI amounted to ₱16.99 million and ₱2.81 million for the years ended December 31, 2023 and 2022, respectively.

1.5. Business Groups, Product Categories, Target Markets and Revenue Contribution

FLI is now composed of two business segments with corresponding product categories, target markets and revenue contributions as follows:

The two main line of business are the (1) real estate sales and recurring income business which covers the leasing of (a) commercial, dormitel and industrial spaces and (b) hospitality operations.

1.5.1 Real Estate Sales Segment

FLI's main real estate activity since it started operations has been the development and sale of residential property, primarily housing units and subdivision lots; in certain cases, provision of financing for unit sales.

Residential Projects

FLI is able to tap the entire residential market spectrum with the following range of housing units catering to various income segments:

Socialized housing: These developments are marketed and sold under FLI's Pabahay brand and consist of projects where lots typically sell for ₱160,000 or less per lot and housing units typically sell for ₱580,000 or less per unit. Buyers for these projects are eligible to obtain financing from the Government-mandated PAGIBIG Fund. Maximum sale prices for FLI's specialized housing products do not exceed the Government-mandated ceiling of ₱580,000 per unit. Any income realized from the development and improvement of socialized housing sites are exempt from taxation. In October 2023, the price limit for socialized housing was increased to ₱850,000.

Affordable housing: These developments are marketed and sold under FLI's Futura Homes brand and consist of projects where lots are typically sold at prices ranging from above ₱160,000 to ₱750,000 and housing units from above ₱850,000 to ₱2,500,000. FLI designs and constructs homes in this sector with the capacity and structural strength to give the owner the option to place an additional storey, which can double the available floor area. Affordable housing projects are typically located in provinces bordering Metro Manila, including Bulacan, Laguna, Batangas and Cavite, and in key regional cities and provinces such as Tarlac, Cebu, Davao, Palawan, Bacolod and Koronadal. Construction of a house in this sector is usually completed approximately six months from the completion of the required down payment.

Middle-income housing: These developments are marketed and sold under FLI's Aspire brand and consist of projects where lots are typically sold at prices ranging from above ₱750,000 to ₱1,200,000 and housing units from above ₱2,500,000 to ₱4,000,000. Middle-income projects are typically located within Metro Manila, nearby provinces such as Rizal, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Davao, and Zamboanga.

High-end housing: Marketed under Filinvest Prestige brand, these developments consist of projects where lots are sold at prices above ₱1,200,000 and housing units for above ₱4,000,000. FLI's high-end projects are located both within Metro Manila and in areas immediately outside Metro Manila.

Other Real Estate Projects

In order to achieve product and revenue diversification, FLI has added the following projects so as to cater to other market niches:

a. Townships

Townships are master-planned communities to include areas reserved for the construction of anchor facilities and amenities. FLI believes that these facilities and amenities will help attract buyers to the project and will serve as the nexus for the township's community. Anchor developments could include schools, hospitals, churches, commercial centers, police stations, health centers and some other government offices.

Filinvest at New Clark City

This 288-hectare property will be transformed into a vibrant mixed-use master planned metropolis that is in harmony with its natural setting. The BCDA, FLI's partner in the development, has completed the construction of the SCTEX-NCC Road and is now completing the Airport-NCC Road that will directly connect the project to the Clark Freeport Zone. New Clark City will be built around four pillars: world center, multi-gen metropolis, eco-efficient capital and strategic base – the cohesive foundation of a globally-competitive city. It will be shaped around the existing terrain, with meandering waterways and a Loop Park to connect its various pedestrian-friendly districts. Green path walks, bike lanes, e-transport systems and other innovative features are expected to set the benchmark for this pioneering development in the Philippines. The development will have 100 hectares of industrial park area, over 100 hectares of mixed-use commercial office, retail and residential developments, all interspersed with over 80 hectares of greens and open spaces. Currently, site development is ongoing including construction of ready-built factory buildings.

Filinvest Mimosa+ Leisure City

As the winning bidder in the privatization of the Mimosa estate in Pampanga, Filinvest is currently developing the 201-hectare property under Filinvest Mimosa, Inc., a new company formed by the consortium of FLI and FDC. FLI will handle the retail, office and residential components through its subsidiary FCMI, while FDC will undertake the hospitality, leisure and gaming segments, through its subsidiary Mimosa Cityscapes, Inc. (MCI). Envisioned to be a top-of-mind, year-round business and leisure destination, the sprawling Filinvest Mimosa+ Leisure City is being transformed into a vibrant and green central township that is home to various industries such as BPO, hospitality, retail, real estate, golf and gaming. Its location in Clark Freeport Zone allows FLI to take advantage of the growing interest of tourists and investors in the progressing Clark City. In addition to the renowned golf course, its components include a lifestyle and retail strip, a pavilion and grounds for events and an office campus called Workplus. This business hub will be composed of eight mid-rise buildings with fiber-optic facilities, podium parking and ground retail area. Also part of the design is a lovely promenade that will connect all buildings and serve as a place for employees to enjoy the serene outdoor environment of Mimosa. To complement the business and commercial district, the Quest Hotel and Conference Center Clark will be joined by a residential area of mid- to high-rise buildings for investment or end-use and the co-living/dormitel component (The Crib). The existing green resort environment will be further enhanced with parks, walking paths and bike trails to encourage wellness through nature and outdoor activities.

Ciudad de Calamba

Ciudad de Calamba is a 350-hectare development located in Calamba, Laguna. This township project is anchored by the Filinvest Technology Park-Calamba which is a PEZA-registered special economic zone. Ciudad de Calamba provides both industrial-size lots and ready-built factories to domestic and foreign enterprises engaged in light to medium non-polluting industries. FLI also donated to the city government of Calamba a parcel of land located within the Ciudad de Calamba, which will be used for a city health center and police station. FLI also intends to develop the Ciudad de Calamba Commercial Center as part of this township project.

Havila

Havila, or formerly, Filinvest East County is a 335-hectare township along the eastern edge of Metro Manila, which traverses the municipalities of Taytay, Antipolo and Angono. It is anchored by two educational institutions: San Beda College – Rizal and the Rosehill School. The master plan for Havila provides for a mix of affordable, middle-income and high-end subdivisions on rolling terrain overlooking Metro Manila at an elevation of 200 meters above sea level.

Timberland Heights

Timberland Heights is a 677-hectare township project anchored by the Timberland Sports and Nature Club. It is located in the municipality of San Mateo, which is just across the Marikina River from Quezon City, and has been designed to provide residents with leisure facilities and resort amenities while being located near malls, hospitals and educational institutions located in Quezon City.

City di Mare

Inspired by the world’s best-loved coastal cities, City di Mare, or “City by the Sea”, spans across 50.6 hectares at Cebu’s South Road Properties.

It is a master-planned development composed of different zones catering to a wide array of lifestyles and activities - Il Corso, the 10.6-hectare waterfront lifestyle strip; the 40-hectare residential clusters; and The Piazza, nestled at the heart of the residential enclaves puts lifestyle essentials such as school, church, shops, and restaurants within the neighborhood. City di Mare is envisioned to be a destination in itself, taking full advantage of the coastal ambience featuring seaside shopping, dining, beach and water sports and more, right by the water’s edge.

The 10.6-hectare retail development known as Il Corso shall have a gross leasable area of approximately 32,000 square meters. City di Mare has four resort-themed residential enclaves inspired by world-class resorts, with each 10-hectare development flaunting a distinct architectural character. With over 65% of the property allocated for wide, open areas and landscaped greens, City di Mare provides the generous amenity of breathing space and a refreshing dose of nature throughout the site. Residences are spread out over the sprawling development, maximizing the abundant sunlight and allowing the invigorating sea air to circulate freely.

In July 2015, FLI, Filinvest REIT Corp. (“FILRT”) and Filinvest Alabang, Inc. (“FAI”) (collectively referred to as “Filinvest Consortium”) won the bidding for a 19.20-hectare lot in Cebu’s South Road Properties (SRP). This property is referred to as SRP 2.

Wood Estates

A 94-hectare township located in Trece Martires, Cavite with easy access to schools, shopping centers and transportation hubs.

Iloilo Centrale

Iloilo Centrale is an 11.4-hectare mixed-use development in Leganes, Iloilo City where the highly anticipated Panay-Guimaras bridge will be located. Blending modern urban living with Iloilo's timeless heritage and charm, Iloilo Centrale will be a vibrant community offering residential, commercial, retail, and recreational spaces, as well as a transport hub.

b. Leisure projects

FLI's leisure projects consist of its residential farm estate developments and residential resort development.

1. Residential farm estates

FLI's residential farm estate projects serve as alternative primary homes near Metro Manila to customers, such as retirees and farming enthusiasts. Customers can purchase lots (with a minimum lot size of 750 square meters) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farm development, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers being responsible for the construction of residential units on their lots. To help attract buyers, FLI personnel are available on site to provide buyers with technical advice on farming as well as to maintain demonstration farms.

At present, FLI has three residential farm estates:

Nusa Dua Farm Estate ("Nusa Dua") located in Cavite province just south of Metro Manila. The amenities at the Nusa Dua development include a two-storey clubhouse and a 370 square meter swimming pool.

Mandala Residential Farm Estate ("Mandala") located in Rizal province as part of the FLI's Timberland Heights township project. It offers hobby farmers generous lot cuts and Asian-inspired homes that complement the mountain lifestyle.

Forest Farms Residential Farm Estate ("Forest Farms") located in Rizal province as part of Company's Havila township project. It is an exclusive mountain retreat and nature park, nestled between the hills of Antipolo and forested area of Angono.

2. Residential resort development

Kembali Coast on Samal Island, Davao is a beachfront residential resort development. This 50-hectare Asian-Balinese inspired island getaway offers low-density exclusivity and comes with a 1.8 km beach line that offers unobstructed view of the sea.

Laeuna de Taal ("Laeuna") is located in Talisay Batangas with a view of the Taal lake and a lakeside residential community, about a ten-minute drive from the popular tourist destination of Tagaytay. Laeuna is an Asian Tropical-inspired community which offers three (3) residential enclaves (Arista, Bahia and Orilla) with a range of property choices for every family. Located on the water front is the Lake Club, a lakeside amenity designed for wellness, recreation and celebration.

c. Medium Rise Buildings

Medium Rise Buildings (MRB) projects are five-storey to ten-storey buildings clustered around a central amenity area. The buildings occupy 30% to 35% of the land area, providing a lot of open spaces. FLI currently has the following MRB projects:

Project Name	Location
Metro Manila/ Luzon	
Asiana Oasis	Paranaque City
Bali Oasis	Pasig City
Bali Oasis 2	Pasig City
Capri Oasis	Pasig City
Fora	Tagaytay
Fortune Hill	San Juan City
Futura East	Cainta, Rizal
Maui Oasis	Sta. Mesa, Manila
One Oasis Ortigas	Pasig City
One Spatial	Pasig City
Panglao Oasis	Taguig
Sorrento Oasis	Pasig City
The Signature	Balintawak, Quezon City
Verde Spatial	Quezon City
Alta Spatial	Valenzuela City
Centro Spatial	Manila
Belize Oasis	Muntinlupa
Futura Monte	Naga City

Project Name	Location
Visayas	
Amalfi Oasis	City di Mare, Cebu
Marina Spatial	Dumaguete
One Oasis Cebu	Mabolo, Cebu City
One Spatial Iloilo	Iloilo
San Remo Oasis	City di Mare, Cebu
Umi Garden	City di Mare, Cebu
Mindanao	
Centro Spatial	Davao City
Eight Spatial	Maa, Davao
One Oasis Cagayan de Oro	Cagayan de Oro
One Oasis Davao	Davao City
Veranda Resort Condos	Davao
Maldives Aspire	Davao
Futura Vinta	Zamboanga
Futura Bay	General Santos, South Cotabato

d. High Rise Buildings

The Linear
The Linear, a master-planned residential and commercial hub in Makati City. Two-L-shaped towers, each 24-storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals.

Studio City
Studio City is a community composed of five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the nearby Madrigal Business Park.

Since it is located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions. The development consists of 18-storeys per building with commercial units at the ground floor. All residential floors will have 25 studio units per floor .

The Levels
Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with four towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens. The second tower has just been launched.

Vinia Residences
Vinia is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and just steps away from the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to yuppies and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city.

Studio Zen
Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently and a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area.

Studio A
Studio A is a single tower 34-storey hi-rise residential condominium located in Loyola Heights in Quezon City. A community conveniently situated near premier universities, the LRT 2 line and other commercial establishments.

100 West
100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is in the Makati Business District and accessible to both north and south of Metro Manila.

Studio 7
Studio 7 is a mixed-use development that will have office and residential towers complemented with retail outlets, located in Quezon City along EDSA very close to the GMA-Kamuning MRT station. Studio 7 will have studios as well as one-bedroom residential units.

Activa
Activa is a mixed-use development with residential, office, retail and hotel components. It is entrenched in the heart of Quezon City's busiest and liveliest district, Cubao. Situated at the crossroads of two of the metro's most vital thoroughfares. Activa connects to the north and south via EDSA, and to the east and west via Aurora Boulevard. It also has direct access to the MRT and LRT lines, and accessible by various modes of transportation like buses and jeepneys.

Studio N
Studio N is a 25-Storey development and is the latest addition to the studio series portfolio of Filinvest. This is located at the main business hub of Filinvest City. This is currently under construction.

Analysis of Real Estate Sales

The table below shows a comparative breakdown of FLI’s journalized real estate sales by product categories for the years ended December 31, 2023 and 2022 (in Thousands).

	Years ended December 31			
Category	**2023**		**2022**	
	Amount	**% to total**	**Amount**	**% to total**
Medium income	**₱9,835,600**	**67.9%**	**₱8,915,046**	**69.5%**
Low affordable and affordable	**3,367,527**	**23.2%**	**2,661,307**	**20.7%**
High-End and Others	**855,169**	**5.9%**	**1,026,177**	**8.0%**
Socialized	**428,210**	**3.0%**	**233,526**	**1.8%**
Total	**₱14,486,506**	**100.0%**	**₱12,836,056**	**100.0%**

Analysis of Cost of Sales

The table below shows a comparative breakdown of FLI's journalized cost of sales into various categories for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	2023	2022	2021
Land acquisition cost	**₱1,067,847**	₱1,058,245	₱948,229
Land development and construction cost	**7,033,638**	6,296,444	5,495,460
	₱8,101,485	₱7,354,689	₱6,443,689

1.5.2. Recurring business segment

Leasing of properties

FLI's investment properties are mainly categorized as retail and office segments. The Group has also started investments in new leasing formats - dormitels (co-living) and industrial parks.

Commercial Retail Leasing Properties

Festival Mall Alabang

The landmark project, Festival Supermall, carries on its position as the prime destination for recreation and retail in southern Metro Manila. With more 'firsts' on its offerings and a better shopping ambiance, the mall has elevated the retail experience in the south. It is one of the country's largest shopping malls with more than 1,000 shops.

Major improvements have been undertaken and continue to be undertaken for the existing mall and its facilities. New interiors give the mall a refreshed look and modern ambiance, complementing the recently completed 46,000 sq.m. expansion wing. Decathlon, a French sporting goods retailer, opened a 5,000 sq.m. store in the original mall. New lifestyle and food tenants continue to open in the expansion wing.

The introduction of new and unique food establishments has made Festival a gastronomic destination ushering in new traffic and strengthening its appeal to its core target market. The Water Garden, a new distinctly refreshing outdoor amenity and convergence zone in the expansion wing, continues to be favorite among mall patrons. Uniqlo opened its first ever roadside store in the country in Westgate, Festival's affiliated lifestyle development in Filinvest City.

Fora Mall

Conveniently located right by Tagaytay Rotunda is Fora Mall, the first regional mall in the area. This prime retail destination provides about 26,000 sq. m of leasable space amidst nature, open spaces, and a beautifully-landscaped amphitheater. It primarily serves the local market and Tagaytay bound tourists. A number of local and popular food concepts, along with national brands, have opened in the mall. Super Metro, a 24-hour hypermarket, serves as its anchor. Other notable shops include Ace Hardware, Power Mac and OwnDays. The mall also has four (4) digital cinemas which have become the go to place for Tagaytay City and surrounding towns for recreation.

Main Square

With a smaller format of over 18,000 sq. m leasable area, Main Square is the first and only mall along Bacoor Blvd, close to Bacoor City Hall and fronting Princeton Heights. Positioned as the reliable one-stop hub for neighboring gated villages of Bacoor, it provides basic shopping, wellness, service and convenience offerings from partner brands such as Anytime Fitness, Watson's, Ace Hardware and Japan Home. The mall's anchor for this development is Robinsons Supermarket, which has become the most convenient essentials shopping option in the area. The City of Bacoor has also opened its satellite offices in Main Square.

Il Corso
Il Corso is a retail development with an estimated 34,000 sq. m of leasable area in the City di Mare estate development of Filinvest in the South Reclamation Area of Cebu City. It's opened restaurants facing the sea have become destinations in the southern edge of Cebu City. The cinema has also opened. A 10,000 sq.m. portion of the mall is being reconfigured to accommodate Business Process Outsourcing companies.

Mimosa Lifestyle Mall
Located within Clark Mimosa+ Leisure City in Pampanga, this mall is under constructions and will include a dining area with tree canopies and retail pavilions. this will be F&B focused with outdoor dining areas.

Commercial Office Properties

As of December 31, 2023, the Group owns commercial office spaces for lease to several BPO and other office locators. Primarily, they are located in Northgate Cyberzone in Filinvest City, Alabang, Muntinlupa. Northgate is an 18-hectare PEZA zone that enjoys developer incentives. Among the Group's portfolio is the PBCom tower where FLI owns 60.0% through FAC, which owns 50.0% of the 52-storey PBCom Tower in the Makati CBD. PBCom Tower is a Grade A-PEZA-registered, IT/office building on Ayala Avenue, Makati City with a GLA of 35,148 sq.m.

The Group also owns several completed office developments, in Bay City, Pasay, EDSA near Ortigas MRT station, Clark Mimosa and Cebu IT Park. A summary of the GLA is set forth below:

Location	**Number of Buildings**	**GLA (sq. m.)**
Northgate Cyberzone, Filinvest City	20	366,893
Metro Manila outside of Filinvest City	7	122,668
Outside Metro Manila	7	86,517
Total	**34**	**576,008**

The office buildings of Filinvest are mainly located in business parks or in mixed-used complexes highly accessible to public transport. The Group believes its business park model, wherein the Group builds on areas specifically suited for business and industrial establishments supported, in certain cases, by incentives from the Government, gives it a competitive advantage as business parks are the preferred site of major BPO tenants. Being located in a major business park allow the tenants assurance of expansion options within close proximity thereby giving the Group an advantage over stand-alone developments.

- Northgate Cyberzone, an 18-hectare, PEZA-registered IT park located in Filinvest City in Alabang. The office buildings of the Group sit within the 10-hectare parcel of land in the Northgate district owned by FLI.

  Mimosa Workplus, an office village that is comprised of eight buildings set amidst the lush natural environment of the Filinvest Mimosa+ Leisure City.

- Cyberzone Cebu and Filinvest IT Park are two distinct developments on two separate Build-Transfer-Operate (BTO) arrangements with the Cebu Province. The two parcels of land totaling 2.9 hectares are in close proximity to the city center located along Banilad and Salinas Avenue in Cebu. Together these comprise 7 office towers, a mall and a hotel development. The office and mall portions are pre-certified LEED Gold rating.

- Filinvest Cyberzone Bay City, a 4-tower office complex in the bustling section of the Bay Area. Its four towers are already completed and operating. The complex is also certified LEED Silver rating.

- 100 West is part of a mixed used building in the Makati Central Business District. Office space allocated is approximately 14,333 sq. m.

- Marinatown Dumaguete is a mixed-use development with residential, office and retail components located in the Dumaguete Bay.

Ongoing Construction

- Activa is a 1.37-hectare mixed use development at the corner of EDSA and Aurora Boulevard and lies in close proximity to the Cubao LRT and Cubao MRT Stations. The development will have the following: BPO office tower, a traditional office tower, residential tower, hotel and a retail mall. The designs for the BPO office and mall portions are pre-certified with LEED Gold rating.

- Studio 7 is a two (2)-tower mixed-use complex comprising of residential and office buildings on a retail and parking podium. Located along major thoroughfare EDSA in Quezon City, it is strategically located close to the GMA Kamuning Metro Rail Transit 3 Station and is a pre-certified LEED Silver rating.

- Filinvest Buendia located in the Makati Central Business District
- Columna located in Manila City

New Leasing Formats
Co-living units or Dormitels: The Crib Clark located in the Clark Mimosa Leisure estate serves as temporary living accommodations for employees within the Clark Economic Zone. Four buildings have been completed and fully leased out.

- Industrial Parks: Filinvest Innovation Parks in Filinvest New Clark City and Ciudad de Calamba targets industrial locators who will lease land or ready built factory buildings.
- Co-working spaces: Management of co-working spaces in a joint venture with KMC Community which will be located in Filinvest office buildings. One branch is currently operating and another will be launched in 2024.

The Group will continue to carry out an intensive marketing campaign so to maintain high occupancy rates in its investment properties to maximize leasing revenues.

The table below shows a breakdown of FLI's recorded gross leasing related revenues for the years ended December 31, 2023 and 2022 (amounts in Thousands of Pesos, except percentages).

	Years ended December 31			
	2023		2022	
	Amount	**% to total**	Amount	% to total
Office	**4,663,848**	**64.8%**	4,671,844	73.6%
Retail / Commercial	**2,537,102**	**35.2%**	1,678,564	26.4%
Total	**7,200,950**	**100.0%**	6,350,408	100.0%

Hospitality business operations

FLI created the ff projects which operates under the hospitality business. However, the totality of these operations is not significant to be classified as a separate segment. The results of operations of the following are just classified under the recurring or leasing business.

Grand Cenia located within the Cebu Business District
Fora located right beside the Fora Mall at the center of Tagaytay City
Timberland located in Rizal

1.6. Marketing and Sales

1.6.1 Real Estate Sales Segment

FLI develops customer awareness through marketing and promotion efforts and referrals from satisfied customers. FLI has a real estate marketing team, a network of sales offices located in the Philippines and tie-ups with independent brokers/marketing partners in other countries such as Europe, Hongkong, the Middle East, Japan, and Singapore. FLI's marketing personnel, together with in-house sales agents and accredited agents, gather demographic and market information to help assess the feasibility of new developments and to assist in future marketing efforts for such developments.

FLI conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers, and brochures designed specifically for the target market. Advertising and promotional campaigns are conceptualized and conducted by FLI's marketing personnel and by third-party advertising companies. These campaigns are complemented with additional advertising efforts, including booths at shopping centers, such as Festival Supermall, and other high traffic areas, to promote open houses and other events.

FLI also believes that the OFW population, as well as expatriate Filipinos, constitute a significant portion of the demand for affordable and middle-income housing either directly or indirectly by remitting funds to family members in the Philippines to purchase property. To this end, FLI has appointed and accredited independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, Singapore, Hongkong, the United Kingdom and the Middle East. These brokers act as FLI's marketing and promotion agents in these territories to FLI and its products. FLI also sponsors road shows in countries to promote its projects, targeting potential buyers, especially the OFW and Filipino expatriate markets. FLI also markets its properties using the Internet or via Digital marketing platforms.

Sales for FLI's housing and land development projects are made through both in-house sales agents and independent brokers. Both FLI's in-house sales agents and independent brokers are compensated through commissions on sales. In-house sales agents also receive a monthly allowance and are provided administrative support by FLI, including office space and expense allowances.

In addition to in-house sales agents and independent brokers, FLI also employs representatives who staff its sales offices and provide customers with information about FLI's products, including financing and technical development characteristics. FLI also assigns each project a sales and operations coordinator who will provide customers with assistance from the moment they make their sales reservation, during the process of obtaining financing, and through the steps of establishing title on their new home. FLI also has personnel who can advise customers on financing options, collecting necessary documentation and applying for a loan. FLI also helps design down payment plans for its low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, FLI has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

1.6.2 Leasing Segment

Various professional, multinational commercial real estate leasing agents (including, but not limited to Jones Lang LaSalle, Santos Knight Frank, Colliers, CB Richard Ellis and Leechiu Property Consultants) are accredited to find tenants for its office space. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease except for the Filinvest Cebu Cyberzone buildings located in IT Park Metro Cebu City wherein Santos Knight Frank is the exclusive leasing agent but also earn commission base on the term of the lease.

FLI also maintains, through its subsidiaries, an in-house leasing team to do marketing and administration of its office & commercial spaces.

1.7. Customer Financing for Real Estate Projects

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of FLI's housing and land development business. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. FLI also provides a significant amount of in-house financing to qualified buyers.

In-house financing

FLI offers in-house financing to buyers who chose not to avail of Government or bank financing. FLI typically finances 80% of the total purchase price, which is secured primarily by a first mortgage over the property sold. The loans are then repaid through equal monthly installments over periods mostly from 5 to 10 years. The interest rates charged by FLI for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the term of the loan.

PAG-IBIG Fund

A substantial number of buyers of the FLI's socialized housing units finance their purchases through the Home Development Mutual Fund, or PAGIBIG Fund. To provide a liquidity mechanism to private developers, the PAGIBIG Fund has instituted a take-out mechanism for conditional sales, installment contract receivables and mortgages and repurchases of receivables from housing loans of its members.

National Home Mortgage Finance Corporation (NHMFC)

This is the government's primary secondary mortgage institution. It also offers financing for homebuyers

Mortgage loans

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by each bank and who are able to comply with each bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Philippine Guarantee Corporation (PhilGuarantee). To assist prospective buyers, obtain mortgage financing from commercial banks, FLI also has arrangements with several banks to assist qualified customers to obtain financing for housing unit purchases.

Deferred cash purchases

In addition to the aforementioned financing arrangements, FLI has offered so-called "deferred cash" purchases, particularly for its high-end and leisure developments. Under this arrangement, the entire purchase price is amortized in equal installments over a fixed period, which is typically 24 months. Title to the property passes to the buyer only when the contract price is paid in full or when the buyer executes a real estate mortgage in favor of FLI which can be annotated on the title to the property.

1.8. Real Estate Development

FLI's real estate development activities principally include the purchase of undeveloped land or entering into joint venture agreements covering undeveloped land, the development of such land into residential subdivisions or other types of development projects, the sale of lots, the construction and sale of housing units and the provision of financing for some sales. Some projects are also developed through long-term land leases.

FLI plans to continue initiatives to further integrate its operations. FLI has established in 2017 a separate construction company (Dreambuilders Pro, Inc.) to undertake construction of specific projects and products, such as MRBs, to improve its cost competitiveness. Moreover, FLI has embarked on targeted digitalization processes, such as the use of building information modeling for design, as well as the acquisition and implementation of other software for bidding and project management, all in an effort to improve both cost and process efficiencies. Online platforms are continuously being developed and enhanced to ensure efficient touchpoints to its business partners such as customers, contractors, sellers and brokers. FLI also has separate property management teams with digital customer service applications to focus on monitoring and delivering the services to its clients.

Some development and construction work are contracted out to a number of qualified independent contractors on the basis of either competitive bidding or the experience FLI had with a contractor on prior project. FLI weighs each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments.

FLI maintains relationships with over 100 independent contractors and deals with them on an arm's length basis.

FLI does not enter into long-term arrangements with contractors. Construction contracts typically cover the provision of contractor's services in relation to a particular project or phase of a project. Progress payments are made to contractors during the course of a project development upon the accomplishment of pre-determined project performance milestones. Generally, FLI retains 10% of each progress payment in the form of a guarantee bond or cash retention for up to one year from the date the contracted work is completed and accepted by FLI to meet contingency costs.

FLI is not and does not expect to be dependent upon one or a limited number of suppliers or contractors. Its agreements with its contractors are in the nature of supply of labor and materials for the development and/or construction of its various real estate projects.

1.9. Competition

1.9.1. Real Estate Sales Segment

Real estate development and selling is very competitive. FLI believes it is strongly positioned in the affordable to middle-income residential market segments. Success in these market segments depends on acquiring well-located land at attractive prices often in anticipation of the direction of urban growth.

FLI believes that the name and reputation it has built in the Philippine property market contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land / project developers in the Philippines. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete on the basis of the pricing of its products, offering a wider range of product types for different market sectors. Its brand name and its track record of successfully completing quality projects also give credibility to our products.

FLI directly competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on a specific market segment and geographic coverage. Its direct competitors include Ayala Land Inc., Vista Land, Robinsons Land, SMPHI and DMCI Homes.

FLI faces significant competition in the Philippine property development market including land acquisition. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines.

FLI's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. Based on FLI's current development plans, FLI believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, FLI expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

1.9.2. Leasing Segment

With regards to the Group's assets dedicated to office space leasing and shopping mall operations, the Group competes with property companies such as Ayala Land Inc., Robinsons Land Corp. and SM Prime Holdings in retail space leasing. In office space leasing, particularly to call centers and other BPO operators, the Group competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Corporation, SM Prime, and Megaworld Corporation.

1.10. Related-Party Transactions

The Group is a member of the Filinvest Group. The FLI and its subsidiaries, in their ordinary course of business, engage in transactions with FDC and its subsidiaries. The Group's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Significant related party transactions for the year ended 31 December 2023 are as follows:

(a) *Transactions with bank under common control of the ultimate parent (EWBC)*
On 03 January 2012, the Group entered into a Receivable Purchase Agreement with EWBC, an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EWBC all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EWBC will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EWBC, including safekeeping of the collections in trust until these are remitted to EWBC, ten (10) days after the beginning of each month.

For the performance of the said services, the Group charges EWBC a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contract receivables sold to EWBC, this will be subsequently distributed to EWBC under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EWBC and the Group has no liability to EWBC for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱96.60 million and ₱21.34 million as of December 31, 2023 and 2022, respectively, are maintained with EWBC. The Group also maintains cash and cash equivalents with EWBC.

As of December 31, 2021, the amounts payable to EW related to a purchase of land amounted to ₱2.14 billion and are presented as part of Accounts Payable under accounts payable and accrued expenses in the consolidated statement of financial position. The purchase was fully paid in 2022.

(b) *Transactions with Ultimate Parent (ALG)*
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

(c) *Transactions with Parent Company (FDC)*
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

On December 12, 2022, FILRT entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan. The parties agreed to a total purchase price of ₱1,047.1 million, ₱314.1 million, representing 30% of purchase price, payable upon signing of the agreement and the remaining 70% amounting to ₱732.9 million payable in equal quarterly installment up to December 2024. The land and related liability were carried at present value of future cash flow amounting to ₱1,021.8 million and ₱683.3 million, respectively.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price.

(d) *Transactions with an Associates*

FAI

Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-excel after the transfer is 47.5%.

Pro-excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances. DPI also provides project and construction management services for FLI projects.

FMI
Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses. It is also the land sub-lessor of FCMI.

CTI
Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

SPI
Transactions with SharePro, Inc. relates to sharing of common expenses and service fees for technical and project management.

In 2022 and 2021, certain employees of FLI were transferred to SPI, an associate. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI under "Other payables". As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million.

(e) *Transactions with Affiliates*
Transactions with affiliate relates to sharing of common expenses paid by the Parent Company on their behalf.

FILRT entered into a service agreement with FDC Retail Electricity Sales whereby FILRT shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

FILRT also entered into a service agreement with Professional Operations Maintenance Experts Incorporated. whereby FILRT shall engage and pay the services rendered by the latter to operate and maintain its equipment and premises.

FILRT and FLI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the FILRT's and FLI's parking facilities.

(f) The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱48.74 million, ₱28.40 million, ₱26.40 million in 2023, 2022 and 2021, respectively. Post-employment benefits of key management personnel amounted to and ₱8.26 million, ₱9.88 million and ₱22.28 million in 2023, 2022 and 202, respectively.

(g) *Leases with related parties – Group as lessor*
Chroma Hospitality, Inc. leases the office space from FILRT. The lease term is 10 years, renewable by another 5 years upon mutual agreement by the parties.

(h) *Leases with related parties - Group as lessee*
The Group has several land lease transactions with related parties:

(a) Mall land lease with FAI
The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

(b) Land lease with FAI
The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third-party lessee. The lease term will expire on December 31, 2034.

(c) FCMI lease with FMI
FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

(d) PDDC lease with FAI
PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2023 and 2022, the amount included in lease liabilities payable to related parties is ₱5,952.3 million and ₱5,763.4 million, respectively.

1.11. Intellectual Property

The "Filinvest" trademarks, first of which was registered with the IPO on September 15, 2011, is the brand FLI uses for the names of certain real estate products and for trademarks relating to the "FLI" brand. Below are service marks owned by FLI and registered with the IPO:

TRADEMARK	DATE OF REGISTRATION	TRADEMARK	DATE OF REGISTRATION
One Oasis	10 Dec 2009	Havila	08 Dec 2016
One Oasis Ortigas	10 Dec 2009	Princeton Heights	08 Dec 2016
We Build the Filipino Dream (Slogan)	10 Dec 2009	Asenso Village	29 Dec 2016
The Linear Makati & Design	12 Aug 2010	Hampton Orchards	29 Dec 2016
Filinvest (New Logo)	15 Sept 2011	Tierra Vista	29 Dec 2016
Studio A	20 Dec 2012	Blue Isle	19 Jan 2017
The Signature	17 Apr 2014	Palmridge	19 Jan 2017
Fortune Hill	22 May 2014	Cyberzone Properties, Inc.	16 Feb 2017
Fora Rotunda Tagaytay	14 Aug 2014	Spring Heights	27 Apr 2017
The Leaf	20 Nov 2014	The Enclave at Filinvest Heights	27 Apr 2017
Vinia	20 Nov 2014	Filinvest International	04 May 2017
Citi di Mare	25 Dec 2014	The Filinvest IT Zone	11 May 2017
One Binondo	12 Feb 2015	8 Spatial	22 June 2017
I-Go	20 Feb 2015	Ciudad de Calamba	06 July 2017
Bali Oasis	26 Feb 2015	Verde Spatial	06 July 2017
Bali Oasis 2	26 Feb 2015	One Filinvest	14 July 2017
Citi di Mare (Logo and Tagline)	26 Feb 2015	Marina Town	30 July 2017
Kembali	26 Feb 2015	The Levels	30 July 2017
One Spatial	26 Feb 2015	Studio City	29 Dec 2019
Serulyan Mactan	26 Feb 2015	Marina Spatial	10 Aug 2017
Capri Oasis	05 Mar 2015	Grand Cenia Residences	17 Aug 2017
Timberland Heights (Horizontal Orientation)	14 May 2015	Sanremo Oasis	17 Aug 2017
Timberland Heights (Stacked Orientation)	14 May 2015	East Spatial	24 Aug 2017
Kembali (Reversed Logo)	25 June 2015	Phuket Oasis	24 Aug 2017

The Glades	09 July 2015	Sorrento Oasis	24 Aug 2017
100 West	23 July 2015	Studio Zen	24 Aug 2017
Activa	13 Aug 2015	Austine Homes	14 Sept 2017
The Veranda	27 Aug 2015	Eastbay Palawan	07 Mar 2020
Studio 7	12 Nov 2015	Palm Estates	14 Sept 2017
Umi Garden Suites	11 Feb 2016	Filinvest Futura	07 Dec 2017
The Enclave Alabang	11 Feb 2016	Filinvest Prestige	07 Dec 2017
Filinvest (Reversed Logo)	24 Mar 2016	Futura by Filinvest	07 Dec 2017
Filinvest Premiere	24 Mar 2016	Prestige by Filinvest	07 Dec 2017
Futura	24 Mar 2016	Brentville International Community	17 Dec 2017
The Ranch	12 May 2016	New Leaf	04 Jan 2018
The Prominence	26 May 2016	The Wood Estates	18 Jan 2018
Aldea Real	07 July 2016	Asiana Oasis	15 Feb 2018
Filinvest Technology Park	07 July 2016	Ventura Real	29 Mar 2018
La Brisa Townhomes	07 July 2016	Nature Grove	19 Apr 2018
Montebello	07 July 2016	Belize Aspire	19 Apr 2018
Punta Altezza	07 July 2016	Southwind	12 July 2018
Springfield View	07 July 2016	Centro Spatial	02 Sept 2018
The Glens	07 July 2016	Laeuna de Taal	14 Feb 2019
Vista Hills	07 July 2016	Amalfi	14 Feb 2019
Woodville	07 July 2016	Futura East	02 Sept 2018
Panglao Oasis	14 July 2016	Futura Tierra	02 Sept 2018
Amare Homes	04 Aug 2016	Manna East by Filinvest	04 Oct 2018
Nusa Dua	04 Aug 2016	Futura Vinta	02 June 2019
Pine View	04 Aug 2016	Belize Oasis	02 June 2019
Santoso Villas	04 Aug 2016	Futura Centro	16 May 2019
Blue Palm Estate	11 Aug 2016	venti-lite	08 Feb 2020
Bluegrass County	11 Aug 2016	Filinvest Gaia New Clark City	13 Oct 2020
Pueblo Solana	11 Aug 2016	Columna	20 Nov 2020
Summerbreeze	11 Aug 2016	Studio N	11 Sept 2020
Savannah Fields	01 Sept 2016	Studio N (Tradename)	11 Sept 2020
Park Spring	02 Nov 2017	Futura One Fora Dagupan	10 Jan 2021
Aspire by Filinvest	07 Dec 2017	Brentville International Community	28 May 2021
Filinvest Aspire	07 Dec 2017	Perth Oasis City Di Mare	10 Jan 2021
Meridian Place	08 Sept 2016	Sunrise Place	27 Aug 2021
Alta Spatial	30 Sept 2016	Futura Mira	18 Nov 2021
Kembali Coast	30 Sept 2016	Futura Primo	07 Mar 2022
The Tropics	30 Sept 2016	Timberland Heights	26 May 2022
Maui Oasis	20 Oct 2016	Filinvest Innovation Park	10 Feb 2022
Ashton Fields	03 Nov 2016	Futura Monte Naga	01 Sept 2022
Sandia Homes	24 Nov 2016	Futura Bay General Santos	17 Oct 2022
Valle Alegre	24 Nov 2016	Sydney Oasis	06 May 2023
Valle Dulce	24 Nov 2016	Stello Centrale	30 Sept 2023

FLI has pending applications with the IPO for the following trademarks:

Filinvest Cyberzone
Futura Shores Dumaguete

The Company has likewise filed an application with the World Intellectual Property Office (WIPO) for the international registration of the "Filinvest" trademark under the Madrid Protocol. Accordingly, "Filinvest" is now registered in the following countries:

COUNTRY	DATE REGISTERED
Malaysia	04 Mar 2015
United States of America	08 Mar 2016
Qatar	15 May 2016
Kuwait	04 Sept 2016
United Arab Emirates	22 Mar 2017
Thailand	22 May 2017
Singapore	24 Aug 2017
Japan	22 June 2018
Taiwan	01 July 2018
Cambodia	19 July 2018
Hong Kong	24 Aug 2018
China	21 Sept 2018 (Class 37);
Korea	19 Nov 2018

COUNTRY	DATE REGISTERED
Malaysia	04 Mar 2015
United States of America	08 Mar 2016
Qatar	15 May 2016
Kuwait	04 Sept 2016
United Arab Emirates	22 Mar 2017
Thailand	22 May 2017
Singapore	24 Aug 2017
Japan	22 June 2018
Taiwan	01 July 2018
Cambodia	19 July 2018
Hong Kong	24 Aug 2018
China	21 Sept 2018 (Class 37);
Korea	19 Nov 2018

Statements of Certificate of Protection of the "Filinvest" trademark have also been issued by the following countries:

COUNTRY	DATE
United Kingdom	14 Apr 2015
Australia	01 July 2015
Denmark	14 Sept 2015
Norway	16 Sept 2015
Switzerland	11 Dec 2015
Austria	16 Aug 2018
Benelux	20 Aug 2018
Sweden	14 Nov 2018

Filinvest Clark Mimosa, Inc. (formerly, "Filinvest Cyberzone Mimosa, Inc.")

	Mark	Application No. / Registration No.	Date Registered
1	GOLF RIDGE (tradename)	04-2019-017968	05-Mar-20
2	GOLF RIDGE PRIVATE ESTATE	04-2019-020214	11-Apr-20

Filinvest REIT Corp.

	Mark	Application No./ Registration No.	Date Registered
1	FILREIT	04-2021-512915	01-Aug-21
2	FILRT	04-2021-512917	01-Aug-21
3	FILINVEST REIT CORP.	04-2021-512912	08-Oct-21
4	FILINVEST REIT CORPORATION	04-2021-512913	08-Oct-21
5	FILINVEST REIT	04-2021-512916	12-Nov-21

1.12. Government and Environmental Regulations

The real estate business in the Philippines is subject to significant Government regulations over, among other things, land acquisition, development planning and design, construction and mortgage financing and refinancing.

After the project plan for subdivision is prepared, FLI applies for a development permit with the local government. If the land is designated agricultural land, FLI applies with the Department of Agrarian Reform (DAR) for a Certificate of Conversion or Exemption, as may be proper. A substantial majority of FLI's existing landbank is subject to the DAR conversion process.

Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Approvals must be obtained at both the national and local levels. Evidently, the Parent Company's results of operations are expected to continue to be affected by the nature and extent of the regulation of its business, including the relative time and cost involved in procuring approvals for each new project, which can vary for each project.

The Parent Company is also subject to the application of the Maceda Law, which gives purchasers of real property on an installment basis certain right regarding cancellations of sales and obtaining refunds from developers.

FLI believes that it has complied with all applicable Philippine environmental laws and regulations. Compliance with such laws, in FLI's opinion, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position.

1.13. Employees and Labor

As of December 31, 2023, the Parent Company had a total of **974** full-time employees. This includes **61** executives, **182** managers, **171** supervisors and **560** rank and file employees. Management believes that FLI's current relationship with its employees is generally good and neither FLI nor any of its subsidiaries have experienced a work stoppage or any labor related disturbance as a result of labor disagreements. None of FLI's employees or any of its subsidiaries belongs to a union. FLI currently does not have an employee stock option plan.

FLI anticipates that there will be no significant change in the number of its employees in 2024.

FLI provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. FLI has also provided a mechanism through which managers and staff are given feedback on their job performance, which FLI believes will help to ensure continuous development of its employees. FLI also offers employees benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees.

1.14. Risks

There are risk factors that may affect the Parent Company or its operations. The risks may relate to its business or may relate to the Philippines where substantially all of its business activities are conducted and all of its assets are located.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company's business, financial condition, and results of operations face risks from public health epidemics or outbreaks of disease that could have an adverse effect on economic activity in the Philippines.

According to the Department of Health, the COVID-19 situation in the Philippines continues to improve four years after the pandemic struck.

Latest data from the DOH shows that the average daily cases of COVID-19 are less than 40, compared to thousands at the height of the global health crisis, which caused countries, including the Philippines, to close borders and impose mobility restrictions. On March 10, 2020, the World Health Organization characterized COVID-19 as a pandemic. The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of OFWs globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recentoutbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact to the Company's suppliers' ability to deliver, which could delay the construction of FLI's projects.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issueda Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an Enhanced Community Quarantine (ECQ) throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. The enhanced community quarantine was further extended to May 15, 2020, in order to stem the spread of COVID-19 and to prevent a second wave of infections. On March 24, 2020, Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which confers emergency powers on the President of the Philippines. On June 1, 2020 the country shifted to General Community Quarantine (GCQ) / Modified General Community Quarantine (MGCQ). Since then, until the present, the Philippine government has routinely been downgrading, upgrading, or extending quarantine measures of varying severity in response to the number of daily COVID-19 cases for each province and major city of the country. On August 24, 2020, Congress passed Republic Act No. 11494, the Bayanihan to Recover as One Act (the "Bayanihan 2") into law, which includes provisions that provide government funds to stimulate the economy while strengthening the health sector and the government's pandemic responses. As of July 30, 2021, due to rising cases brought about by the COVID-19 Delta variant, the Office of the President announced that Metro Manila would be reverting back to ECQ from GCQ beginning on August 6 to August 20. On August 20, 2021, the government downgraded Metro Manila to MECQ from August 21, 2021 to September 15, 2021. Thereafter, the government placed Metro Manila under GCQ from September 16, 2021 to October 31, 2021.

The Company's operations have been negatively affected by the COVID-19. For its residential trading business, the government imposed temporary stoppage of construction and social distancing protocols which delayed the completion of the Company's projects. IATF protocols also included social distancing policies and restrictions on face-to-face interaction. Only the businesses classified as "essentials" were allowed mobility and continued operations. To mitigate the impact of the restrictions, the company shifted from the traditional face-to-face sales and marketing activities to digital processes, virtual interaction and use of online platforms. For the retail and mall operations, the lower rental income was mitigated by repurposing the spaces such as focusing on exhibits that are short terms and easily scalable depending on the prevailing quarantine rules. The uncertainty of the length of prevalence of the virus and economic disruption brought about by protocols implemented by the government to contain the virus, could continue to adversely affect the demand for the Company's businesses and rental space, and the ability of the Company to effectively operate.

As of the end of 2023, residential revenues increased 13% compared to 2022, indicating recovery of the residential business. The retail revenues increased 32% and is almost back to pre-pandemic levels. The office segment remains to be challenged due to hybrid/ work from home arrangements.

The Company operates in a competitive industry, which could limit the Company's ability to maintain or increase its market share and maintain profitability.

The Company's business operations are subject to competition. Some competitors may have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets. The entry of new competitors into the Company's business could reduce the Company's sales and profit margins. To address this, the Company continues to build housing products that appeal to its core market at the most competitive prices. It also focuses on after sales service to maintain its reputation in the industry.

FLI is subject to significant competition in connection with the acquisition of land for residential real estate projects, investment properties and the leasing business. The Company's future growth and development are dependent, in part, on their ability to acquire or enter into agreements to develop additional tracts of land suitable for the types of residential real estate projects they have developed over the years. As the Company and its competitors attempt to locate sites for development, FLI may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to them, particularly parcels of land located in areas surrounding Metro Manila and in other urbanareas throughout the Philippines. The Company may also have difficulty in attracting landowners to enter into joint venture agreements with them that will provide the Company with reasonable returns. In the event the Company is unable to acquire suitable land at acceptable prices, or at all, or to enter into agreements with joint venture partners to develop suitable land with reasonable returns, or at all, the Company's growth prospects could be limited and its business, financial condition and results of operations could be adversely affected. The Company continuously searches for suitable land for its projects especially in areas that it perceives will have significant demand.

The Company competes with a number of commercial developers, some of which have greater financial and other resources and may be perceived to have more attractive projects. Moreover, FLI's emphasis on medium-rise buildings("**MRBs**") potentially exposes the Company to greater competition for real estate projects due to there being fewer barriers to entry in this segment as compared to larger developments. Competition from other developers, and in the cases of Festival Supermall, Fora Mall or Main Square Mall, Il Corso from neighboring shopping malls, may adversely affect the Company's ability to successfully operate their investment properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office and retail space. The Company also faces competition with respect to its commercial office space properties, principally from Megaworld Corporation, Eton Properties Philippines, Robinsons Land Corporation, SM Prime Holdings, Inc. and Ayala Land, Inc., each of which has a large portfolio of commercial office space available for lease in Metro Manila'sprincipal business districts. These competitors may have greater experience in commercial leasing operations and there can be no assurance that the Company will be able to successfully compete with larger and more experienced competitors. Consequently, the competition that FLI faces could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's increased leverage could create operating risks for its business.

The increase in debt of FLI may bring about certain undesirable results such as:

- constraints in the Company's ability to service its debt obligations
- limits in the Company's ability to attain new financing for working capital, capital expenditures, debt refinancing, and other purposes
- obligations from the Company to divert a portion of its cash flow to debt service
- a lessening of the Company's financial flexibility to take advantage of opportunities in the Philippine economy or property industry

As of December 31, 2023, FLI's consolidated interest-bearing debt (defined as the sum of consolidated loans payable and consolidated bonds payable) amounted to ₱74.46 billion of which current and non-current portions amounted to ₱18.18 billion and ₱56.28 billion, respectively. If the Company is unable to refinance or repay its debt, FLI would have to consider financing options such as the sale of its assets that may cause it to modify, delay, or abandon its future development plans. To mitigate this risk, the Company adopts stringent monitoring mechanisms designed to manage its debt levels and ensure that they are within sustainable limits. The Company's interest-bearing debt-to-equity ratio remains healthy at 0.81x as of December 31, 2023. The Company continues to manage its leverage by increasing its revenues and cost efficiencies to generate more cash from operations, thereby limiting the need to take on debt.

The Company's business is highly regulated and Government policies and regulations could adversely affect the Company's operations and profitability.

The Company's business operations are subject to a broad range of government laws and regulations, fiscal policies and zoning ordinances. The Company has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations, fiscal policies and zoning ordinances. Further changes to the applicable governmental lawsand regulations, fiscal policies and zoning ordinances will result in additional costs of compliance for the Company.

The Company is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. Use of lands may be limited by zoning, comprehensive land use plans ("**CLUP**") and reclassification ordinances enacted and implemented by local government units ("**LGU**"), such as provinces, cities ormunicipalities. In addition, projects that are to be located on agricultural land must get a conversion or exemption clearance from the Philippine Department of Agrarian Reform ("**DAR**") so that the land can be converted to non- agricultural use or certified as exempt from the coverage of the Comprehensive Agrarian Reform Program pursuant to Republic Act No. 6657 or the "Comprehensive Agrarian Reform Law of 1988," as amended ("**RA 6657**"). In certaincases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("**PD 957**") and RA 4726, also known as The Condominium Act ("**RA 4726**"), and Republic Act No. 6552, also known as the "Realty Installment Buyer Protection Act," more commonly known as the "Maceda Law" ("**RA 6552**") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and RA 4726 cover subdivision projectsfor residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Department of Human Settlements and Urban Development ("**DHSUD**") is the administrative agency of the Government of the Philippines which, together with LGUs, enforces these statutes and has jurisdiction to regulate the real estate trade and business. RA 6552, on the other hand, confers certain rights to buyers and covers all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominiums, except industrial lots, commercial buildings and sales to tenants under RepublicAct No. 3844, as amended, or the "Agricultural Land Reform Code" ("**RA 3844**").

Other regulations applicable to the Company include land registration laws and regulations, real property taxation, aswell as standards regarding the suitability of the site, road access, necessary community facilities, open spaces, watersupply, sewage systems, garbage disposal systems, electricity supply, lot sizes, easements, the length of the housing blocks, and house construction. All subdivision development plans are required to be filed with and approved by the DHSUD and LGU with jurisdiction over the area where the project is located. Approval of development 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, suchas infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company and its subsidiaries or associates or partners, will be able to obtain governmental approvalsfor their projects, or that these approvals can be secured without delay, or that when given, such approvals will not berevoked. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing units. Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD based on its own findings or upon complaint from an interested partyand there can be no assurance that the Company and its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled orsuspended. Moreover, under Republic Act No. 7279 or the "Urban Development and Housing Act of 1992" ("**RA 7279**"), the Company may, in certain instances, be required to devote at least twenty percent (20%) of the total projectarea or cost for socialized housing. The price per unit that the Company is permitted to charge for socialized housing is subject to a pre-specified maximum, fixed by proper Government agencies and which could be reduced or increased at any time. Any of the foregoing circumstances or events could affect the Company's ability to complete projects ontime, within budget, at a profit or any at all, and could have a material adverse effect on the Company's financial condition and results of operations. The Company monitors government regulations to ensure compliance at all times and to anticipate its effects on operations.

The Company's business is subject to environmental regulations that could have a material adverse effect on its business, financial condition and results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("**DENR**"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and thedeveloper will be required to obtain an Environmental Compliance Certificate ("**ECC")** to signify the full responsibility of the proponent in implementing specified measures which are necessary to comply with existing environmental regulations or to operate within best environmental practices that are not currently covered by existinglaws. There can be no assurance that current or future environmental laws and regulations applicable to the Companywill not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC condition occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required topay a fine and incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future,how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond toenvironmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicableto the Company's real estate development could have a material adverse effect on the Company's business, financial condition and results of operations. The Company strives to ensure compliance to environmental regulations by strictly monitoring all its properties.

The Company relies heavily on automated systems to operate its business and the failure to maintain, upgradeand secure these systems could harm the Company's business.

The Company depends on a variety of automated systems to operate its business. Although the Company has implemented various IT-related improvements programs and installed new systems over the years, due to the continuously evolving nature of information technology systems, certain of the Company's automated systems are ormay be relatively outdated and less integrated than those of some companies of similar scale in the Philippines and abroad. As a result, there can be no assurance that the Company's information systems will achieve their intended benefits within the anticipated time frame efficiently, or at all. Moreover, there can be no assurance that any new systems of the Company will not be rendered outdated in the near future due to rapid technological advancements.

Furthermore, the Company relies on systems developed and maintained by third parties. If these third parties experience difficulty meeting the Company's requirements or standards, it could damage the Company's reputation or make it difficult for the Company to operate some aspects of its businesses. In certain cases, the Company has developed, and intends to develop, automated systems to replace third-party systems that the Company has used, anduses, in its operations. There can be no assurance that the Company's in-house teams will be able to design, implement and maintain functional systems that adequately replace such third-party systems. In such cases, the Company generally does not have recourse to any third-party provider if the systems do not operate as intended. Any of the foregoing could have an adverse effect on the Company's business, financial condition and results of operations.

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

The Company may not be able to successfully manage its growth.

The Company has acquired various new and diversified commercial assets in recent years, and the Company intendsto continue to pursue an aggressive growth strategy for its business. There can be no assurance that, in the course of implementing its growth and diversification strategy, FLI will not experience capital constraints, construction delays,operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate expanded businesses. Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that may not be recoveredas quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

In the real estate business, the Company holds 53.9 hectares in the SRP, which is a reclaimed land project located in Cebu City. FLI has developed City di Mare, the Il Corso Mall on a 10.6-hectare portion it owns in SRP. In addition, FLI constructed MRBs known as San Remo and Amalfi under a 40-hectare joint venture and profit-sharing arrangement with theCebu City Government. In 2019, the Filinvest group has fully paid an additional acquisition of 9.6 hectares of land in SRP where FLI owns 3.3 hectares as of December 2021. In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the Bases ConversionDevelopment Authority ("**BCDA**") tasked with the development, marketing, management and leasing of the first phase of Clark Green City that covers 288 hectares of land adjoining Clark Freeport Zone and the CIA in Northern Luzon. Further, in 2016, together with FLI and the Clark Development Corporation, FLI formed Filinvest Mimosa, Inc. ("**FMI**") which entered into a 50-year lease (renewable for another 25 years) with the Clark Development Corporation for the development of 200-hectare Mimosa Leisure Estate. These are just some of the land acquisitions of the company within the last few years. All these projects require significant manpower resources, including the contracting of suitable and reputable third-party contractors. If FLI cannot manage its growth, find suitable contractors or otherwise incur any delay or default on any of its development or construction obligations, business, results of operations and financial condition may be materially and adversely affected. The Company continuously reviews its expansion plans and implements measures to ensure execution of these plans.

The Company may be unable to continue to exploit opportunities to acquire or invest in new businesses and diversify its operations.

As part of the Company's business strategy, it intends to selectively explore acquisitions of, and investment opportunities that may enhance its revenue growth, operations and profitability. From time to time, the Company may publicly announce potential investments and acquisitions under consideration. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may need to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

The Company's ability to grow successfully and profitably through acquisitions will depend on numerous factors, including the availability of suitable acquisition or investment targets, competition for those acquisitions, particularly from those companies with larger and more geographically diverse operations and greater financial resources than the Company, the ability of the companies the Company acquires to perform operationally or financially in the manner expected, the Company's ability to successfully integrate and operate its acquisitions, the availability of expertise and financial resources to successfully manage such acquisitions on a regional scale, the availability of financing from internal or external sources for the Company to complete those acquisitions and the legal, regulatory, social, political and economic factors which prevail in the markets where those opportunities may exist.

To the extent the Company acquires or invests in areas that are outside of the Company's existing business, the Company will face challenges, including with respect to the Company's ability to develop the expertise required to successfully engage in the businesses it acquires or invests in and to make such businesses successful, the Company's ability to develop a reputation in industries into which it might expand, the Company's ability to attract and retain customers, suppliers and managers for new businesses; and competition from companies engaged in similar businesses in the markets that the Company has targeted for entry which is dependent, in part, upon the number, size, operating history, expertise, reputation and financial resources of those competitors. Furthermore, to the extent such investments are undertaken as joint ventures, there can be no assurance that the Company's public and private partners will meet their joint venture obligations in a timely manner or at all.

In addition, the Company may spend considerable management time and cost in evaluating potential acquisition targets or investments which may divert management attention from the Company's current business. As a result of any of these factors, the Company may be unable to grow its existing business in the manner it expects, which could have a material adverse effect on the Company's existing business, financial condition and results of operations. The Company's future acquisitions and investments, if any, may require it to use significant amounts of cash and incur substantial amounts of indebtedness, each of which could adversely affect the Company's business, financial condition and results of operations. To minimize this risk, the company regularly assesses market conditions and formulates plans as well as alternatives if market conditions change. This allows the company to be flexible and agile.

The businesses in which the Company currently operates and may in the future operate are capital-intensive. Failure to obtain financing or the inability to obtain financing on reasonable terms could affect the execution of the Company's operations and growth plans.

The business in which the Company currently operates and may in the future operate are capital-intensive. The real estate business requires significant capital expenditures to develop and implement new projects and complete existing projects. In 2022, the Company spent ₱16.5 billion on capital expenditures. For the year ended December 31, 2023, the Company spent ₱13billion on capital expenditure for land acquisition, land development, housing and condominium construction and investment properties.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from its real estate operations, it has periodically utilized external sources of financing. However, there can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to continue funding its capital expenditure requirements internally, or that it will be able to externally obtain sufficient funds for its capital expenditure budgets, at acceptable rates or at all. The Company's ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. The Company's continued access to debt financing as a source of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors, manyof which are outside of the Company's control. For example, political instability, an economic downturn, social unrest, changes in the Philippine regulatory environment or the bankruptcy of an unrelated company within a similar industryor industries in which the Company operates could increase the Company's cost of borrowing or restrict the Company's ability to obtain debt financing or comply with its debt financing covenants. In addition, disruptions in thecapital and credit markets, which occurred in the past, may recur and such disruptions could adversely affect the Company's access to financing. The Company cannot guarantee that it will be able to arrange financing on acceptableterms, or at all. The inability of the Company to obtain financing from banks and other financial institutions or on acceptable terms would adversely affect its ability to operate or execute its growth strategies. To manage this risk, the Company has established a wide range of possible financing options. The company is also flexible enough to adjust its plans depending on the financial resources.

The interests of the Company's joint venture partners may differ from those of the Company and such partnersmay take actions that adversely affect the Company or its subsidiaries.

A joint venture involves special risks where the venture partner may have economic or business interests or goals thatare inconsistent with or different from those of the Company. The joint venture partner may also take actions contrary to the Company's instructions or requests, or in direct opposition to the Company's policies or objectives with respectto the underlying business or dispute the distribution of its joint venture share. The joint venture partner may also failto perform its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partners could arise after significant capital investments in a project have been made, which could result in the loss ofsome or all of the Company's investment in that project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's business, financial condition and results of operations.

FLI also has current joint venture arrangements or partnerships with several government units. Although these projects developments are covered by contracts and agreements that have been authorized by government legal protocols and proceedings, there might be circumstances in the future that such agreements may be subjected to review and audit which may affect the Company's ability to deliver on its obligations to its clients and might hamper the operations ofthe company as a whole to generate the revenues from the projects. Such joint venture arrangements are the ff: (i) 40-hectare joint venture project with Cebu City Government in SRP (ii) 4.1-hectare BTO (Build-Transfer-Operate) arrangement with Cebu Provincial Government for 7 office tower buildings and commercial centers in Lahug and Apas, Cebu. (iii) land lease agreement with Clark Development Corporation involving the 200-hectare Mimosa Plus estate in Clark Pampanga, together with FDC; and (iv) joint development partnership with BCDA on 288-hectare New Clark City in Tarlac. The Company maintains good relationships with its joint venture partners to ensure common objectives.

FLI is controlled by the Gotianun Family and their interests may differ significantly from the interests of other shareholders.

FLI is controlled by members of the Gotianun Family, who either individually or collectively have controlled FLI and its subsidiaries since the inception of FLI. As of December 2023, members of the Gotianun Family were the beneficial and record owner of approximately 60.20% of the Company's issued and outstanding Shares. Members of the Gotianun Family also serve as directors and executive officers in FLI. There is also no non-compete agreement or other formal arrangement in place to prevent other companies that are also controlled by the Gotianun Family from engaging in activities that compete directly with the Company's businesses or activities, which could have a negative impact on the Company. Neither can there be any assurance that the Gotianun Family will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of the Gotianun Family, as the Company's controlling shareholder, may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and the Gotianun Family may vote their Shares in a manner that is contrary to the interests of the Company or the Company's other shareholders. There can be no assurance that the Gotianun Family will exercise influence over the Company in a manner that is in the best interests of the Company or its other shareholders. The Company has three (3) independent directors who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company. All major decisions are brought to the Board of Directors for approval.

The Company is highly dependent on certain directors and members of senior management.

The Company's directors and members of its senior management have been an integral part of the Company's success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart or take on reduced responsibilities could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Members of the Gotianun Family also fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members should they depart or take on reduced responsibilities. Such executives include: Jonathan T. Gotianun, Chairman; Lourdes Josephine Gotianun Yap, Vice-Chairperson; Michael Edward T. Gotianun, Vice President and Director; and Francis Nathaniel C. Gotianun, Director. While the Company has an active program for succession planning, which includes continued participation of retiring executives on key committees, if any such person departs or takes on reduced responsibilities or is otherwise unavailable to the Company and the Company is unable to fill any vacant key executive or management positions or responsibilities with qualified candidates, its business, financial condition and results of operations may be adversely affected. The Company does not carry insurance in respect of the loss of the services of any of the members of its management. The Company has put in place succession planning that will ensure stable management. The Company also has a roster of professional senior management with extensive experience in real estate.

The Company may be unable to attract and retain skilled professionals.

The Company believes there is significant demand for its skilled professionals not only from its competitors in the Philippines but also from companies outside of the Philippines, particularly companies operating in Asia and the Middle East. The Company's ability to retain and attract highly skilled personnel, particularly architects, engineers, hotel managers, hospitality professionals, and project and operation managers, will affect its ability to plan, design and execute current and future projects. In particular, any inability on the part of the Company to hire and, just as importantly, to retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require FLI to incur additional costs by having to engage third parties to perform these activities. The Company has put in place succession planning in the event of difficulty in hiring professionals. The Company has also established a number of methods for recruiting professionals.

Ownership over certain land owned by the Company may only be evidenced by tax declarations or may be contested by third parties.

The Philippines has adopted the Torrens system of land registration, which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding on all persons (including the Government). However, in certain instances and for various reasons such as inadequate recordkeeping or delays in the processing of certificates of title, it is not uncommon for landowners to have their ownershipevidenced only by tax declarations, and not the more common certificates of title. Although the Company may have conducted the requisite due diligence on its properties and is confident of its ownership over such properties, there can be no assurance that other parties will not assert their own claims of ownership and present similar or stronger documents of title over such properties.

Moreover, it is not uncommon for third parties to claim ownership of land which has already been registered and overwhich a title has been issued. There have been cases where third parties have produced false or forged title certificatesover land and there are difficulties in obtaining title guarantees with respect to properties in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non- execution or non-registration of conveyance deeds, which may be subject to encumbrances of which the Company, its subsidiaries and their respective joint venture partners may not be aware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, the title and development rights of the Company, its subsidiaries and their respective joint ventures may be subject to various defects of which they are not aware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss by the Company or its subsidiaries or their respective joint ventures of the title over land.

From time to time the Company has had to and may continue to defend itself against third parties who claim to be therightful owners of land which has been the subject of tax declarations in the name of the Company, titled in the nameof the persons selling the land to the Company or which has already been titled in the name of the Company. Althoughhistorically these claims have not had a material adverse effect on the Company, in the event a greater number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the residential and land development projects of the Company or its subsidiaries, the management of the Company or relevant subsidiary may be required to devote significant time and incur significant costs in defending itself against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of its land development or other business projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operation, as well as on its business reputation. The Company follows strict processes and documentation standard to make sure that land purchase transactions are without issues.

Any future changes in PFRS and PAS may affect the financial reporting of the Company's business.

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

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

	Deferral Period
Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

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

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group will adopt the agenda decision using the modified retrospective approach. Adoption of this guidance would have impacted net income, real estate inventories, provision for deferred income tax, deferred tax liability, interest and other financing charges and the opening balance of retained earnings for the statement of financial position, and the cash flows from operations and financing activities for the statement of cash flows.

Refer to the 2023 audited consolidated financial statements of the Company for the detailed discussion of the deferral.

Any further changes in PFRS and PAS in the future may affect the financial reporting of the Company's business.

Developments in Accounting standards are being monitored to anticipate the effects on the Company's financial position.

FLI has a number of related party transactions with affiliated companies.

The companies controlled by the Gotianun Family have a number of commercial transactions with the Company. As of December 31, 2023, the Company had an outstanding net amount due from related parties (after deducting amounts due to related parties) of ₱206.86 million. These related party transactions, apart from outstanding compensation to directors, officers, stockholders, and related interests, also include non-interest-bearing cash advances and various charges to and from non-consolidating affiliates for management fees, rent, share of expenses and commission charges. The Company also applies this principle to contracts between different companies within the Company. See "*Related Party Transactions*" and the notes to the Company's consolidated financial statements.

The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Gotianun Family. These transactions may involve potential conflicts of interest which couldbe detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Gotianun Family and the Company in a number of other areas relating to its business, including:

- major business combinations involving the Company;
- plans to develop the respective business of the Company; and
- business opportunities that may be attractive to the Gotianun Family and the Company.

The Company can provide no assurance that the Company's related party transactions will not have a material adverseeffect on its business, financial condition and results of operations. All major related party transactions are subject to approval of the Board of Directors. The Company has three (3) independent directors who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company.

The Company is involved in litigation, which could result in financial losses or harm its business.

The Company is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subjectthe Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the market or that the Company will be able to recover any losses incurred from third parties, regardless of whether any companyis at fault. There can be no assurance that losses relating to litigation would not have a material adverse effect on the Company's business, financial condition and results of operation, or that provisions made for litigation related losseswill be sufficient to cover the Company's ultimate loss or expenditure. See "*Business—Legal Proceedings*." The Company continues to monitor all project implementations and contract commitments to ensure compliance with agreements as to minimize the probability of litigations against the Company.

Natural or other catastrophes, including severe weather conditions and earthquakes, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. Natural catastrophes may disrupt the Company's business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors, which are not within the Company's control, could potentially have significant effects on its business operations and development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls that are susceptible to damage. Damages resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions, may adversely affect the Company's business, financial condition and results of operations. Further, although Company carries insurance for certain catastrophic events, of different types, in varying amounts and with deductibles and exclusions that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations. The Company has planned for these events and have put in place a business continuity plan to ensure continuous operations.

The Company's real estate portfolio of residential property development projects exposes the Company to sector-specific risks.

Because the Company's real estate business is concentrated in the Philippine residential property market, reduced levels of economic growth, adverse changes in the country's political or security situation, or weaker performance of the country's property development market generally could materially adversely affect the Company's profitability. The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company's results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of their residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's projects are largely dependent on the acceptance of their projects when compared to similar types of projects in their geographic areas, as well as on the ability of the Company to correctly gauge the market for their projects. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, as well as the quality of the residences and related facilities offered by the Company, pricing and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company follows a planning process taking into account all factors that affect the completion of projects. The Company is able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

The Company is exposed to risks associated with the operation of their investment properties and the development of their office space and retail leasing business and the integration of such investment propertieswith its core housing and land development business.

The operations of the Company's commercial real estate assets, which includes interests in leasable office space in PBCom Tower and the Northgate Cyberzone and other commercial properties in Filinvest City and elsewhere in the Philippines, as well as ownership of Festival Supermall and other malls, are subject to risks relating to their respectiveoperations. The Company's ability to lease out their commercial and office properties in a timely manner and collectrent at profitable rates, or at all, is affected by each of the following factors, among others:

- the national and international economic climate;
- changes in demand caused by policies affecting call centers, POGOs and other BPO operations in the Philippines and worldwide, including the relative cost of operating BPOs and POGOs in the Philippines as compared to othermarkets (such as India), which depends in part on the continued favorable regulations and fiscal incentive regimes with respect to such industries and the Government's general policy with respect to investments and industries from China;
- trends in the Philippine retail industry, insofar as Filinvest Lifemalls are concerned;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning,environment, taxes and government charges;
- the inability to collect rent due to bankruptcy of tenants or otherwise;
- competition for tenants;
- changes in market rental rates;
- the need to periodically renovate, repair and re-let space and the costs thereof;
- the quality and strategy of management; and
- the Company's ability to provide adequate maintenance and insurance coverage.

The Company could also be adversely affected by the failure of tenants to comply with the terms of their leases or commitments to lease, declining sales turnover of tenants at Filinvest Lifemalls or oversupply of or reduced demand for BPO services, office space and/or retail space. In particular, with respect to retail property leases, including thoseat Festival Supermall and other retail properties, it is generally the case that all or a portion of the rent to which the Company is entitled comprises a percentage of the tenant's sales, which percentage generally ranges from 1.5% to 15% depending on the tenant's merchandise. Accordingly, the Company is exposed to deterioration in the businesses of their tenants. If the Company is unable to lease their properties in a timely manner or collect rent at profitable rates or at all, this could have a material adverse effect on the Company's operations and financial condition.Further, the success of the Company's investment properties will depend, in part, on their ability to realize the potential revenue and growth opportunities from these assets.

The Company is subject to risks incidental to the ownership and operation of commercial, office and related retail properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. In particular, FLI's BPO properties rely on the growth of the BPO business as a source of revenue. If the BPO business does not grow as the Company expects or if the Company is not able to continue to attract BPO-based tenants to development projects that are targeted for BPO companies, FLI may not be able to lease its BPO office space in a timely manner or at satisfactory rents or at all, which could have a material adverse effect on the Company's operations and financial condition

The Company is subject to the risk that government pronouncements, such as the Department of Finance's Fiscal Incentives Review Board Resolution (FIRB) No. 026-22, may affect the demand for office space leasing. This FIRB Resolution allows Information Technology and Business Process Management ("IT-BPM") companies to shift registration from the Philippine Economic Zone Authority ("PEZA") to the Board of Investments (BOI) to adopt up to 100% work from home arrangement.
The Company targets a wide range of clients from the BPO sector as well as traditional offices. It also engages in marketing activities on a continuing basis to build up its client base.

The Company is also subject to risks arising from accidents at its commercial, office and related retail properties. Although the buildings and their facilities are subject to regular testing and maintenance, there is no assurance that facilities of the Company's properties will not malfunction and cause injuries.

The Company follows a planning process taking into account all factors that affect the profitability of projects. The Company is able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

The exit of POGOs from the Philippines may materially and adversely affect the Company's business and operations.

The Company's office tenants include POGOs. As of December 31, 2023, the Company's POGO tenants accounted for 5% of total GLA of its office properties.

The Philippine Department of Finance has indicated that they will continue to investigate and strictly require all POGOs to pay all applicable taxes, including franchise taxes, and that only POGOs that have paid their taxes and been cleared by PAGCOR may continue operations. Additionally, Philippine government officials have called for closure or increased taxation or regulation of POGO operations. Measures to increase government revenue from this sector have been included in the provisions of the Bayanihan 2 Act that was approved on September 11, 2020. Such provisions have reportedly caused some POGOs to close or consider reducing their operations in the Philippines. Any such governmental action may adversely affect the tenants of the Company's office properties.

Among the Bayanihan 2 Act's revenue raising measures include the imposition of a 5% franchise tax based on the higher of gross bets or turnovers or the agreed pre-determined minimum monthly revenues from POGO licensees, including gaming operators, gaming agents, service providers and gaming support providers. The Bayanihan 2 Act also sought to fund the government's subsidy and stimulus measures to address the COVID-19 pandemic from income tax, value added tax and other applicable taxes from non-gaming operations earned by offshore gaming licensees, operators, agents, service providers and support providers. Prior to the Bayanihan 2 Act, the 5% franchise tax was dependent on winnings, as the tax was imposed on the higher of gross gaming receipts or earnings, or the agreed or pre-determined minimum monthly revenues or income. Accordingly, basing the calculation of the 5% franchise tax on the higher of gross bets or turnovers is expected to effectively increase tax liabilities of covered businesses, as the value of the bet itself considered as part of the tax base. The Bayanihan 2 Act further provides that all taxes currently imposed on POGOs must be computed based on the prevailing official exchange rate at the time of payment. The use of any other rate is considered fraudulent constituting under declaration, which is penalized by interest, fines and penalties under the National Internal Revenue Code. The Bayanihan 2 Act also directs the BIR to implement closure orders against POGOs who fail to pay such taxes. By its terms, the Bayanihan 2 Act revenue raising measures are effective (unless extended by Congress) until the earlier of the lapse of two years or upon a determination that COVID-19 has been successfully contained or abated.

In a proceeding before the Philippine Supreme Court recorded as Marco Polo Enterprises Limited, et al vs. Secretary of Finance and Commissioner of Internal Revenue (GR No. 254102), the petitioners questioned the constitutionality of the Bayanihan 2 Act and applied for and obtained a temporary restraining order that enjoins the Secretary of Finance and the Commissioner of Internal Revenue from implementing the provisions of the Bayanihan 2 Act referred to above. On January 5, 2021, the Philippine Supreme Court issued a temporary restraining order (with one Justice dissenting) that prevents the government from implementing the revenue measures in the Bayanihan 2 Act described above. The order was effective on the date of its issuance and continues in effect until further orders from the Supreme Court. The Supreme Court has yet to make a final ruling on the legality of the relevant provisions of the Bayanihan 2 Act.

The reduction, closure of or prohibition of the business of POGOs in or from the Philippines, may materially and negatively affect the demand for office property in Metro Manila. For example, in December 2020, news reports cited Colliers' fourth quarter property report which indicated that the net take-up of office space in 2020 decreased by 120%, and vacancy in Metro Manila reached 9.1%, primarily attributable to POGOs vacating 154,000 sq.m. of office space in aggregate during the same period, and the downsizing or pre-termination of co-working space providers over and above the expected new office supply of more than 886,000 sq.m. There is no certainty that any of such tenants may not be subject to increased or new governmental regulation, taxation or enforcement action in the future that may materially disrupt the Company's operations and materially and adversely affect its financial condition and results of operations.

To manage such risks, the Company's lease contracts with POGO tenants generally provide that such leases may be pre-terminated following a change in the laws or rules governing POGOs, which results in: (i) cancellation or suspension of the tenant's license; (ii) immediate stoppage of the operations or services the tenant is providing; (iii) contravening laws or interpretation and enforcement of law resulting in the inability of the tenant to operate its business and service in the Philippines. The Company also requires its POGO tenants to pay security deposits to cover three to six months of rent and to pay up to six-months' in advance rent (applied at the end of the lease term) payable upfront upon the handover of the leased premises and none of the Company's POGO tenants have been forced to close because of non-payment of taxes or accreditation fees. The Company believes that its office properties are well-suited to attract diverse tenants, including multinational BPOs and headquarters.

Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations couldhave a material adverse effect on the Company and their customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company, residential property development, and demand for their real estate projects. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects, obtain financing for new projects, or service existing debt with floating interest rates.

- Insofar as the Company's residential housing and land development business is concerned, because the Companybelieves that a substantial portion of their customers procure financing (either from banks or using the Company'sin-house financing program) to fund their property purchases, higher interest rates make financing, and thereforepurchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- In connection with the Company's in-house financing activities, from time to time the Company sells receivables from customers who obtain in-house financing to financial institutions on a "with recourse" basis, which requiresthe Company to pay interest to the financial institution purchasing the receivable and obligates the Company to repurchase the principal balance of the receivable plus accrued interest in certain circumstances. The difference between the interest rate the Company charges their customers and the interest rate they pay to these financial institutions contribute to the Company's interest income. Higher interest rates charged by these financial institutions would reduce the Company's net interest income.

- The Company's access to capital and its cost of financing are also affected by restrictions, such as the single borrower limit ("**SBL**") imposed by the BSP on bank lending. If the Company were to reach the SBL with respect to any bank, the Company may have difficulty obtaining financing with reasonable rates of interest from other banks.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company maynot be able to pass onto its customers as increased prices.

- A further expansion in the budget deficit of the Government could also result in an increase in interest rates and inflation, which could in turn have a material effect on the ability of the Company to obtain financing at attractiveterms, and on the ability of its customers to similarly obtain financing.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has a wide range of funding sources, where it can avail of new borrowings to fund new projects or to refinance existing debt. It also has the ability to revise plans to conserve cash such as decreasing any intended capex levels.

A significant portion of the demand for the Company's residential real estate projects is from overseas Filipinoworkers ("OFWs") and expatriate Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are based.

The Company relies on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects, particularly for their affordable and middle-income projects. Approximately 24% of the Company's real estate sales for the year ended December 31, 2023 is attributed to sales to OFWs. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reductionin the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers. Any of these events could adversely affect demand for the Company's residential real estate projects from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company continues to offer affordable products and reasonable payment terms.

The Company faces certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of subdivision lot or residential sales are cancelled.

The Company is subject to RA 6552 (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units (but excludingindustrial and commercial lots). Under the Maceda Law, buyers who have paid at least two (2) years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contractis cancelled, the buyer is entitled to receive a refund of at least 50.0% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not toexceed 90.0% of the total payments). Buyers who have paid less than two (2) years of installments and who default on installment payments are given a sixty (60)-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

While the Company has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Company experiences a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or the Company may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to resell the same property at an acceptable price or at all. Any of the foregoing events wouldhave a material adverse effect on the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, investors are cautioned that the Company's historical revenue from its real estate operations could be overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautionednot to rely on the Company's historical statements of income as indicators of its future revenues or profits.

For sales of residential units in the Company's middle-income and high-end projects, from time to time the Companygenerally commences construction of a unit even before the full amount of the required down payment is made, and thus, before the sale is recorded as revenue. Therefore, the Company risks having spent cash to begin construction ofa unit before being assured that the sale will eventually be booked as revenue, particularly, if the buyer is unable to complete the required down payment and the Company is unable to find another purchaser for such property.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on the Company's financial condition and results of operations. The Company continues to offer reasonable and affordable payment terms to buyers so as to minimize cancellations.

The Company faces risks relating to the management of their land bank, including area concentration within the land bank, which could adversely affect their margins.

The Company must continuously acquire land to replace and expand land inventory within their current markets. The risks inherent in purchasing and developing land increase as consumer demand for the Company's core property businesses, including residential, commercial and retail, decreases, and can be further affected by the concentration of land in a particular area within the land bank. The market value of land, subdivision lots, housing and condominium inventories, retail and leasing spaces, can all fluctuate significantly as a result of changing market conditions. An adverse change in the market value of land in those areas in which the concentration of the Company's land bank is highest would amplify the negative impact on the Company's business and financial condition. The Company cannot assure investors that the measures they employ to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots, residential units, lease retail spaces or rent rooms in their hospitality projects at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of its various real estate projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its statement of financial position, as well as reduce the amount of property available for sale or development. Any of the foregoing events could have a material adverse effect on the Company's business, financial condition and results of operations. To minimize the risks, the Company conducts comprehensive market studies on land and sets plans on the timely rollout of projects.

The Company faces risks relating to its real estate projects, including risks relating to project cost, completiontime frame and development rights.

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially moretime and resources than anticipated or construction of projects may not be completed on schedule and within budget.

In addition, the time and the costs involved in completing the development and construction of real estate projects canbe adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changesin laws or in Government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also resultin sales and resulting profits from a particular project not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in trigerring contractual liabilities to purchasers or other counterparties, and lower returns. The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect the Company's business, results of operations or financial condition. The Company follows a planning process taking into account all factors that affect the profitability of projects. The Company is able to anticipate changes and able to adjust its plans and implementation.

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

Over the years, the Company believes it has established in the Philippines an excellent reputation and brand name inthe property development business, and in more recent years in the hospitality business. If any of the Company's realestate projects experience construction or infrastructure failures, design flaws, significant project delays,quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing property development projects. Any negative effect on the Company's reputation or its brand could also affect its ability to pre-sell their residential and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect the Company's business, results of operations or financial condition. To minimize risks, the Company makes sure that projects are constructed following the highest standards of quality and strives to adhere to project schedules.

Independent contractors may not always be available, and once hired by the Company, may not be able to meetquality standards and/or may not complete projects on time and within budget.

While the Company recently set up its own construction company subsidiary, Dreambuilders Pro, Inc. (DPI), to construct certain projects such as MRBs, the Company still relies on independent contractors to provide various services for its other real estate projects, including land clearing, various construction projects and building and property fitting-out works. The Company selects independent contractors principally by conducting tenders and takinginto consideration factors such as the contractors' experience, their financial and construction resources, any previousrelationship with the Company, their reputation for quality and their track record. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget, which could result in costs increases and/or project delays. In particular, the Company may face difficulty engaging or finding available suitable independent contractors in areas outside Metro Manila or other metropolitan areas. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of the independent contractors will always be satisfactory or match the Company's requirements for quality. Contractors may also experience financial or other difficulties, and shortages or increases in the price of constructionmaterials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could havea material adverse effect on the Company's business, financial condition and results of operations. The Company maintains a large pool of contractors to ensure availability and subjects each one through a stringent selection process to meet the professional standards required by its projects.

The implementation of tax reforms may have negative impact on the results of operations of the company and the loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

Certain projects of the Company benefit from certain tax incentives and tax exemptions. In particular:

- Income from sales of subdivision lots and housing units in socialized housing projects (i.e., sales of a lot with a gross selling price of ₱180,000 or below or house and lot ("**H&L**") unit with a gross selling price of ₱850,000 or below) are currently exempt from taxation;

- Several of FLI's assets, such as the Filinvest Technology Park-Calamba, New Clark City and the Northgate Cyberzone, are registered with the Philippine Economic Zone Authority ("**PEZA**") as special economic zones ("**Eco zones**") and FLI's modified gross income generated from these assets is subject to a preferential income tax rate of 5%;

- Mimosa Plus estate in Clark Mimosa is in Clark Special Economic Zone and the modified gross income generatedfrom the projects within this zone enjoys a preferential income tax rate of 5% as registered and granted by ClarkDevelopment Corp (**CDC**).

Several developments of FLI are registered with BOI and granted an income tax holiday for certain number of years.

On December 19, 2017, the President of the Philippines signed into law the Tax Reform for Acceleration and Inclusion or Republic Act No. 10963 ("**TRAIN Law**") which took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("**CTRP**") of the Duterte administration. -

Under the TRAIN Law, sales of residential lots with a gross selling price of ₱1,919,500 or less and sales of residential houses and lots or condominium units with a gross selling price of ₱3,199,200 or less are currently not subject to the value-added tax ("**VAT**") of 12.0%, and beginning January 1, 2021, the VAT exemption shall only apply to socialized housing and to house and lots and residential dwellings with selling price of not more than ₱2.0 million. This may result in some of the Company's sales becoming subject to VAT, leading to an increase in the selling price. This could adversely affect the Company's sales. Taxes, such as VAT, are expected to have an indirect effect on the results of operations of the Company due to their effect on the levels of spending of consumers or buyers.

In January 2024, the Bureau of Internal Revenue issued Revenue Regulation 1-2024 where house and lots, as well as other residential properties priced at P3.6 million and below, to be exempt from 12% VAT. The threshold was raised from P3.199 million.

Package 2 under the CTRP is Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprise Act (previously the CITIRA bill or the TRABAHO bill) ("**CREATE Act**"). The CREATE Act intends to incentivize businesses by reducing corporate income taxand rationalizing incentives, among others. The CREATE Act was signed by the President on March 26, 2021 and became effective on April 11, 2021.

The CREATE Act rationalized the grant of certain tax incentives. Registered business enterprises with tax incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules:

1. Those that have been granted only the income tax holiday ("ITH") may continue availing of the ITH for the remaining period of the ITH as specified in the terms and conditions of their registration;
2. Those that have been the granted ITH but have not yet availed of the incentive may use the ITH for the period specified in the terms and conditions of their registration;
3. Those that have been granted ITH and are entitled to the 5% tax on gross income earned may avail of the 5% tax on gross income for 10 years; and
4. Those currently availing of the 5% tax on gross income earned may continue to avail of the said incentive for 10 years.

Therefore, BPO companies, which are PEZA-registered information technology enterprises, may lose the benefit of the 5% special tax on gross income earned (which is imposed in lieu of all national and local taxes, except real property taxes on machineries) after 10 years and may instead be subjected to the regular corporate income tax rate of regular corporations. As a result, BPO companies may find it less feasible to conduct their business in the Philippines, and this may adversely affect the demand for Grade A buildings.

Under package 4 of the CTRP, the Department of Finance reportedly proposes to lower the rate of transaction taxes on land, including documentary stamp tax ("**DST**"), transfer tax and registration fees, centralize and rationalize valuation of properties, increase valuation of properties closer to market prices, review property valuations every three (3) years and adjust accordingly. While package 4 aims to lower the rate of transaction taxes on land, the increase in valuation could lead to an increase in the taxes to be paid by the Company.

Moreover, the Department of Finance issued Revenue Regulations No. 9-2021 ("**RR 9-2021**"), which imposed 12% VAT on transactions which were previously taxed at 0% VAT. This covers, among others, those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1997, and other special laws under Section 106(A)(2)(a)(5) of the Tax Code, as well as the sale of services and the use or lease of properties under subparagraphs (1) and (5) of Section 108(B) of the Tax Code.

RR 9-2021 implements the imposition of 12% VAT on certain transactions that were previously taxed at 0% VAT after satisfaction of the conditions set forth in the TRAIN Law. Following the issuance of RR 9-2021, suppliers started imposing 12% VAT on their sale of goods and/or services to export-oriented enterprises such as BPO companies, including lease rentals and utilities. The PEZA issued a letter dated July 6, 2021 stating its position that RR 9-2021 is contrary to the provisions of the CREATE Act, as well as the separate customs territory principle provided under Republic Act No. 7916 or the PEZA Law and Philippine jurisprudence. The PEZA requested the Department of Finance and the BIR to defer the implementation of RR 9-2021. On July 21, 2021, the Department of Finance issued Revenue Regulations No. 15-2021, deferring the implementation of RR 9-2021 until the issuance of amendatory revenue regulations.

On December 7, 2021, the Department of Finance issued Revenue Regulations No. 21-2021 ("**RR 21-2021**") to implement Sections 294 (E) and 295 (D) of the CREATE Act. RR 21-2021 provides that the VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity of a registered export enterprise, for a maximum period of 17 years from the date of registration, unless otherwise extended under the Strategic Investments Priority Plan. It also provides that sales to existing registered export enterprises located inside ecozones and freeport zones shall also be qualified for VAT zero-rating until the expiration of the transitory period.

On March 9, 2022, the BIR issued Revenue Memorandum Circular No. 24-2022 ("**RMC 24-2022**") to clarify the transitory provisions under RR 21-2021 and certain issues pertaining to the effectivity and VAT treatment of transactions by registered business enterprises particularly the registered export enterprises. RMC 24-2022 clarified, among others, that sale of goods or services to existing registered non-export enterprises located inside the ecozones or freeport zones shall be subject to 12% VAT.

These tax reforms may affect the overall competitiveness of doing business in the Philippines, thereby affecting the number of prospective tenants or companies that wish to continue their operations in the country. Implementation of tax reforms may affect overall demand for leasing spaces in the Philippines, including that for the Company's properties. It may also prompt existing BPO tenants to cease their operations in the Philippines, and terminate or not renew their leases with the Company. Any of these events may have a material and adverse effect on the Company's business, results of operations and financial condition.

Under the REIT Law, REIT companies are allowed to claim the dividend distributions as deductible expense for income tax purposes, which can result to zero corporate income tax payable. FLI owns 63.3% of FILRT.

The Company continues to monitor all tax developments to anticipate their potential effects on operations and in order to be able to plan accordingly.

A domestic asset price bubble could adversely affect the Company's business.

One of the risks inherent in any real estate property market is the possibility of an asset price bubble. This occurs whenthere is a gross imbalance between the supply and demand in the property market, causing an unusual increase in assetprices, followed by a drastic drop in prices when the bubble bursts. In the Philippines, the growth of the real estate sector is mainly driven by low interest rates, robust remittances from Overseas Filipino Workers, and the continued growth of the Business Process Outsourcing sector and Knowledge Process Outsourcing sector.

The Company believes that the Philippine property sector is adequately protected against a domestic asset price bubbleburst. The country has a very young demographic profile benefitting from rising disposable income. It likewise remains to be one of the fastest growing emerging economies in the Asia Pacific region, registering Gross Domestic Product growth rates of 6.7% in 2017, 6.2% in 2018 and 5.9% in 2019 and the growth in the property sector is largelysupported by infrastructure investments from both the public and private sectors and strong macroeconomic fundamentals. Due to business disruptions brought about by the COVID-19 pandemic, the Philippine GDP contracted by 9.5% in 2020. However, it should be noted that the gradual reopening of the country's economy resulted to a 5.6% growth in 2021 and 7.6% growth in 2022, and has led most multilateral institutions to forecast a recovery of 6% to 7% growth in 2023.

There can be no assurance however, that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business,financial condition and results of operations. The Company has a planning process that provides for alternatives when conditions change that enables it to adjust its plans.

The Company is largely dependent on third-party brokers to sell their residential housing and landdevelopment projects and to lease their commercial and office properties.

While the Company has continuously grown its in-house sales team, FLI also relies on third-party brokers to market and sell their residential housing and land development projects and to lease their commercial and office properties topotential customers inside and outside of the Philippines. These brokers may also act as brokers for other developersin the same markets in which the Company operates, and there can be no assurance that they will not favor the interestsof their other clients over the interests of the Company in lease or sale opportunities, or otherwise act in the best interests of the Company. The Real Estate Service Act of the Philippines ("**RA 9646**") was signed into law on June 29,2009. RA 9646 strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs. Thus, there is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as the Company or attempt to recruitbrokers away from the Company. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, the Company would be required to seek other external brokers, and there can be no assurancethat the Company could do so quickly or in sufficient numbers. This could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects. To minimize this risk, the Company has a wide network of sellers including exclusive and non-exclusive brokers.

Infringement of the Company's intellectual property rights in relation to its real property business could havea material adverse effect on the Company's operations.

The Company has registered with the IPO a variety of marks including "FILINVEST LAND, INC," and the Filinvest logo. Generally, the registrations of these marks and/or trademarks are effective for aperiod of ten years from the date of the original registrations and may be renewed for periods of ten years at their expiration upon the filing of appropriate requests with the IPO. There can be no assurance that any renewal applications or applications to register other marks will be approved or that the actions the Company has taken will be adequate to prevent third parties from using the "Filinvest" name or Filinvest Company corporate brands and logosor from naming their products using the same brands the Filinvest Company uses. In addition, there can be no assurance that third parties will not assert rights in, or ownership of, the Filinvest Company name, trademarks and other intellectual property rights. Because the Company believes that the reputation and track record it has established under the "Filinvest" and "FLI" names are key to its future growth, the Company's business, financial condition andresults of operations may be materially and adversely affected by the unauthorized use of these names and of any associated trademarks by third parties or if the Company were restricted from using such marks.

Certain residential real estate customers of the Company rely on financing from Government-mandated funds, which may not always be available.

The residential housing industry in the Philippines has been and continues to be characterized by a significant shortage of mortgage financing, particularly in the low-cost housing sector. For example, a significant portion of the financing for purchases of socialized housing projects is provided by Government-sponsored housing funds such as the Pag- IBIG Fund, which is financed primarily through mandatory contributions from the gross wages of workers and the amount of funding available and the level of mortgage financing from these sources is limited and may vary from yearto year. The Company depends on the availability of mortgage financing provided by these Government-mandated funds for substantially all of its socialized housing sales, which represented 2.8% of the Company's total real estate sales for 2021 and 1.8%% of the Company's total real estate sales for 2022. In the event potential buyers of socialized housing products are unable to obtain financing from these Government-mandated funds, this could result in reduced sales for these products and, in turn, could have a material adverse effect on the Company's business, financial condition and results of operations. The Company continues to tap banks to finance the purchases of buyers to ensure financing is always available.

RISKS RELATING TO THE PHILIPPINES

Substantially all of the Company's business activities are conducted in the Philippines and all of its assets are located in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operationsdepend, to a significant extent, on the performance of the Philippine economy. Although the Philippine economy has experienced strong GDP growth in recent years prior to 2020, the stronger U.S. dollar, rising global interest rates and higher commodity prices may cause domestic inflation to increase and have an adverse impact on the future growth of the Philippine economy, which has previously experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls.

Demand for, and the prevailing prices of, developed land and house, lot and condominium units are directly related to thestrength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs. Demand for FLI's housing and land developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The Philippine residential housing industry is cyclical and is sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing.

There is no assurance that the Philippines and other countries in Asia will not experience future economic downturns. The Philippine and Asian economies may be adversely affected by various factors, including:

- decreases in business, industrial, manufacturing or financial activity in the Philippines, in Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companiesin the Philippines or in the Asian or global markets;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the taxation policies and laws; and

- other regulatory, political or economic developments in or affecting the Philippines and other Asian countries.

Any deterioration in economic and political conditions in the Philippines or elsewhere in Asia could materiallyand adversely affect the Company's business, prospects, financial condition and results of operations.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financialand capital markets could adversely affect the Company's businesses.

The Philippine economy has experienced volatility in the value of the Peso as well as limitations to the availability offoreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As aresult, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.$1.00 in July 1997 to ₱56.18 to U.S.$1.00 by December 2004.

The valuation of the Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines to "safe havens."

Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatilityin the value of the Peso against the U.S. Dollar and other currencies. As of February 29, 2024, according to BSP data, the Peso has depreciated 1.12% to ₱56.19 per U.S. $1.00 from ₱55.57 per U.S. $1.00 for the period ended December 31, 2023. As of the period ended December 31, 2023, the Peso has appreciated by 0.99% from ₱56.12 per U.S. $1.00 at the end of 2022. The Company's business may be disrupted by terrorist acts, crime, natural disasters and outbreaks of infectious diseases in the Philippines or fears of such occurrences.

The Company's hospitality business will depend substantially on revenues from local travelers and foreign visitors and may be disrupted by events that reduce local or foreign visitors' willingness to travel to or in the Philippines andraise substantial concerns about visitors' personal safety.

The Philippines has been subject to a number of terrorist attacks in recent years. The Philippine army has been in conflict with the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network, and has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern partof the Philippines. There have also been isolated bombings in the Philippines, mainly in regions in the southern part of the Philippines, such as the province of Maguindanao. In May 2017, members of the "Maute Company", a local terrorist Company with alleged allegiances to the Islamic State of Iraq and Syria, attacked Marawi City in Lanao del Sur, leading to clashes with Government troops. The attacks on Marawi City prompted President Duterte to declare martial law and suspend the writ of habeas corpus over the whole island of Mindanao. Based on news reports, up to 600,000 residents of Marawi City and nearby towns have been displaced as a result of the ongoing clashes between the Maute Company and Government troops. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy and the Company's business.

Crimes also remain a serious risk in many parts of the Philippines with illegal drug trade, human trafficking, murder,theft, robberies and violent assaults occur sporadically. Kidnapping is likewise a real threat in the country, with kidnap-for-ransom Companys targeting both locals and foreigners especially in the country's restive areas.

The Philippines has also experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes, including a 6.3 magnitude earthquake in April 2019, as well as outbreaks of infectious diseases, such as Severe Acute Respiratory Syndrome (SARS) in 2003 and the Coronavirus in 2019. In December 2019, an outbreak of the novel coronavirus ("COVID-19") occurred in China and spread to other countries, including the Philippines.

The business and operations of the Company have been and will continue to be adversely affected by the global outbreak of COVID-19.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China, later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with over (1) million confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As of December 31, 2021, the COVID-19 disease has continued to spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially.

Governments and health authorities around the world have imposed sweeping measures designed to contain the pandemic, including, among others, travel restrictions, border closures, curfews, quarantines, prohibition of gatherings and events and closures of universities, schools, restaurants, stores and other business. The economic repercussions of the pandemic and the efforts around the world to contain it have been severe, and include reduced global trade, lower industrial production, broad reductions in general consumption and economic activity and major disruptions to international travel and global air traffic.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight), unless earlier lifted or extended as circumstances may warrant, and imposed an enhanced community quarantine ("**ECQ**") throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended as circumstances may warrant. On March 25, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act" (the "**Bayanihan Act**"), was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On April 7, 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until April 30, 2020. On May 1, 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until May 15, 2020, while easing restrictions in other parts of the country. On May 11, 2020, the Inter-Agency Task Force of Emerging Infectious Disease ("**IATF**") placed high-risk local government units under modified ECQ ("**MECQ**") from May 16, 2020 until May 31, 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On May 27, 2020, the IATF reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on May 29, 2020, the Government placed Metro Manila under general community quarantine, allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. Because of the spike in COVID-19 cases, on August 4, 2020, the Government again placed Metro Manila under MECQ until August 18, 2020. Starting August 19, 2020, MECQ was lifted and Metro Manila and nearby areas were again placed under general community quarantine. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve. On September 11, 2020, the Bayanihan to Recover as One Act (the "**Bayanihan 2 Act**") was signed into law by President Duterte. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until December 19, 2020. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. The moratorium on the collection of residential and commercial rents of lessees not permitted to operate or which have temporarily ceased operations under the Bayanihan 2

Act during and after the effectivity of quarantine measures may affect the Company and businesses that transact with it. Until the measures are finalized, its potential effects or duration remain uncertain.

In March 2021, the Philippines, and in particular, Metro Manila experienced another surge of COVID-19 infections, prompting the Philippine Government to reimplement ECQ in Metro Manila and nearby areas from March 29, 2021 to April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to the MECQ classification. Thereafter, beginning May 15, 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ classification. On July 30, 2021, due to rising cases brought about by the COVID-19 Delta variant, the Office of the President announced that Metro Manila would be reverting back to ECQ from GCQ beginning on August 6 to August 24. As of July 31, 2021, the Philippine Department of Health reported 1,588,965 total cases of the novel coronavirus nationwide with 27,889 deaths attributed to COVID-19. The Philippines continues to add thousands of cases reported per day with 8,147 new cases on July 31, 2021.

The outbreak of COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business, financial condition and results of operations. These may include, temporary closures of the Company's Properties, or cause the hospitalization or quarantine of the Company's or its property managers' employees, delay or suspension of supplies from the Company's suppliers, disruptions or suspension of the Company's operational activities. The disruption to business may also cause tenants to miss lease payments or downsize or not renew their leases. Although the Company has taken certain measures to try and minimize the negative effect of COVID-19 on the Company's operations, there is no certainty that such measures will be sufficient or that the Company will not be required to incur additional expense to address the effect of COVID-19 on its operations.

Further, under the Bayanihan Act, lessors, such as the Company, were required to extend rent deferrals to small and medium enterprises that requested for such concessions during the imposition of ECQ and MECQ in Metro Manila. Although the Company did not provide any rental abatements or waivers to its commercial office tenants during the imposition of ECQ in Metro Manila or Cebu, the Company offered deferred rental payments without interest or penalties to its micro, small and medium enterprise ("**MSME**") tenants for the duration of the implementation of ECQ and MECQ, and may do so in the future if required by law or regulation. The Company has also granted requests of certain commercial office tenants to defer or stagger rental payments. As of February 28, 2022, the Company has collected a majority of the receivables arising out of such rent deferrals and is coordinating closely with tenants for the payment of outstanding receivables.

In addition, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets. It is possible that the continued spread of COVID-19 could cause a global economic slowdown or recession. The deterioration of the regional economy and financial markets in general will have a material adverse effect on the Company's business, financial condition and results of operations.

The duration of border controls, travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on the business of the Company, whether any further restrictions will be imposed by the Government in response to COVID-19, and the recovery trajectory for the Company remains uncertain. Even when restrictions are lifted, there may be a period of significantly reduced economic activity, increased unemployment and reduced consumer spending. Should this be the case, this will continue to affect the Company's business operations, financial condition, results of operations and prospects. However, the increase in the number of people being vaccinated may accelerate the lifting of restrictions imposed due to the pandemic.

To manage these risks, the Company intends to maintain and focus its office leasing strategy on top multinational global firms including BPO, IT, and traditional companies and headquarters of companies and to continue offering fixed rates and lease terms ranging from three (3) to five (5) years. For its retail and mall spaces, the Company allowed repurposement of spaces such as focusing on exhibits, which are shorter term and easily scalable as to size and type of tenant, to comply with the IATF protocols. For its trading business, the Company shifted from the traditional face-to-face sales and marketing activities to digital processes, virtual interaction and use of online platforms. The Company has also implemented various measures for the safety of its customers, tenants, suppliers, service providers and employees in compliance with the World Health Organization's and the Department of Health's guidelines on COVID-19.

These measures have caused disruptions to businesses and economic activities, and their impact on businesses continue to evolve. If the outbreak of COVID-19 and the measures to combat such outbreak increase in severity, they could havean adverse effect on economic activity in the Philippines and could materially and adversely affect FLI's business, financial condition and results of operations.

On a global scale, remittances from Filipinos working and living abroad, particularly in Hong Kong, Macau and mainland China, would experience a substantial or significant decrease in activities. This could affect the Company's residential sales which, as of the period ended December 31, 2023, OFW sales accounted for 24% of total real estate option sales. Out of total OFW sales, 69% came from the Middle East, more than half of which are from United Arab Emirates and Qatar

Businesses that cater principally to Chinese employees such as POGOs would be adversely affected because of the travel ban and more stringent health precautionary measures. For the Company, the business segment vulnerable to this adverse development would be the office leasing business. From the beginning, FLI has been following a stringent process of selecting BPO locators and employees. The recent outbreak made it more imperative for FLI to be extra cautious in sanitary and hygiene observance of POGO employees.

The Company has implemented various health and sanitary protocols in all its properties and developments under itsmanagement to ensure the safety of tenants, employees, mall customers and homeowners. It has also implemented digitalization initiatives that minimizes person to person contact. Employees are also under a flexible work schedule to ensure physical and social distancing in the workplace.

These and other related factors, which are not within the Company's control, could affect travel patterns, reduce the number of business and commercial travelers and tourists or potentially deter foreign visitors from traveling to or in the Philippines. Any occurrences of such events may disrupt the Company's operations and could materially and adversely affect the Company's business, financial condition and results of operations.

Political or social instability in the Philippines could destabilize the country and may have a negative effect on the Company.

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years,there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

On March 27, 2014, the Government and the Moro Islamic Liberation Front ("**MILF**") signed a peace agreement, the Comprehensive Agreement on Bangsamoro. On September 10, 2014, the draft of the Bangsamoro Basic Law ("**BBL**") was submitted by former President Aquino to Congress. The BBL is a draft law intended to establish the Bangsamoro political entity in the Philippines and provide for its basic structure of government, which will replace the existing Autonomous Region in Muslim Mindanao. Following the Mamasapano incident where high-profile terrorists clashed with armed members of the Bangsamoro Islamic Freedom Fighters and MILF leading to the deaths of members of the Special Action Force ("**SAF**") of the Philippine National Police, MILF, the Bangsamoro Islamic Freedom Fighters, and several civilians, the Congress stalled deliberations on the BBL. Following the release of the full report on the Mamapasano incident by the Philippine National Police Board of Inquiry in March 2015, former President Aquino, on March 27, 2015, formed Peace Council consisting of five original members to study the draft BBL. Seventeen co-conveners were later named as part of the Peace Council. The Council examined the draft law and its constitutionality and social impact. The Council Members testified before the House of Representatives and the Senate, and submitted their report, which endorses the draft BBL but with some proposed amendments. On May 13 and 14, 2015, the Senate conducted public hearings on the BBL in Zamboanga and Jolo, Sulu, with the Zamboanga City government and sultanate of Sulu opposing their inclusion in the proposed Bangsamoro entity. On May 30 and 31, 2018, the House of Representatives and the Senate approved their own versions of the bill on the BBL and onJuly 18, the bicameral committee approved the final version. On July 26, 2018, President Duterte signed into law Republic Act No. 11054 or the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Organic Law**"). The Bangsamoro Organic Law established an autonomous political entity known asthe Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Autonomous Region**"), replacing the Autonomous Region in Muslim Mindanao ("**ARMM**") created under Republic Act No. 6734. A plebiscite was heldon January 21, 2019 and February 06, 2019, with majority of the residents in ARMM and Cotabato City voting in favor of the Bangsamoro Organic Law. As such, the law was deemed ratified and the Bangsamoro Autonomous Region was formally created. It is composed of Cotabato City which voted for its inclusion in the new region and thefive provinces under ARMM: Basilan (except Isabela City), Lanao del Sur, Maguindanao, Tawi-Tawi and Sulu. The Bangsamoro Autonomous Region, unlike the unitary form of government under the ARMM, has a parliamentary- democratic government. The Bangsamoro parliament has the power to enact laws in the Bangsamoro Autonomous Region. Moreover, the Bangsamoro Autonomous Region enjoys fiscal autonomy (unlike ARMM).

President Duterte has also advocated for a shift to a federal-parliamentary form of government. In December 2016, President Duterte signed Executive Order No. 10 creating a 25-member consultative committee to study and review the provisions of the 1987 Constitution. On January 25, 2018, President Duterte appointed 19 of the 25 members of the consultative committee. On January 16, 2018, the House of Representatives adopted a resolution to convene as a constituent assembly to amend the 1987 Constitution. The proposals, among others, include a shift to a federal- parliamentary form of government and the division of executive powers between a President (as the head of state) and a Prime Minister (as the head of government). As of December 31, 2021, the Senate has yet to pass a similar resolution to form a constituent assembly. Disagreement between the two (2) houses of Congress still remains as to the voting procedure in the constituent assembly, particularly on whether the Houseand the Senate must vote jointly or separately. This issue has not been resolved and is expected to be brought to the Supreme Court.

In addition, the Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact the Company's business.

In March 2019 and February 2019, journalist Maria Ressa was ordered arrested on charges of violations of anti- dummy law and cyber libel, respectively. Her arrest elicited concern from the international community and has been criticized by various companies as an attempt by the government to silence critical press coverage against President Rodrigo Duterte and his administration. In December 2018, Senator Antonio Trillanes III was ordered arrested in connection with a libel case filed by presidential son Paolo Duterte. In February 2017, Senator Leila de Lima was arrested after charges were filed in court accusing her of orchestrating a drug-trafficking ring during her term as Secretary of the Department of Justice from 2010 to 2015. Senator Trillanes and Senator de Lima are outspoken criticsof the Duterte administration. In May 2018, the Supreme Court of the Philippines ousted Chief Justice Maria Lourdes Sereno by ruling in a *quo warranto* proceeding that her appointment was invalid. The removal of Chief Justice Serenobecame controversial because it was not coursed through the constitutionally mandated process of impeachment. On June 2018, former President Benigno Aquino III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration Program during his term. Moreover, several individuals who were high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking among other offenses. In addition, since the commencement of the current administration, more than 1,000 alleged drug dealers and users have been killed in police operations, and more than 1,300 drug dealers and drug usershave been killed by supposed vigilantes.

In addition, the Philippine legislature recently passed the Anti-Terrorism Act of 2020, which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which may be used to target government critics. The said bill will pass into law upon approval by, or within 30 days of receipt upon inaction of, President Rodrigo Duterte.

Philippine National Elections were held on May 9, 2022 where President Ferdinand Marcos, Jr won.

There can be no assurance that the new administration will continue to implement the economic policies favored by the previous administration. Major deviations from the policies of the previous administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's business, prospects, financial condition and results of operations.

The Company's land and real property may be subject to compulsory acquisition or expropriation proceedings undertaken by the Government.

The Government, by virtue of the sovereign power of eminent domain, has the authority to acquire any private property in the Philippines for public benefit or use or any other public interest upon due process of law and paymentof just compensation. Thus, the Company may be subject to a reduction or loss of property in its land holdings in the event that the Government undertakes expropriation proceedings. The payment of just compensation may also be less than the market value of the relevant property, and may thus adversely affect the Company's business.

Corporate governance and accounting and financial disclosure standards for public companies listed in the Philippines may differ from those in other countries.

There may be less publicly available information about Philippine public companies, including FLI, than is regularlymade available by public companies in other countries. In addition, although the Company complies with the requirements of the SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. The SEC considers as best practice for public companies such as FLI, to have at leastthree (3) independent directors, or such number as to constitute one-third of the board whichever is higher. While FLIhas adopted the recommended best practices of the SEC and is in compliance with Philippine laws, rules and regulations, a greater number of independent directors may be required in other jurisdictions.

Changes in foreign exchange control regulations in the Philippines may limit the Company's access to foreign currency.

Under BSP regulations, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign currencies may be freely sold and purchased outside the Philippine banking system. There are restrictionson the sale and purchase of foreign currencies within the Philippine banking system. In particular, a foreign investment must be registered with the BSP if foreign exchange is needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon, and if such foreign currency is sourced from the Philippine banking system. See "*Philippine Foreign Exchange and Foreign Ownership Controls.*"

The Government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency-denominated obligations. The Monetary Board, with the approval of the President of the Philippines, has statutory authority during a foreign exchange crisis or in times of national emergency to suspend temporarily or restrict sales of foreign exchange, to require licensing of foreign exchange transactions or to require delivery of foreign exchange to BSP or its designee. The Company is not aware of any pending proposals by the Government relating to such restrictions. The Government has from time to time made public pronouncements of a policy not to impose restrictions on foreign exchange. Any restrictions imposed in the future pursuant to such statutory authority could adversely affect the ability of the Company to source foreign currency to comply with its foreign currency-denominated obligations.

The sovereign credit ratings of the Philippines may adversely affect the Company's business.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. In May 2020, S&P and Moody's affirmed its rating of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. On February 2022, Fitch once again affirmed its credit rating for the Philippines but revised its outlook from stable to negative.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Philippine Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorialdisputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("**UNCLOS**"). The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a company of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accusedeach other of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal later that year. These actions threatened to disrupt trade and other ties between the two (2) countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and returnedthe notice sent by the Philippines to initiate arbitral proceedings.

In September 2013, the Permanent Court of Arbitration in The Hague, Netherlands issued rules of procedure and initial timetable for the arbitration in which it will act as a registry of the proceedings. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the operations of the Company could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. On July 12, 2016, the five-member Arbitral Tribunal at the Permanent Court of Arbitration in The Hague, Netherlands (the "**Tribunal**"), unanimously ruled in favor of the Philippines on the maritime dispute over the West Philippine Sea. The Tribunal's landmark decision contained several rulings, foremost of which invalidated China's "nine-dash line", or China's alleged historical boundary covering about 85% of the South China Sea, including 80% of the Philippines Exclusive Economic Zone in the West Philippine Sea. China rejected the ruling, saying that it did not participate in the proceedings for the reason that the court had no jurisdiction over the case.

Notwithstanding the favorable decision of the Tribunal, tensions over the West Philippine Sea continue to run high. Should territorial dispute continue to escalate,the Philippines and its economy may be affected, which in turn
Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial condition and results of operations.

Item 2. PROPERTIES

2.1. Land Bank

Since its incorporation, the Parent Company has invested in properties situated in what the Parent Company believes are prime locations across the Philippines for existing and future housing and land development projects. It is important for the Parent Company to have access to a steady supply of land for future projects. In addition to directly acquiring land for future projects, the Parent Company has also adopted a strategy of entering into joint venture arrangements with landowners for the development of raw land into future project sites for housing and land development projects. This allows FLI to reduce its capital expenditures for land and substantially reduces the financial holding costs resulting from owning land for development.

Under the joint venture agreements, the joint venture partner contributes the land free from any lien, encumbrance, tenants or informal settlers and the Parent Company undertakes the development and marketing of the products. The joint venture partner is allocated either the developed lots or the proceeds from the sales of the units based on pre-agreed distribution ratio.

Potential land acquisitions and participation in joint venture projects are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market, the suitability or the technical feasibility of the planned development. The Parent Company identifies land acquisitions and joint venture opportunities through active search and referrals.

As of December 31, 2023, the Parent Company had a land bank of approximately 1,867.3 hectares of raw land for the development of its various projects, including approximately 201 hectares of land under joint venture agreements, which the Parent Company's management believes is sufficient to sustain several years of development and sales.

Details of the Parent Company's raw land inventory as of December 31, 2023 are set out in the table below:

FLI Land Bank as of December 31, 2023
In Hectares

Location	Company Owned	Under Joint Venture	Total	% to Total
Luzon				
Metro Manila	34.4	-	34.4	1.8%
Rizal	711.6	9.2	720.8	38.6%
Bulacan	252.4	-	252.4	13.6%
Bataan	12.3	-	12.3	0.7%
Pampanga	-	24.9	24.9	1.3%
Camarines Sur	0.8	-	0.8	0.0%
Pangasinan	3.5	-	3.5	0.2%
Cavite	300.6	58.8	359.4	19.2%
Laguna	227.5	0.7	228.2	12.2%
Batangas	45.6	42.1	87.7	4.7%
	1,588.7	**135.7**	**1,724.4**	**92.3%**
Visayas				
Cebu	1.5	35.7	37.2	2.0%
Negros Occidental	0.2	-	0.2	0.0%
	1.7	**35.7**	**37.4**	**2.0%**
Mindanao				
Davao	6.3	29.6	35.9	1.9%
South Cotabato	69.6	-	69.6	3.8%
	75.9	**29.6**	**105.5**	**5.7%**
Total	**1,666.3**	**201.0**	**1,867.3**	**100.0%**

In addition to above, FLI has the ff land under a joint development or long-term leasing agreement available to FLI for development:

Location	Area in has.	Remarks
Filinvest Mimosa Plus	201.6	Being developed with FDC
New Clark City	288.0	Being developed with BCDA
Total	**489.6**	

2.2. Current Development Projects

The following are the most recently launched projects and projects with new phases and buildings:

PROJECT	LOCATION
HORIZONTAL	
Amarilyo Crest	Rizal
Pineview	Cavite
Sandia	Batangas
Tierra Vista	Bulacan
The Grove	Rizal
Savannah Place	Cavite
Futura Homes Palm Estates	Bacolod
Futura Homes Mactan	Cebu
Futura Homes Iloilo	Iloilo
Futura Homes Koronadal	South Cotabato
Anila Park Residences	Rizal
Aria at Serra Monte	Rizal
The Prominence	Quezon City
Futura Homes Davao	Davao
New Fields at Manna	Rizal
Meridian Place	Cavite
Valle Dulce	Laguna
Ventura Real	Rizal
Claremont Expansion	Pampanga
Southwinds	Laguna
Futura Zamboanga	Zamboanga
Enclave	Muntinlupa
New Leaf	Cavite
Mira Valley	Rizal
Hampton Orchard	Pampanga
Futura Mira	Calamba
Futura Plains	Rizal
Tropics 4	Cainta
New Fieds 2 at Manna	Rizal
Alta Vida 4&5	Bulacan
Rosewood	Cavite

PROJECT	LOCATION
MRB	
One Oasis Cebu	Cebu
One Oasis Cagayan de Oro	Cagayan de Oro
Panglao Oasis	Taguig
One Spatial	Pasig
San Remo	Cebu
Centro Spatial	Davao
One Spatial Iloilo	Iloilo
Marina Spatial	Dumaguete
8 Spatial	Davao
Maui Oasis	Manila
Alta Spatial	Valenzuela City
Bali Oasis	Pasig
Maldives Oasis	Davao
Sorrento Oasis	Pasig
Veranda	Davao
Futura East	Cainta
Centro Spatial	Manila
Belize	Muntinlupa
Futura Vinta	Zamboanga
Futura Monte	Naga City
Futura One Fora Dagupan	Pangasinan
HRB	
Activa	Quezon City
Levels	Alabang
Studio City	Alabang
Studio N (Block 50)	Alabang
Futura Bay Gen San	South Cotabato

On-going developments of the abovementioned projects are expected to require additional funds but FLI believes that it will have sufficient financial resources for these anticipated requirements, both from debt financing and generation from operations.

2.3. Investment Properties

FLI has the following operating strategic investment properties: Festival Supermall, Fora Mall, Main Square Molino, Il Corso, PBCom Tower, 100 West, Northgate Cyberzone, EDSA Wackwack Building, Cebu Cyberzone, Pasay Cyberzone (Bay Area) and Clark Mimosa Cyberzone.

FLI has currently several projects under development that will be rental assets when completed.
Please refer to Section 1.5.2 for a detailed discussion of these properties.

2.4. Property and Equipment

FLI's corporate headquarters is located along EDSA, Mandaluyong City. It also owns a property in SMPC . FLI is also renting spaces for its sales offices in Quezon City, Rizal, Pampanga, Tarlac, Bulacan, Puerto Princesa City, Davao City, Butuan, Tagum, Cagayan de Oro, and Zamboanga City. The terms of the leases are usually for one year, and thereafter, the terms of the lease shall be on short term basis or upon the option of both parties, a new contract is drawn. The Parent Company does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business.

Part of the PPE of the company are the tractor and equipment being used for construction works under supervision by DPI, and the plant for DCS as owned and operated by its subsidiary PDDC.

Item 3. LEGAL PROCEEDINGS

The Company is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. However, the Company does not believe that any such lawsuits or legal actions will have a significant impact on its financial position or results of its operations. Noteworthy are the following cases involving the Company:

a) FLI vs. Abdul Backy Ngilay, et al.,
G.R. No. 174715
Supreme Court

This is a civil action for the declaration of nullity of deeds of conditional and absolute sale of certain real properties located in Tambler, General Santos City, covered by free patents and executed between FLI and the plaintiff's patriarch, Hadiji Gulam Ngilay, instituted in 1998. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of the properties. On appeal, the Court of Appeals ("CA") rendered a decision partly favorable to FLI but nullified the sale of some properties involved. FLI filed a petition for review on *certiorari* to question that portion of the decision declaring as void the deeds of sale of properties covered by patents issued in 1991. The Supreme Court ("SC") affirmed the decision of the CA but declared with finality that FLI's purchase of sales patents issued in 1991 was void and ordered the Ngilays to return ₱l4,000,000.00 to FLI. The RTC issued a Writ of Execution dated 16 February 2015. To satisfy the monetary judgment in favor of FLI, four (4) parcels of land owned by the Ngilays and covered by Transfer Certificates of Title ("TCT") Nos. P-6886, 147-201005034, 147-2014000465, and 147-2014000468, were levied on execution and sold at public auction to FLI as the highest bidder. The Sheriff's Certificate of Sale over the properties was registered with the Registry of Deeds of General Santos City. FLI filed a motion for the surrender of the certificates of titles of the Ngilays so that FLI's affidavit of consolidation of ownership can be annotated on the titles and new certificates of title will be issued in FLI's name. This motion was partially granted; 3 titles, namely TCT Nos. 147-2014005034, 147-2014000465, and 147-2014000468, are surrendered to the Register of Deeds of General Santos City. But the sale by the Sheriff of the property covered by TCT No. P-6886 was declared invalid, because the sale of the property covered by said title was not one of the sales previously declared by the SC as invalid. The Sheriff was ordered to look for another property of Ngilay for execution and to issue an amended certificate of sale for the 3 Ngilay properties in favor of FLI. We are awaiting the Court's issuance of an order approving the amended certificate of sale along with resolution of the Court on Moner Ngilay's Motion to Exclude his property from execution, with FLI's opposition already filed.

b) Republic of the Philippines vs. Rolando Pascual, et al.,
G.R. No. 222949
Supreme Court

The National Government through the Office of the Solicitor General filed a suit against Rolando Pascual, Rogelio Pascual, and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable being forest land. The case was dismissed by the RTC of General Santos City (Branch 36) on November 16, 2007 for lack of merit. On appeal, the CA reversed the Decision of the RTC and ordered the case to be remanded for a full-blown trial on the merits. FLI filed a Motion for Partial Reconsideration, which was denied by the CA. On April 4, 2016, FLI filed its Petition for Review with the SC, but the SC also affirmed the Decision of the CA remanding the case for reversion filed by the Republic of the Philippines to the RTC of General Santos City for further proceedings. In an Order dated September 18, 2018, the hearing was reset to March 19, 2019, the RTC set the case for Judicial Dispute Resolution on August 20, 2019. The Judicial Dispute Resolution was terminated.

On 13 February 2020, FLI filed its Amended Answer incorporating its cross-claim against defendant Rodel Land, Inc. The Pre-Trial set on 14 April 2020 was cancelled due to the quarantine/lockdown as a result of the corona virus pandemic and was reset to 18 March 2021 at 8:45 am. Due to the same reason, the Pre-Trial was further reset to 19 October 2021. Again, this scheduled hearing was cancelled and reset to 08 March 2022 at 9:00AM.

For failure of the Republic to file a Pre-Trial Brief, the court dismissed the case with prejudice. The Republic filed a Motion for Reconsideration and FLI filed a Comment. The said Motion for Reconsideration was denied and the Court has issued an Order of Finality. The Office of the Solicitor General filed a Notice of Appeal in behalf of the Republic.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There was no matter which was submitted to a vote of security holders in 2023.

Part II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY & RELATED STOCKHOLDER MATTERS

The shares of the Company were listed on the Philippine Stock Exchange (PSE) in 1993 under the symbol "FLI". The following table shows, for the periods indicated, the high, low, and period end closing prices of the shares as reported in the PSE.

Period		High	Low	End
2023	4th Quarter	0.64	0.54	0.59
	3rd Quarter	0.71	0.62	0.64
	2nd Quarter	0.81	0.66	0.70
	1st Quarter	0.92	0.70	0.75
2022	4th Quarter	0.93	0.73	0.90
	3rd Quarter	0.97	0.76	0.76
	2nd Quarter	1.10	0.84	0.88
	1st Quarter	1.12	1.01	1.08
2021	4th Quarter	1.17	1.08	1.10
	3rd Quarter	1.19	1.08	1.10
	2nd Quarter	1.15	1.04	1.10
	1st Quarter	1.24	1.07	1.10

On 16 February 2024, FLI's shares closed at the price of Php0.71 per share. The number of shareholders of record as of said date was 5,605. Common shares outstanding as of 16 February 2024 is 24,249,759,506.

The top 20 Stockholders of FLI's common shares as of 16 February 2024 are as follows:

NAME	NO. OF SHARES	% OF TOTAL
1. Filinvest Development Corporation	15,681,457,022	64.67%
2. PCD Nominee Corporation (Filipino)	4,968,119,704	20.49%
3. PCD Nominee Corporation (Non-Filipino)	2,414,325,403	9.96%
4. Josefina Multi-Ventures Corporation	289,579,500	1.19%
5. Pryce Corporation	236,377,000	0.97%
6.PGI Retirement Fund Inc.	220,136,700	0.91%
7. Don Manuel Investments Corporation	87,240,000	0.36%
8.Philippines International Life Insurance Co. Inc.	60,000,000	0.25%
9. F. Yap Securities, Inc.	32,000,000	0.13%
10.Hinundayan Holdings Corporation	22,547,000	0.09%
11. Michael Gotianun	11,235,913	0.05%
12. Lucio W. Yan &/or Clara Y. Yan	10,687,500	0.04%
13. Gillian Cindy T. Te	8,000,000	0.03%
14. Joseph M. Yap &/or Josephine G. Yap	7,694,843	0.03%
15. Joseph del Mar Yap & or Lourdes Josephine G. Yap	6,444,115	0.03%
16. Executive Optical, Inc.	5,040,647	0.02%
17. Jonathan Dee Co	5,000,000	0.02%
18. Berck Y. Cheng or Alving Y. Cheng or Diana Y. Cheng or Cheryl Y. Cheng	5,000,000	0.02%
19. R Magdalena Bosch	4,877,928	0.02%
20. Luis L. Fernandez	4,064,940	0.02%

Filinvest Development Corporation holds 8,000,000,000 preferred shares.

No securities were sold within the past three years which were not registered under the Revised Securities Act and/or the Securities Regulation Code ("Code").

Recent Sale of Unregistered Securities

No securities were sold by FLI in the past three (3) years which were not registered under the Code.

Declaration of Dividends

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 6, 2023. The Group has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2023.

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 6, 2023. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2023.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022. The Group has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2022.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022. The share of the noncontrolling interest related to these dividend declarations amounted to ₱378.4 million. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2022.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.0155 per share for all common shareholders of record as of May 21, 2021 and ₱0.0155 per share for all common shareholders of record as of November 15, 2021 or a total of ₱751.74 million. The Group has remaining unpaid cash dividend amounting to ₱18.7 million as of December 31, 2021.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.000155 per share for all preferred shareholders of record as of May 21, 2021 and ₱0.000155 per share for all preferred shareholders of record as of November 15, 2021 or a total of ₱2.48 million. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2021.

The declaration of dividends is contingent upon FLI's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividend declaration imposed by the terms of agreements to which FLI is a party).

Pursuant to the loan agreements entered into by the Company and certain financial institutions, the Company needs the lenders' prior consent in cases of cash dividend declaration.

Item 6. BOND ISSUANCES

On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2023, these bonds payable remain outstanding.

On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2023, ₱11.90 billion of the related bonds payable remain outstanding.

On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2023, ₱10.0 billion of the related bonds payable remain outstanding.

On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. As of December 31, 2023, ₱1.8 billion of the related bonds payable remain outstanding.

On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and 1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid ₱7.0 billion bonds on August 20, 2022. As of December 31, 2023, ₱1.0 billion of the related bonds payable remain outstanding.

On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2023, ₱1.7 billion of the related bonds payable remain outstanding.

On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2023, ₱2.70 billion of the related bonds was paid.

The Group's bonds payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio ranging from 1.0x to 2.0x; and minimum debt service coverage ratio of 1.0x. As of December 31, 2023 and 2022, the Group is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

Item 7. MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

Plan of Operations for 2024

In terms of real property trading business segment, FLI's business strategy has placed emphasis on the development and sale of residential lots and housing units mainly to lower and middle-income markets which accounts for approximately 50% of total demand throughout the Philippines as its core. This business segment includes landed housing, medium-rise buildings (MRB) and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market.

In 2024, FLI intends to retain its dominant position as the leader in MRB projects by launching 4 new projects nationwide and 10 additional buildings of existing projects. Aside from the MRBs, FLI has pipelined 14 horizontal residential projects. FLI projects are geographically diversified and can be found in 22 provinces across the country. FLI also focuses on projects that have short construction periods to minimize construction risks. Home buyers are typically first-time home owners and ultimate end-users.

As far as the leasing business is concerned, the Parent Company continues the build-up of its office and retail leasing portfolio to generate recurring revenues. Included in its pipeline expected to be completed in 2024, are 9 office spaces located in Alabang, Makati City, Quezon City, Cebu, Dumaguete and Clark Mimosa and a mall in Dumaguete The Company has also started the leasing operations of its first dormitel, "The Crib" in Clark Mimosa and its industrial park in New Clark City.

Results of operations for the year ended December 31, 2023 compared to year ended December 31, 2022

	2023	2022	Change Increase (Decrease)	
REVENUE				
Real Estate Sales	**₱14,486.51**	₱12,836.06	₱1,650.45	12.86%
Rental and related services	**7,200.95**	6,350.41	850.54	13.39%
Total revenue	**21,687.46**	19,186.46	2,500.99	13.04%
EQUITY IN NET EARNINGS OF ASSOCIATES	**242.01**	78.96	163.05	206.50%
OTHER INCOME				
Interest Income	**283.98**	367.05	(83.07)	(22.63%)
Others	**340.88**	311.87	29.01	9.30%
	22,554.33	19,944.34	2,609.97	13.09%
COSTS				
Real Estate Sales	**8,101.49**	7,354.69	746.79	10.15%
Rental Services	**3,122.34**	2,583.49	538.85	20.86%
OPERATING EXPENSES				
General And Administrative Expenses	**2,584.60**	2,313.06	271.54	11.74%
Selling And Marketing Expenses	**1,370.13**	1,150.64	219.49	19.08%
INTEREST AND OTHER FINANCE CHARGES	**2,434.39**	2,294.24	140.15	6.11%
	17,612.95	15,696.12	1,916.82	12.21%
INCOME BEFORE INCOME TAX	**4,941.38**	4,248.21	693.17	16.32%
PROVISION FOR INCOME TAX				
Current	**578.50**	420.35	158.14	37.62%
Deferred	**66.84**	306.73	(239.88)	(78.21%)
	645.34	727.08	(81.74)	(11.24%)
NET INCOME	**₱4,296.04**	₱3,521.14	₱ 774.91	22.01%

	2023	2022	Change Increase (Decrease)	
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	**₱3,765.39**	₱2,889.91	₱875.47	30.29%
Noncontrolling interest	**530.65**	631.22	(100.57)	(15.93%)
	₱4,296.04	₱3,521.14	₱774.91	22.01%

For the year ended December 31, 2023, FLI's net income from its business segments increased by ₱774.91 million or 22.01%, from ₱3,521.14 million in 2022 to ₱4,296.04 million in 2023 primarily due to the growth of the residential and leasing business segments.

Revenues and other income

Total consolidated revenues and other income increased by ₱2.61 billion or 13.09% year-on-year from ₱19.94 billion in 2022 to ₱22.55 billion in 2023 due to higher revenues generated from residential, retail and office leasing businesses.

Real estate sales grew by ₱1.65 billion or 12.86% compared to prior year, from ₱12.84 billion in 2022 to ₱14.49 billion in 2023 primarily attributed to higher construction percentage of completion achieved during the year. Real estate sales booked during the year broken down by product type are as follows: Medium Income 67.89% (inclusive of MRB and HRB); Affordable and low affordable 23.25%; High-End 5.9%; Socialized 2.96%.

Rental and other services improved by ₱850.54 million or 13.39% vs. last year, from ₱6,350.41 million in 2022 to ₱7,200.95 million in 2023. Mall rentals revenue grew by ₱534.44 million or 32% driven by gradual reduction of rental concessions, reinstatement of escalation rates and increased occupancy levels. On the other hand, the office sector remained stable with an increase of ₱76.74 million or 2% despite continuing challenges on account of flexible work arrangements and slow return-to-office set-up and pre-termination of leases from POGO tenants. During the year, FLI started operations on its co-living or dormitel business in Filinvest Mimosa+ Leisure City which contributed to ₱180.86 million in revenues.

Equity in net earnings of associates increased by ₱163.05 million or 206.50% year-on-year from ₱78.96 million in 2022 to ₱242.01 million in 2023 due to higher net income reported by FAI and the improvement in operations of SPI, Pro-Excel and CTI.

Interest income declined by ₱83.07 million or 22.63% compared to prior year, from ₱367.05 million in 2022 to ₱283.98 million in 2023 due to lower interest income derived from installment contract receivables for in-house financing scheme as we are prioritizing bank financed loans.

Other income increased by ₱29.01 million or 9.30% against last year, from ₱311.87 million in 2022 to ₱340.88 million in 2023 due to higher income generated from processing fees.

Costs and Expenses

Cost of real estate sales increased by ₱746.79 million or 10.15%, year-on-year from ₱7,354.69 million in 2022 to ₱8,101.49 million in 2023 due to higher real estate revenues realized during the year.

Cost of rental services went up by ₱538.85 million or 20.86% compared to prior year from ₱2,583.49 million in 2022 to ₱3,122.34 million in 2023 due to higher direct operating expenses during the year on account of improving business activities in the leasing segment.

General and administrative expenses increased by ₱271.54 million or 11.74% against last year from ₱2,313.06 million in 2022 to ₱2,584.60 million in 2023 primarily due to higher manpower costs, taxes and licenses and increased repairs and maintenance expenses for the managed projects.

Selling & marketing expenses increased by ₱219.49 million or 19.08% year-on-year from ₱1,150.64 million in 2022 to ₱1,370.13 million in 2023 on account of higher commissions, local and international branch sale offices and sales and marketing activities designed to generate sales.

Interest and other finance charges

Interest and other finance charges increased by ₱140.15 million or 6.11 % compared to prior year from ₱2,294.24 million in 2022 to ₱2,434.39 million in 2023 mainly from higher average interest rates.

Provision for Income Tax

Total provision for income tax decreased by ₱81.74 million or 11.24% against last year from ₱727.08 million in 2022 to ₱645.34 million in 2023, as the taxable income decreased due mainly to more projects enjoying special tax rates such as PEZA and BOI).

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of December 31, 2023 compared to as of December 31, 2022

	2023	2022	Change Increase (Decrease)	
ASSETS				
Current Assets				
Cash And Cash Equivalents	**₱5,732.01**	₱6,619.13	₱(887.13)	(13.40%)
Contracts Receivable	**1,837.83**	2,128.88	(291.05)	(13.67%)
Contract Assets	**4,745.83**	5,399.79	(653.96)	(12.11%)
Other Receivables	**3,465.06**	2,902.01	563.05	19.40%
Real Estate Inventories	**72,634.83**	71,326.49	1,308.34	1.83%
Other Current Assets	**7,192.43**	6,380.77	811.67	12.72%
Total Current Assets	**95,607.99**	94,757.07	850.92	0.90%
Noncurrent Assets				
Contract Asset - Net of Current Portion	**5,037.94**	5,083.16	(45.22)	(0.89%)
Investment In Associates	**5,219.90**	5,135.02	84.88	1.65%
Investment Properties	**79,659.34**	77,021.40	2,637.94	3.42%
Property And Equipment	**5,673.01**	5,485.28	187.73	3.42%
Deferred Income Tax Assets	**48.48**	91.38	(42.90)	(46.95%)
Goodwill	**4,567.24**	4,567.24	-	0.00%
Other Noncurrent Assets	**8,662.18**	7,974.63	687.55	8.62%
Total Noncurrent Assets	**108,868.09**	105,358.11	3,509.98	3.33%
TOTAL ASSETS	**₱204,476.08**	₱200,115.18	₱ 4,360.90	2.18%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts Payable and Accrued Expenses	**₱12,551.16**	₱11,948.85	₱602.31	5.04%
Contract Liabilities	**792.40**	1,012.29	(219.89)	(21.72%)
Lease Liabilities - Current Portion	**175.46**	246.05	(70.59)	(28.69%)
Due To Related Parties	**488.49**	754.26	(265.78)	(35.24%)
Income Tax Payable	**21.56**	19.55	2.01	10.25%
Loans Payable - Current Portion	**16,480.44**	8,446.97	8,033.46	95.10%
Bonds Payable - Current Portion	**1,697.35**	15,017.44	(13,320.09)	(88.70%)
Total Current Liabilities	**32,206.86**	37,445.43	(5,238.58)	(13.99%)

Noncurrent Liabilities				
Loans Payable - Net of Current Portion	**₱20,507.49**	₱24,402.51	₱(3,895.02)	(15.96%)
Bonds Payable - Net of Current Portion	**35,771.17**	26,115.35	9,655.82	36.97%
Contract Liabilities - Net of Current Portion	**149.95**	283.07	(133.12)	(47.03%)
Lease Liabilities - Net of Current Portion	**6,544.40**	6,262.44	281.96	4.50%
Net Retirement Liabilities	**437.19**	431.31	5.89	1.36%
Deferred Income Tax Liabilities - Net	**5,649.15**	5,625.21	23.94	0.43%
Accounts Payable and Accrued Expenses - Net of Current Portion	**8,938.00**	8,047.13	890.87	11.07%
Total Noncurrent Liabilities	**77,997.35**	71,167.01	6,830.35	9.60%
Total Liabilities	**110,204.21**	108,612.44	1,591.77	1.47%
Equity				
Common Stock	**24,470.71**	24,470.71	(0.00)	(0.00%)
Preferred Stock	**80.00**	80.00	(0.00)	(0.00%)
Additional Paid-In Capital	**5,612.32**	5,612.32	0.00	0.00%
Treasury Stock	**(221.04)**	(221.04)	-	0.00%
Retained Earnings	**62,061.53**	59,172.01	2,889.52	4.88%
Revaluation Reserve on Financial Assets at Fair Value Through Other Comprehensive Income	**(2.62)**	(2.62)	-	0.00%
Remeasurement Losses on Retirement Plan	**47.52**	68.19	(20.66)	(30.31%)
Share In Other Components of Equity of an Associate	**372.45**	372.45	-	0.00%
Equity Attributable to Equity Holders of the Parent	**92,420.87**	89,552.01	2,868.85	3.20%
Noncontrolling Interest	**1,851.01**	1,950.73	(99.73)	(5.11%)
Total Equity	**94,271.87**	91,502.74	2,769.13	3.03%
TOTAL LIABILITIES AND EQUITY	**₱204,476.08**	₱200,115.18	₱4,360.90	2.18%

As of December 31, 2023, FLI's total consolidated assets stood at ₱204.48 billion from ₱200.12 billion as of December 31, 2022, an increase by ₱4.36 billion or 2.18%. The following are the material changes in account balances:

13.40% Decrease in Cash and Cash Equivalents
Mainly from capital expenditures on investment properties, property, and equipment, and BTO rights and payment of interest and cash dividends. This was partially offset by cash generated from the Group's operations.

7.85% Overall Decrease in Contract Receivables and Contract Assets
13.67% decrease in contract receivables; 6.67% decrease in contract assets (12.11% decrease in contract assets – current portion; 0.89% decrease in contract assets – net of current portion)
Decreases are mainly due to increased collections including receipt of bank takeouts while increases are primarily due to longer payment terms and new sales recognized during the year.

19.40% Increase in Other Receivables
Mainly due to increase in receivables from leasing tenants.

12.72% Overall Increase in Other Current Assets
Primarily due to additional input taxes, creditable withholding taxes, and advances to contractors.

46.95% Decrease in Deferred Income Tax Assets
Mainly from the decrease in deferred taxes attributable to advance rentals .

8.62% Increase in Other Noncurrent Assets
Increase was largely due to additional construction costs of Filinvest Cebu Cyberzone (known as "BTO rights") covered by the BTO agreement with the Provincial Government of Cebu and an investment in a 5-year, non-interest bearing, Class A Senior Notes issued by a third-party special purpose trust fund.

7.47% Overall Increase in Accounts Payable and Accrued Expenses
5.04% increase in Accounts Payable and Accrued Expenses – current portion; 11.07% increase in Accounts Payable and Accrued Expenses – net of current portion
Mainly from the unpaid balance of Niyog and Cajel acquisition, increase in deposit from tenants, and other operating payables of the Group.

27.25% Overall Decrease in Contract Liabilities
21.72% decrease in contract liabilities – current portion; 47.03% decrease in contract liabilities – net of current portion
Mainly because of the construction progress for the accounts already qualified for revenue recognition

35.24% Decrease in Due to Related Parties
Pertains to FILRT's continuing quarterly payments to FDC for the purchase of land In Boracay, Aklan, as part of its asset infusion program.

10.25% Increase in Income Tax Payable
Primarily due to higher 4th quarter income tax

12.60% Increase in Loans Payable
95.10% increase in Loans Payable – current portion; 15.96% decrease in Loans Payable – net of current portion
Attributable to newly availed loans of ₱24.66 billion offset by ₱20.53 billion repayments.

8.91% Decrease in Bonds payable
88.70% decrease in Bonds Payable – current portion; 36.97% increase in Bonds Payable – net of current portion
Primarily due to the settlement of FILRT's bonds of ₱6.00 billion in January 2023 and FLI's bonds of ₱9.04 billion in November 2023, partially offset by FLI's bond issuance amounting to ₱11.43 billion in December 2023.

1.36% Increase in Retirement Liabilities
Mainly from plan asset contribution and payments, offset by net benefit costs for the year.

30.31% Decrease on Remeasurement Losses on Retirement Plan
Mainly due to actuarial adjustments during the year.

5.74% Decrease in Non-controlling Interests
Mainly due to dividend distributions higher than the income share of NCI.

Performance Indicators	**2023**	2022
Earnings per Share - Basic[1]	0.16	0.12
Earnings per Share - Diluted[2]	0.16	0.12
Price Earnings Ratio[3]	3.69	7.50
Interest-bearing Debt to Equity Ratio[4]	0.79	0.81
Debt Ratio[5]	0.54	0.54
EBITDA to Total Interest Paid [6]	2.18	2.27

[1] *Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.*

[2] *Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.*

[3] *Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2022 and 2021*

[4] *Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.*

[5] *Debt Ratio is computed as total liabilities divided by total assets*

[6] *EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization) divided by total interest paid.*

Seasonality

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

Results of operations for the year ended December 31, 2022 compared to year ended December 31, 2021

Pursuant to the adoption of PIC Q&A 2018-12-H, PFRS 15 - Accounting for Common Usage Service (CUSA) Charges, the figures for December 31, 2022 and 2021 were restated for comparability to current period where chargeable collections / reimbursements i.e. CAMC/CUSA and aircon charges are presented as part of the rental services revenues while chargeable expenses are presented as part of the cost of rental services.

	2022	2021 (As Restated)	Change Increase (Decrease)	
REVENUE				
Real Estate Sales	**₱12,836.06**	₱11,274.51	₱1,561.55	13.85%
Rental Services	**6,350.41**	5,591.80	758.61	13.57%
Total revenue	**19,186.46**	16,866.31	2,320.15	13.76%
EQUITY IN NET EARNINGS OF AN ASSOCIATE	**78.96**	112.02	(33.07)	(29.52%)
OTHER INCOME				
Interest Income	**367.05**	409.61	(42.56)	(10.39%)
Others	**311.87**	350.98	(39.10)	(11.14%)
	19,944.34	17,738.92	2,205.43	12.43%
COSTS				
Real Estate Sales	**7,354.69**	6,443.69	911.00	14.14%
Rental Services	**2,583.49**	2,430.62	152.87	6.29%
OPERATING EXPENSES				
General And Administrative Expenses	**2,313.06**	1,979.12	333.94	16.87%
Selling And Marketing Expenses	**1,150.64**	911.82	238.83	26.19%
INTEREST AND OTHER FINANCE CHARGES	**2,294.24**	2,426.79	(132.55)	(5.46%)
	15,696.13	14,192.04	1,504.09	10.60%
INCOME BEFORE INCOME TAX	**4,248.21**	3,546.88	701.34	19.77%
PROVISION FOR INCOME TAX				
Current	**420.35**	350.99	69.36	19.76%
Deferred	**306.73**	(1,109.34)	1,416.07	127.65%
	727.08	(758.35)	1,485.43	195.88%
NET INCOME	**₱3,521.14**	₱4,305.23	₱ (784.09)	(18.21%)
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	**₱2,889.91**	₱3,803.38	₱ (913.46)	(24.02%)
Noncontrolling interest	**631.22**	501.85	129.37	25.78%
	₱3,521.14	₱4,305.23	₱ (784.09)	(18.21%)

For the year ended December 31, 2022, FLI's net income from its business segments declined by ₱784.09 million or 18.21%, from ₱4,305.23 million in 2021 to ₱3,521.14 million in 2022 primarily due to ₱1.10 billion income tax benefit recognized last year due to CREATE law. Without the tax benefit, net income in 2021 will be at ₱3,183.95 million for a net income improvement of ₱337.19 million or 10.59% in 2022.

Revenues and other income

Total consolidated revenues and other income increased by ₱2,205.43 million or 12.43% year-on-year from ₱17,738.92 million in 2021 to ₱19,944.35 million in 2022 due to higher revenues generated from both residential and retail leasing businesses tempered by the slight decrease in the office leasing business.

Real estate sales grew by ₱1,561.55 million or by 13.85% compared to prior year, from ₱11,274.51 million in 2021 to ₱12,836.06 million in 2022 primarily attributed to higher construction percentage of completion achieved during the year. Real estate sales booked during the year broken down by product type are as follows: Medium Income 69.5% (inclusive of MRB and HRB); Affordable and low affordable 20.7%; High-End 8%; Socialized 1.8%.

Rental and related services increased by ₱758.61 million or by 13.57% vs. last year, from ₱5,591.80 million in 2021 to ₱6,350.41 million in 2022. Mall rentals more than doubled from year ago levels, from ₱796.10 million to ₱1,678.56 million or an increase of ₱882.46 million or 110.85% due to gradual reduction of rental concessions, reinstatement of escalation rates and increased occupancy levels. On the other hand, the office sector continued to face challenges on account of flexible work arrangements and slow return-to-office set-up and pre-termination of leases from POGO tenants which resulted to lower occupancy.

Equity in net earnings of an associate decreased by ₱33.07 million or by 29.52% year-on-year from ₱112.02 million in 2021 to ₱78.96 million in 2022 due to lower net income reported by FAI and the share in net loss from operations of DPI and CTI.

Interest income decreased by ₱42.56 million or by 10.39% compared to prior year from ₱409.61 million in 2021 to ₱367.05 million in 2022 due to lower interest income derived from installment contract receivables for in-house financing scheme as we are prioritizing bank financed loans.

Other income lowered by ₱39.10 million or by 11.14% vs. last year from ₱350.98 million in 2021 to ₱311.87 million in 2022 due to lower income generated from processing fees.

Costs and Expenses

Cost of real estate sales increased by ₱911 million or by 14.14%, year-on-year from ₱6,443.69 million in 2021 to ₱7,354.69 million in 2022 due to higher real estate revenues realized during the year.

Cost of rental services increased by ₱152.87 million or by 6.29% compared to prior year from ₱2,430.62 million in 2021 to ₱2,583.49 million in 2022 due to higher direct operating expenses during the year on account of improving business activities in the retail segment.

General and administrative expenses increased by ₱333.94 million or by 16.87% vs. last year from ₱1,979.12 million in 2021 to ₱2,313.06 million in 2022 primarily due to higher manpower costs, taxes and licenses and increased repairs and maintenance expenses for the managed projects.

Selling & marketing expenses increased by ₱238.83 million or by 26.19% year-on-year from ₱911.82 million in 2021 to ₱1,150.64 million in 2022 due to higher commissions and sales generation activities which resulted to higher option sales for the year.

Interest and other finance charges

Interest and other finance charges decreased by ₱132.55 million or by 5.46% compared to prior year from ₱2,426.79 million in 2021 to ₱2,294.24 million in 2022 due to lower other finance charges coupled with higher capitalized interest during the year.

Provision for Income Tax

Total provision for income tax increased by ₱1,485.43 million or 195.88% vs. last year from a tax benefit of ₱758.35 million in 2021 to a tax expense of ₱727.08 million in primarily due to ₱1.10 billion income tax benefit recognized last year due to CREATE law.

There are no significant elements of income or loss that did not arise from the Company’s continuing operations.

Financial Condition as of December 31, 2022 compared to as of December 31, 2021

	2022	2021	Change Increase (Decrease)	
ASSETS				
Current Assets				
Cash And Cash Equivalents	**₱6,619.13**	₱9,658.26	₱ (3,039.13)	(31.47%)
Contracts Receivable	**2,128.88**	5,337.93	(3,209.05)	(60.12%)
Contract Assets	**5,399.79**	4,177.82	1,221.97	29.25%
Other Receivables	**2,902.01**	2,710.46	191.54	7.07%
Real Estate Inventories	**71,326.49**	68,726.92	2,599.57	3.78%
Other Current Assets	**6,380.77**	4,933.31	1,447.45	29.34%
Total Current Assets	**94,757.07**	95,544.70	(787.64)	(0.82%)
Noncurrent Assets				
Contract Asset - Net of Current Portion	**5,083.16**	4,152.76	930.41	22.40%
Investment In Associates	**5,135.02**	5,045.09	89.93	1.78%
Investment Properties	**77,021.40**	72,077.99	4,943.41	6.86%
Property And Equipment	**5,485.28**	4,794.02	691.26	14.42%
Deferred Income Tax Assets	**91.38**	95.55	(4.17)	(4.36%)
Goodwill	**4,567.24**	4,567.24	0.00	0.00%
Other Noncurrent Assets	**7,974.63**	6,946.18	1,028.45	14.81%
Total Noncurrent Assets	**105,358.11**	97,678.83	7,679.29	7.86%
TOTAL ASSETS	**₱200,115.18**	₱193,223.53	₱6,891.65	3.57%

LIABILITIES AND EQUITY				
Current Liabilities				
Accounts Payable And Accrued Expenses	**₱11,948.85**	₱11,738.49	₱210.36	1.79%
Contract Liabilities	**1,012.29**	1,171.38	(159.09)	(13.58%)
Lease Liabilities - Current Portion	**246.05**	248.59	(2.54)	(1.02%)
Due To Related Parties	**754.26**	204.32	549.95	269.16%
Income Tax Payable	**19.55**	8.52	11.03	129.44%
Loans Payable - Current Portion	**8,446.97**	4,912.20	3,534.78	71.96%
Bonds Payable - Current Portion	**15,017.44**	6,991.75	8,025.69	114.79%
Total Current Liabilities	**37,445.43**	25,275.25	12,170.18	48.15%
Noncurrent Liabilities				
Loans Payable - Net Of Current Portion	**₱24,402.51**	₱27,270.55	₱ (2,868.04)	(10.52%)
Bonds Payable - Net Of Current Portion	**26,115.35**	29,297.17	(3,181.83)	(10.86%)
Contract Liabilities - Net Of Current Portion	**283.07**	774.21	(491.14)	(63.44%)
Lease Liabilities - Net Of Current Portion	**6,262.44**	6,099.43	163.01	2.67%
Net Retirement Liabilities	**431.31**	459.63	(28.32)	(6.16%)
Deferred Income Tax Liabilities - Net	**5,625.21**	5,317.27	307.94	5.79%
Accounts Payable And Accrued Expenses - Net Of Current Portion	**8,047.13**	8,939.80	(892.67)	(9.99%)
Total Noncurrent Liabilities	**71,167.01**	78,158.06	(6,991.05)	(8.94%)
Total Liabilities	**108,612.44**	103,433.31	5,179.13	5.01%
Equity				
Common Stock	**24,470.71**	24,470.71	0.00	0.00%
Preferred Stock	**80.00**	80.00	0.00	0.00%
Additional Paid-In Capital	**5,612.32**	5,612.32	0.00	0.00%
Treasury Stock	**(221.04)**	(221.04)	0.00	0.00%
Retained Earnings	**59,172.01**	57,425.03	1,746.98	3.04%
Revaluation Reserve On Financial Assets At Fair Value Through Other Comprehensive Income	**(2.62)**	(2.62)	0.00	0.00%
Remeasurement Losses On Retirement Plan	**68.19**	(16.17)	84.35	(521.71%)
Share In Other Components Of Equity Of An Associate	**372.45**	372.45	0.00	0.00%
Equity attributable to equity holders of the parent	**89,552.01**	87,720.68	1,831.33	2.09%
Noncontrolling Interest	**1,950.73**	2,069.54	(118.81)	(5.74%)
Total Equity	**91,502.74**	89,790.22	1,712.52	1.91%

	2022	2021	Change Increase (Decrease)	
TOTAL LIABILITIES AND EQUITY	**₱200,115.18**	₱193,223.53	₱6,891.65	3.57%

As of December 31, 2022, FLI's total consolidated assets stood at ₱200.12 billion from the ₱193.22 billion balance as of December 31, 2021, increased by ₱6.9 billion or by 3.57%. The following are the material changes in account balances:

31.47% Decrease in Cash and cash equivalents
Primarily due to additions to investment properties, property and equipment and BTO rights tempered by increased net cash provided by operating activities on account of increased collections. In addition, the company raised funds from the REIT in August 2021, which had to be reinvested within one year and was fully utilized in 2022.

7.73% Overall Decrease in Contract Receivables and Contract Assets
60.12% decrease in contract receivables; 25.84% increase in contract assets (29.25% increase in contract assets – current portion; 22.40% increase in contract assets – net of current portion)
Decreases are mainly due to increased collections including receipt of bank takeouts while increases are primarily due to longer payment terms and new sales recognized during the year.

7.07% Increase in Other receivables
Mainly due to increase in receivables from office tenants.

29.34% Overall Increase in Other Current Assets
Primarily due to additional input VAT and creditable withholding taxes.

6.86% Increase in Investment Properties
Substantially due to continued payments for construction activities for leasing projects located in Ortigas Center
and Filinvest Mimosa and the purchase of properties in Aklan and Bulacan intended to be used for leasing operations.

14.42% Increase in Property and Equipment
Major additions pertain to investment in a precast and concrete batching plant and related heavy equipment to provide stable ready-mixed concrete and precast concrete products to FLI's developments and the purchase of formworks and other construction equipment to be used primarily in residential developments aimed to accelerate construction completion.

14.81% Increase in Other Noncurrent Assets
Primarily due to additional construction costs of Filinvest Cebu Cyberzone (known as "BTO rights") covered by the BTO agreement with the Provincial Government of Cebu and an investment in a 5-year, non-interest bearing, Class A Senior Notes issued by a third-party special purpose trust fund**.**

9.99% Overall Decrease in Accounts Payable and Accrued Expenses – Net of Current Portion
Mainly due to the increased payments to contractors, vendors, and suppliers

33.42% Overall Decrease in Contract Liabilities
13.58% decrease in contract liabilities – current portion; 63.44% decrease in contract liabilities – net of current portion
Mainly due to the accounts already qualified for revenue recognition.

269.16% Increase in Due to Related Parties
Mostly due to the remaining unpaid portion pertaining to the purchase of land In Boracay, Aklan, from FDC by FILRT as part of its asset infusion program**.**

129.44% Increase in Income Tax Payable
Primarily due to higher taxable income for the year.

2.07% Increase in Loans Payable
71.96% increase in Loans Payable – current portion; 10.52% decrease in Loans Payable – net of current portion
Mainly due to newly availed loans of ₱12.81 billion offset by ₱12.16 billion repayments of existing loans.

13.35% Increase in Bonds payable
114.79% increase in Bonds Payable – current portion; 10.86% decrease in Bonds Payable – net of current portion
Mainly due to bond issuance amounting to ₱11.90 billion last June 2022. The proceeds were used to pay off maturing bonds in August 2022 amounting to ₱7.0 billion and refinance bank loans due for the rest of the year. Increase in current portion is to reclassify the bonds maturing in 2023**.**

6.16% Decrease in Retirement Liabilities
Mainly due to actuarial adjustments on the present value of defined benefit obligation.

5.79% Increase in Deferred Tax Liabilities - Net
The increase was mainly due to deferred tax assets on account of capitalized borrowing costs during the year.

521.71% Decrease on Remeasurement Losses on Retirement Plan
Mainly due to actuarial adjustments resulting from changes on actuarial assumptions.

5.74% Decrease in Non-controlling Interests
Largely due to higher dividends distributed over share in net earnings for the year.

Performance Indicators	**2022**	**2021**
Earnings per Share - Basic[1]	0.12	0.16
Earnings per Share - Diluted[2]	0.12	0.16
Price Earnings Ratio[3]	7.50	6.88
Interest-bearing Debt to Equity Ratio[4]	0.81	0.76
Debt Ratio[5]	0.54	0.54
EBITDA to Total Interest Paid [6]	2.27	2.08

[1] Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

[2] Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

[3] Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2021 and 2020

[4] Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.

[5] Debt Ratio is computed as total liabilities divided by total assets

[6] EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization) divided by total interest paid.

Seasonality
Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

Results of operations for the year ended December 31, 2021 compared to the year ended December 31, 2020

	2021 (As Restated)	2020 (As Restated)	Change Increase (Decrease)	
REVENUE				
Real Estate Sales	**₱11,274.51**	₱9,837.12	₱1,437.39	14.61%
Rental Services	**5,591.80**	7,527.96	(1,936.16)	(25.72%)
Total revenue	**16,866.31**	17,365.08	(498.77)	(2.87%)
EQUITY IN NET EARNINGS OF AN ASSOCIATE	**112.02**	516.45	(404.43)	(78.31%)
OTHER INCOME				
Interest Income	**409.61**	404.14	5.47	1.35%
Others	**350.98**	340.71	10.27	3.01%
	17,738.92	18,626.38	(887.46)	(4.76%)
COSTS				
Real Estate Sales	**6,443.69**	5,586.83	856.85	15.34%
Rental Services	**2,430.62**	2,150.07	280.55	13.05%
OPERATING EXPENSES				
General And Administrative Expenses	**1,979.12**	2,243.60	(264.48)	(11.79%)
Selling And Marketing Expenses	**911.82**	1,078.27	(166.46)	(15.44%)
INTEREST AND OTHER FINANCE CHARGES	**2,426.79**	3,189.46	(762.67)	(23.91%)
	14,192.04	14,248.24	(56.20)	(0.39%)
INCOME BEFORE INCOME TAX	**3,546.88**	4,378.14	(831.26)	(18.99%)
PROVISION FOR INCOME TAX				
Current	**350.99**	596.53	(245.54)	(41.16%)
Deferred	**(1,109.34)**	(176.14)	(933.20)	529.81%
	(758.35)	420.39	(1,178.74)	(280.39%)
NET INCOME	**₱4,305.23**	₱3,957.75	₱347.48	8.78%
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	**₱3,803.38**	₱3,733.44	₱69.93	1.87%
Noncontrolling interest	**501.85**	224.31	277.54	123.73%
	₱4,305.23	₱3,957.75	₱347.48	8.78%

For the year ended December 31, 2021, FLI's net income from its business segments registered an increase of ₱347.48 million or 8.78%, from ₱3,957.75 million in 2020 to ₱4,305.23 million in 2021 primarily due to higher real estate sales coupled with lower income tax as a result of tax adjustment brought about by CREATE Act.

Revenues and other income

Total consolidated revenues and other income decreased by ₱887.46 million or 4.76% year-on-year from ₱18,626.38 million in 2020 to ₱17,738.92 million in 2021 due to lower revenues generated from leasing business tempered by increased real estate sales revenues from residential business.

Real estate sales grew by ₱1,437.39 million or by 14.61% compared to prior year, from ₱9,837.12 million in 2020 to ₱11,274.51 million in 2021 primarily attributed to higher construction percentage of completion achieved during the year. Real estate sales booked during the year broken down by product type are as follows: Medium Income 67.3% (inclusive of MRB and HRB); Affordable and low affordable 22.2%; High-End 7.8%; Socialized 2.8%.

Rental and related services decreased by ₱1,936.16 million or by 25.72%, from ₱7,527.96 million in 2020 to ₱5,591.80 million in 2021 mainly due to decline in mall and office revenues as a result of lower occupancy and rental concessions provided primarily to mall and retail tenants. Reduced occupancy was caused by the pre-termination of leases by POGO tenants. Prior year 2020 rental revenues include pre-covid quarantine period for 2.5 months (From January 01, 2020 to March 15, 2020).

Equity in net earnings of an associate decreased by ₱404.43 million or by 78.31% year-on-year from ₱516.45 million in 2020 to ₱112.02 million in 2021 due to lower net income reported by FAI. FAI's 2020 income included gain on sale of Spectrum Alabang Properties, Inc. (SAPI) shares to its joint venture partner, Mitsubishi.

Interest income increased by ₱5.47 million or by 1.35% compared to prior year from ₱404.14 million in 2020 to ₱409.61 million in 2021 due to higher interest income derived from installment contract receivables for in-house financing scheme.

Other income improved by ₱10.26 million or by 3.01% vs. last year from ₱340.71 million in 2020 to ₱350.98 million in 2021 due to higher income generated from processing fees.

Costs and Expenses

Cost of real estate sales increased by ₱856.85 million or by 15.34%, from ₱5,586.83 million in 2020 to ₱6,443.69 million in 2021 due to higher real estate revenues realized during the year.

Cost of rental services increased by ₱280.55 million or by 13.05% compared to prior year from ₱2,150.07 million in 2020 to ₱2,430.62 million in 2021 due to higher direct operating expenses during the year.

General and administrative expenses decreased by ₱264.48 million or by 11.79% vs. last year from ₱2,243.60 million in 2020 to ₱1,979.12 million in 2021 primarily due to lower manpower costs, depreciation and taxes tempered by increased repairs and maintenance expenses for the managed projects.

Selling & marketing expenses declined by ₱166.45 million or by 15.44% year-on-year from ₱1,078.27 million in 2020 to ₱911.82 million in 2021 due to lower sales-related advertisement and promotional expenses brought about by reduced physical selling activities during the year.

Interest and other finance charges

Interest and other finance charges decreased by ₱762.67 million or by 23.91% compared to prior year from ₱762.67 million in 2020 to ₱3,189.46 million in 2021 due to lower borrowing costs incurred coupled with higher capitalized interest during the year.

Provision for Income Tax

Total provision for income tax decreased by ₱1,178.74 million or 280.39% vs. last year from a tax expense of ₱420.39 million in 2020 to a tax benefit of ₱758.35 million in 2021 primarily due to lower taxable income, lower tax rate (from 30% to 25%) coupled with necessary adjustments made for prior year's deferred tax assets and deferred tax liabilities as a result of newly enacted CREATE Act.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of December 31, 2021 compared to as of December 31, 2020

	2021 (Audited)	2020	Change Increase (Decrease)	
ASSETS				
Current Assets				
Cash And Cash Equivalents	**₱9,658.26**	₱6,693.56	₱2,964.70	44.29%
Contracts Receivable	**5,337.93**	4,156.94	1,180.99	28.41%
Contract Assets	**4,177.82**	5,400.33	(1,222.51)	(22.64%)
Other Receivables	**2,710.46**	3,362.18	(651.72)	(19.38%)
Real Estate Inventories	**68,726.92**	65,544.57	3,182.35	4.86%
Other Current Assets	**4,933.31**	4,637.14	296.17	6.39%
Total Current Assets	**95,544.70**	89,794.72	5,749.99	6.40%
Noncurrent Assets				
Contract Asset - Net of Current Portion	**4,152.76**	3,533.73	619.02	17.52%
Investment In Associates	**5,045.09**	4,787.79	257.30	5.37%
Investment Properties	**72,077.99**	69,264.96	2,813.03	4.06%
Property And Equipment	**4,794.02**	3,348.15	1,445.88	43.18%
Deferred Income Tax Assets	**95.55**	82.41	13.15	15.95%
Goodwill	**4,567.24**	4,567.24	0.00	0.00%
Other Noncurrent Assets	**6,946.18**	5,626.16	1,320.02	23.46%
Total Noncurrent Assets	**97,678.83**	91,210.43	6,468.40	7.09%
TOTAL ASSETS	**₱193,223.53**	₱181,005.15	₱12,218.39	6.75%

LIABILITIES AND EQUITY

Current Liabilities				
Accounts Payable and Accrued Expenses	**₱11,738.49**	₱13,117.03	₱ (1,378.54)	(10.51%)
Contract Liabilities	**1,171.38**	1,249.05	(77.67)	(6.22%)
Lease Liabilities - Current Portion	**248.59**	328.80	(80.21)	(24.39%)
Due To Related Parties	**204.32**	112.02	92.30	82.39%
Income Tax Payable	**8.52**	29.02	(20.50)	(70.64%)
Loans Payable - Current Portion	**4,912.20**	8,866.37	(3,954.17)	(44.60%)
Bonds Payable - Current Portion	**6,991.75**	5,294.52	1,697.23	32.06%
Total Current Liabilities	**25,275.25**	28,996.80	(3,721.55)	(12.83%)
Noncurrent Liabilities				
Loans Payable - Net Of Current Portion	**₱27,270.55**	₱29,238.65	₱ (1,968.11)	(6.73%)
Bonds Payable - Net Of Current Portion	**29,297.17**	26,369.01	2,928.16	11.10%
Contract Liabilities - Net Of Current Portion	**774.21**	767.22	6.99	0.91%
Lease Liabilities - Net Of Current Portion	**6,099.43**	5,824.16	275.26	4.73%
Net Retirement Liabilities	**459.63**	580.12	(120.49)	(20.77%)
Deferred Income Tax Liabilities - Net	**5,317.27**	6,513.04	(1,195.77)	(18.36%)
Accounts Payable And Accrued Expenses - Net Of Current Portion	**8,939.80**	8,337.20	602.60	7.23%
Total Noncurrent Liabilities	**78,158.06**	77,629.40	528.65	0.68%
Total Liabilities	**103,433.31**	106,626.20	(3,192.90)	(2.99%)
Equity				
Common Stock	**24,470.71**	24,470.71	0.00	0.00%
Preferred Stock	**80.00**	80.00	0.00	0.00%
Additional Paid-In Capital	**5,612.32**	5,612.32	0.00	0.00%
Treasury Stock	**(221.04)**	(221.04)	0.00	0.00%
Retained Earnings	**57,425.03**	43,776.19	13,648.85	31.18%
Revaluation Reserve On Financial Assets At Fair Value Through Other Comprehensive Income	**(2.62)**	(2.62)	0.00	0.00%
Remeasurement Losses On Retirement Plan	**(16.17)**	(15.14)	(1.03)	6.82%
Share In Other Components Of Equity Of An Associate	**372.45**	372.45	0.00	0.00%
Equity attributable to equity holders of the parent	**87,720.68**	74,072.87	13,647.81	18.42%
Noncontrolling Interest	**2,069.54**	306.08	1,763.47	576.16%
Total Equity	**89,790.22**	74,378.94	15,411.28	20.72%
TOTAL LIABILITIES AND EQUITY	**₱193,223.53**	₱181,005.15	₱12,218.38	6.75%

As of December 31, 2021, FLI's total consolidated assets increased to ₱193.22 billion from the ₱181.00 billion balance as of December 31, 2020, an increase by ₱12.22 billion or by 6.75%. The following are the material changes in account balances:

44.29% Increase in Cash and cash equivalents

Primarily due to higher net cash provided by investing activities due to REIT IPO proceeds tempered by accelerated resumption of construction activities, lower net cash provided by financing activities due to principal and interests payments tempered by increased net cash provided by operating activities on account of increased collections.

4.41% Overall Increase in Contract Receivables and Contract Assets

(a) 28.41% increase in contract receivables

- Mainly due to completion of residential projects where the receivables become due and demandable. These include customers granted with extended payments in 2020 in support to "Bayanihan" Act.

(b) *6.75% decrease in contract assets (22.64% decrease in contract assets – current portion; 17.52% increase in contract assets – net of current portion)*
- Mainly due to increased collections for a mixed of ongoing and completed residential developments

19.38% Decrease in Other receivables
Mainly due to decline in receivables from mall and office tenants.

15.75% Overall increase in Other assets
Mainly due to increase in BTO rights, input VAT and creditable withholding taxes

15.95% Increase in Deferred Tax Assets
Mainly due to increased advance rentals.

5.37% Increase in Investments in Associates
Mainly due to decline in share in equity in net earnings mitigated by share in revaluation increment on land in FAI.

3.62% Overall Decrease in Accounts Payable and Accrued Expenses
10.51% decrease in Accounts Payable and Accrued Expenses – current portion; 7.23% increase in Accounts Payable and Accrued Expenses – net of current portion
Mainly due to the increased payments to contractors, vendors and suppliers

3.51% Overall Decrease in Contract Liabilities
6.22% decrease in contract liabilities – current portion; 0.91% increase in contract liabilities – net of current portion
Mainly due to the accounts already qualified for revenue recognition.

82.39% Increase in Due to related parties
Mostly due to unpaid service fees and shared operational expenses to SPI.

70.64% Decrease in Income tax payable
Primarily due to the lower taxable income for the year and lower tax rate due to CREATE Act.

18.36% Decrease in Deferred Tax Liabilities
Mainly due to adjustments made the as of January 1, 2021 beginning balance as a result of CREATE Act.

18.42% Increase in Total equity attributable to equity holders
Mainly due to the increase in retained earnings as a result of REIT IPO and net income during the year.

576.16% Increase in Non-controlling interests
Largely due to net income after tax share of minority interests and sale of noncontrolling interests of FILRT.

Performance Indicators	**2021**	**2020**
Earnings per Share - Basic[1]	0.16	0.15
Earnings per Share - Diluted[2]	0.16	0.15
Price Earnings Ratio[3]	6.88	7.47
Interest-bearing Debt to Equity Ratio[4]	0.76	0.94
Debt Ratio[5]	0.54	0.59
EBITDA to Total Interest Paid [6]	2.08	2.34

[1] Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

[2] *Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.*

[3] *Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2020 and 2019*

[4] *Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.*

[5] *Debt Ratio is computed as total liabilities divided by total assets*

[6] *EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization) divided by total interest paid.*

Seasonality

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

Significant Subsidiary

(Filinvest REIT Corp. (FILRT) *(formerly Cyberzone Properties, Inc. – CPI)*

The table below presents FILRT's information on revenues, net income and financial soundness indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2023, 2022, and 2021:

	FILRT		
	For the years ended December 31,		
	2021	**2022**	**2023**
	(millions)		
Gross Revenues	₱3,442.0	₱3,239.6	₱2,989.7
Net Income	1,855.1	1,305.3	925.2
As a % of FLI Group's			
Gross Revenues and Other Income	19.40%	16.24%	13.40%
Net Income	43.09%	37.07%	21.54%

	For the years ended December 31,		
	2021	**2022**	**2023**
Current Ratio[1]	2.58	0.36	1.28
Debt Ratio[2]	0.57	0.63	0.64
Net Profit Margin[3]	0.54	0.40	0.31
Return on Equity[4]	0.31	0.25	0.19
Asset-to-Equity Ratio[5]	2.34	2.67	2.78

1. Current Ratio = Current Assets divided by Current Liabilities
2. Debt Ratio = Total Liabilities divided by Total Assets
3. Net Profit Margin = Net Income divided by Revenue
4. Return on Equity = Annualized Net Income divided by Total Equity.
5. Asset-to-Equity Ratio = Total Assets divided by Total Equity

All other subsidiaries do not have significant contributions to the Group.

Other Disclosures

Aside from the possible material increase in interest rates of the outstanding long-term debts with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of FLI within the next 12 months. The Parent Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments, or any significant amount in its accounts payable that have not been paid within the stated terms.

There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried uniformly over the calendar year; there are no significant elements of income or loss that did not arise from its continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Parent Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships to the Parent Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

The Group does not have any contingent liability or borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURE

SyCip, Gorres, Velayo & Co (SGV) has been the duly appointed independent auditors for the years covered by this report.

SGV has been recommended for election as external auditor for the year 2023. FLI, in compliance with SRC Rule 68(3)(b)(iv) relative to the seven-year rotation requirement of its external auditors, has designated Ms. Wanessa Salvador as its engagement partner for the Group starting CY 2019. Thus, Ms. Salvador is qualified to act as such until year 2025.[1] The representatives of SGV are expected to be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

There are no changes in and disagreements with FLI's independent accountants on accounting and financial disclosures during the past two years ended December 31, 2023.

[1] Ms. Salvador was appointed as engagement partner for FLI only on 2020, and thus should have until year 2026 within which to serve as such. However, given her appointment as engagement partner for FILRT on 2019, which is a material subsidiary of FLI, her seven-year limit for FLI will be reckoned from 2019.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND PRINCIPAL OFFICERS

The following are the current directors and senior executive officers of FLI:

Jonathan T. Gotianun **Chairman of the Board**	Mr. Gotianun, 70, Filipino, was first elected as a Director of FLI on 17 June 1994. He also serves as the Chairman of the Board of Directors of Filinvest Development Corporation ("FDC") and East West Banking Corporation ("EWBC"), both publicly-listed companies. He is also the Chairman of the Board of Davao Sugar Central Co., Inc. ("DSCC"), Cotabato Sugar Central Co. Inc. ("CSCC") and FDC Utilities, Inc. ("FDCUI") and their subsidiary power companies. He served as a Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.
Lourdes Josephine Gotianun Yap **Vice-Chairperson of the Board**	Mrs. Yap, 68, Filipino, was first elected as a Director of FLI on 24 November 1989. Mrs. Yap was elected as the Vice-Chairperson of the Board of FLI on 24 April 2023. She served as the CEO of FLI from October 2012 to April 2023 and as its President from October 2012 to April 2022. She is also the Vice-Chairperson of the Board of FDC, Chairperson of the Board of Filinvest REIT Corp ("FILRT"), and a Director of EWBC, all publicly-listed companies. She is the Chairperson and CEO of Filinvest Alabang, Inc. ("FAI"), a Director of FDCUI and in other companies within the Filinvest Group. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.
Tristaneil D. Las Marias **Director, President and Chief Executive Officer**	Mr. Las Marias, 50, Filipino, is the President and Chief Executive Officer of FLI. He also serves as a Director of FILRT, a publicly-listed company. He started in 1997 as the Head of Regional Projects and went on to hold a higher position as a Senior Vice-President and Cluster Head for Visayas and Mindanao projects, as well as Southwest and Central Luzon. He was appointed as President and Chief Strategy Officer of FLI in April 2022 before his concurrent appointment as CEO in April 2023. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University. He also obtained his Certificate from the Advanced Management Program of the Harvard Business School in 2022.
Michael Edward T. Gotianun **Director**	Mr. Gotianun, 66, Filipino, was first elected as a Director of FLI on 08 May 2015. He is also a Director of FDC, a publicly-listed company. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979.
Francis Nathaniel C. Gotianun **Director**	Mr. Gotianun, 40, Filipino, was first elected as a Director of FLI on 22 April 2016. He is the First Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a Director of Filinvest Mimosa, Inc. and as the President and CEO of The Palms County Club, Inc. ("TPCCI"). He also serves as a Director

	of FILRT, a publicly-listed company. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.
Efren C. Gutierrez **Director**	Mr. Gutierrez, 88, Filipino, was a Director of FLI from 1994 to 2001, and was re-elected to FLI's Board in 2006. He was first elected as a Director of FLI on 17 June 1994. He served as the President of FAI from 1999 to 2005. He is currently a director of TPCCI. He is not a Director of any other publicly-listed company. He obtained his Bachelor of Laws degree from the University of the Philippines.
Val Antonio B. Suarez **Lead Independent Director**	Mr. Suarez, 65, Filipino, was first elected as an Independent Director of FLI on 08 May 2015. He is also an Independent Director of FDC, FILRT and Lepanto Consolidated Mining Company, all publicly-listed companies. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange ("PSE"). He is a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University School of Law and a Master of Laws degree from Georgetown University Law Center.
Ernesto S. De Castro **Independent Director**	Mr. De Castro, 77, Filipino, was first elected as an Independent Director of FLI on 22 April 2019. He is the President of ESCA Incorporated since July 1993. He is not a Director of any other publicly-listed company. He graduated from the University of the Philippines Diliman in 1967 with a Bachelor's Degree in Civil Engineering and obtained his Masters of Engineering in the same university in 1968. He obtained the degree of Doctor of Philosophy in Civil Engineering (Major in Structures) in Lehigh University, Bethlehem, Pennsylvania, USA in 1975.
Gemilo J. San Pedro **Independent Director**	Mr. San Pedro, 69, Filipino, was first elected as an Independent Director of FLI on 17 July 2019. He also serves as an Independent Director of FILRT. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on 30 June 2015, he served various leadership roles at SyCip Gorres Velayo & Co. (SGV & Co.). He was a partner in SGV & Co. from 1991 to 2015 and a Professional Practice Director and a Quality and Risk Management Leader from 2004 to 2015. He finished his Bachelor of Science in Commerce, Major in Accounting degree at Rizal Memorial Colleges, Davao City. He obtained his Master of Business Administration, Concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA in 1983.
Ana Venus A. Mejia **Executive Vice President, Treasurer and Chief Finance Officer**	Ms. Mejia, 58, Filipino, has been with the Filinvest Group for 27 years. She started in January 1996 as the Assistant Controller of FDC and has served the group in various capacities. She was appointed as the Treasurer of FLI in 2012. She also serves as the Treasurer and Chief Finance Officer of FILRT. Prior to joining Filinvest, she worked with Shoemart and SGV & Co. She is a Certified Public Accountant and a magna cum laude graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the

	School of Business and Management at the Hong Kong University of Science and Technology.
Maria Victoria Reyes-Beltran **Senior Vice-President, General Counsel and Compliance Officer**	Atty. Reyes-Beltran, 57, Filipino, is the General Counsel and Compliance Officer of FLI. She also serves as the Compliance Officer of FILRT. Prior to joining FLI, she served as the Director of the Office of Internal Legal Counsel of R.G. Manabat & Co., a professional partnership firm affiliated with KPMG International. She also served as the First Vice President - General Counsel of the Corporate Legal Unit of JG Summit Holdings, Inc. and Universal Robina Corporation, its subsidiaries, and regional operations in Southeast Asia, as well as the Corporate Secretary of the printed media unit of the group. She is a member of the Integrated Bar of the Philippines (Makati Chapter). She obtained her Bachelor of Arts degree, Major in Philosophy from the University of the Philippines and her Bachelor of Laws degree from San Beda College of Law. She completed her Master of Laws in International Commercial Law at the Ateneo School of Law and a Course on Structuring International Joint Venture at the University of California, Davis Campus.
Francis V. Ceballos **Senior Vice President and Head of the Industrial/Logistics Business**	Mr. Ceballos, 58, Filipino, joined FLI last 2010 and is currently the Senior Vice-President and Head of the Industrial/Logistics Business. He graduated from Ateneo de Manila University with a degree in Management Engineering and obtained his Masters in Business Administration from the Asian Institute of Management.
Winnifred H. Lim **First Senior Vice President and Chief Technical Planning Officer**	Engr. Lim, 59, Filipino, is the Senior Vice-President and Chief Technical Planning Officer of FLI. He started as the Company's Engineering Head last 2000 and currently leads Engineering, Architecture, Planning and Design, Survey, and Special Projects. He obtained his Master's Degree in Structural Engineering at the University of the Philippines Diliman.
Janeth B. de los Reyes **Senior Vice President, Deputy Chief Finance Officer and Chief Risk Officer**	Ms. de los Reyes, 50, Filipino, is the Deputy Chief Finance Officer and Chief Risk Officer of FLI. Prior to joining FLI, she worked with Ortigas Land Group for more than three (3) years as its Chief Transformation Officer (CTO). Prior to her appointment as CTO, she served as the Ortigas Land Group's AVP and Head of Corporate Finance. She is an experienced Finance Professional with two (2) decades of experience in the Real Estate Industry. She has led finance teams, both at controllership and operations in financial reporting and analysis; tax compliance; billing and collection and treasury management; strategic planning, budgeting and forecasting; and procurement. She also worked for SGV & Co. in both Assurance and Business Advisory and Risk Consulting service lines. She obtained her Bachelor of Science in Accountancy degree in De La Salle University – Manila. Ms. de los Reyes then obtained her Masters in Business Administration from the Ateneo Graduate School of Business – Makati. Ms. de los Reyes is a Certified Public Accountant, a licensed Real Estate Broker and has an NCII Certification in Organic Agriculture Production.
Edward Thomas V. Bernas **Senior Vice President – Assistant Residential Business Unit Head**	Mr. Bernas, 56 Filipino is the Senior Vice President – Assistant Residential Business Unit Head of FLI. Prior to joining FLI, he was the Business Unit General Manager for Robinsons Homes, the horizontal development arm of Robinsons Land Corporation (RLC).

	Mr. Bernas also held the position of Assistant Vice President of RLC for Infrastructure and Integrated Development until 2018 and was instrumental in its integrated township developments. Mr. Bernas spent years at Torre Lorenzo Devt. Corporation, where he was Business Development Director & Business Unit Head for Mixed Use Developments. Mr. Bernas graduated from the Ateneo de Manila University with a Bachelor of Arts degree in Economics.
Luis L. Fernandez **First Vice President and HOA & Water Systems Head**	Mr. Fernandez, 77, Filipino, is the HOA & Water Systems Head of FLI. He has been with Filinvest for more than fifty (50) years. He served as Executive Vice-President of Family Savings Bank and held the same position in Family Bank & Trust Co. He also served as Vice-President of FDC. He obtained his Bachelor of Arts Degree Major in Business Management from the Ateneo De Manila University.
Reynaldo Juanito S. Nieva II **Senior Vice President and Operations Head**	Mr. Nieva, 49, Filipino, is the head of the Operations Department of FLI. He has been with FLI for fifteen (15) years and significantly contributed to various systems and processes of the company. His customer-centric leadership introduced the Omni channel to FLI's customer service, efficient booking process, stability in risk management and digitalizing an array of FLI Operating systems. He graduated from the University of the Philippines Diliman with a degree in Hotel and Restaurant Administration
Alexis Avalone Ojeda **First Vice President and Sales Channel Development Head**	Mr. Ojeda, 51, Filipino, is the Sales Channel Development Head of FLI. Prior to joining FLI in 2019, he served as Sales Head of various corporations such as Federal Land, Inc., Ayala Land International Sales, Inc., and Robinsons Land Corp.. He graduated from the Ateneo De Manila University with a Bachelor of Arts Degree Major in Management Economics.
Harriet Joan C. Ducepec **First Vice-President,** **Chief of Staff**	Ms. Ducepec, 59, Filipino, is the Chief of Staff of FLI. She has been with the Filinvest Group for 27 years, joining in October 1996 as the Assistant Vice President and Head of Corporate Planning and Market Research. She is the Head of the Executive Management Staff under the Office of the President and CEO. She has over 30 years of experience in corporate planning in both real estate and banking industries. Prior to joining FLI she worked with ASB Realty, United Coconut Planters Bank, Union Bank of the Philippines and International Corporate Bank. She obtained her Bachelor of Arts degree in Economics, cum laude, from the University of the Philippines Diliman and completed the Strategic Business Economics Program from the University of Asia and the Pacific.
Rizalangela L. Reyes **First Vice President – Business Support Head, Head of Administration for Property, Utility and Shared Service Companies**	Ms. Reyes, 51, Filipino, is the Business Support Head, Head of Administration for Property, Utility and Shared Service Companies of FLI. Before joining FLI in 2011, Ms. Reyes was with Landco Pacific Corporation and held a General Manager role in Customer Service and Vice President for Corporate Services. She has also worked in various industries such as Telecoms, BPOs and Transportation. Ms. Reyes holds a Bachelor of Arts degree in Asian Studies from the College of the Holy Spirit Manila. She is a Six Sigma green belter and a certified Coach of Coach Masters Academy.

Ms. Mary Averose D. Valderrama **First Vice President – Brand/Product and Regional Projects Head for Mid-Rise Buildings (“MRB”) and Metro Manila and Luzon – MRB**	Ms. Valderrama, 43, Filipino, is the Brand/Product and Regional Projects Head for MRBs and Metro Manila and Luzon – MRB of FLI. Ms. Valderrama graduated as cum laude in 2002 with a degree in Business Economics at the University of the Philippines - Diliman. She took an MBA in Business Administration at the University of East Anglia in United Kingdom and graduated with distinction. When Ms. Valderrama joined FLI in 2013, she carried with her solid real estate experience gained from the various roles she held in business development, sales and marketing.
Wilbert B. Serrano **First Vice President – Sales and Marketing Head**	Mr. Serrano, 48, Filipino, is the Sales and Marketing Head of FLI. Prior to joining FLI, he is the Head of Commercial Excellence and Business Strategy at Sandoz-Novartis Philippines. He has been leading sales and marketing teams across different industries for over twenty (20) years. He has worked for Globe Telecom, Johnson & Johnson Philippines, and Samsung Electronics Philippines Corp. He has a Bachelor of Arts Degree in English and has completed the Executive MBA Program at the Asian Institute of Management (“AIM”). He is also a graduate of the Corporate Strategy and Execution Program and Management Development Program of AIM.
Sean Philip R. Imperial **First Vice President - Business Planning Head**	Mr. Imperial, 45, Filipino, is the head of the Business Planning Group of FLI. He has been with Filinvest for twenty-three (23) years. He is a homegrown talent, starting as a Project Analyst to an Executive role in Rawland Acquisition. He obtained his degree in Economics from the University of Santo Tomas.
Gerard C. Marcelo **First Vice President, Regional General Manager – North, Central and South Luzon, and Estate Business Head**	Mr. Marcelo, 51, Filipino, is the First Vice President, Regional General Manager – North, Central and South Luzon, and Estate Business Head. Mr. Marcelo has over 25 years of experience in planning, implementation and general management of general subdivision projects, as well as land acquisition and business development for condotels and hotel projects. He started his career with Landco Pacific Corporation earning his way to becoming its Vice President for Business Development and Market Research. Prior to joining FLI, he was a Business and Project Development Consultant of Ayala Land Estates, Inc. Mr. Marcelo graduated from Ateneo de Manila University with a Bachelor of Science in Management Engineering and attended the Strategic Business Economics Program at the University of Asia and the Pacific.
Edward Thomas V. Bernas **Senior Vice President – Assistant** **Residential Business Unit Head**	Mr. Bernas, 56 Filipino is the Senior Vice President – Assistant Residential Business Unit Head of FLI. Prior to joining FLI, he was the Business Unit General Manager for Robinsons Homes, the horizontal development arm of Robinsons Land Corporation (RLC). Mr. Bernas also held the position of Assistant Vice President of RLC for Infrastructure and Integrated Development until 2018 and was instrumental in its integrated township developments. Mr. Bernas spent years at Torre Lorenzo Devt. Corporation, where he was Business Development Director & Business Unit Head for Mixed Use Developments.

	Mr. Bernas graduated from the Ateneo de Manila University with a Bachelor of Arts degree in Major in Economics.
Melissa C. Ortiz **Investor Relations Officer**	Ms. Ortiz, 53, Filipino, is the Investor Relations Officer of FLI. She was previously the Head of Investor Relations for ABS-CBN Corporation, Head of Corporate and Financial Planning for Nutriasia Philippines and Head of Financial Planning and Investor Relations for MERALCO. She is a Certified Public Accountant. She obtained her Bachelor's Degree in Business Administration from the University of the Philippines and obtained her Master's Degree in Business Administration and Master of Science degree in Computational Finance from De La Salle University. She also attended the Strategic Finance (CFO) Leadership Program at the Asian Institute of Management.
Katrina O. Clemente-Lua **Corporate Secretary and Corporate Information Officer**	Ms. Clemente-Lua, 40, Filipino, was appointed as FLI's Corporate Secretary on March 24, 2024 and Corporate Information Officer on 16 March 2022. Ms. Lua was previously appointed as FLI's Assistant Corporate Secretary on 16 March 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of FLI in October 2018. Prior to joining FLI, she served as the Legal Counsel of Philippine Stratbase Consultancy, Inc. and the Executive Director of Stratbase ADR Institute. She was previously an Associate of Carag Jamora Somera & Villareal Law Offices, as well as the Senior Corporate Affairs Officer of Anchor Land Holdings. She is a member of the Integrated Bar of the Philippines (Makati Chapter). She obtained her Bachelor of Arts degree in Legal Management from De La Salle University and her Juris Doctor degree from Ateneo de Manila University.
Jennifer C. Lee **Assistant Corporate Secretary**	Ms. Lee, 39, Filipino, was appointed as FLI's Assistant Corporate Secretary on 24 March 2024. She joined the Corporate, Tax, and Compliance Division of the Legal Department of FLI in July 2021. Prior to joining FLI, she was an associate in Quasha Law and in Migallos & Luna Offices. She is a member of the Integrated Bar of the Philippines (Makati Chapter). She obtained her Juris Doctor degree in University of the Philippines – Diliman and her Bachelor of Science in Commerce, Major in Legal Management in De La Salle University – Manila.
Michael Louie T. Garado **(Acting) Chief Audit Executive**	Mr. Garado, 42, Filipino, is the (Acting) Chief Audit Executive of FLI. He will be responsible in leading the development of a risk-based audit plan for review and approval of the Audit Committee. He will oversee the implementation of the approved plan, ensure proper resourcing in the implementation of the plan, and adjust the plan as needed in response to changes in the Corporation's business risks, operations, programs, systems and controls. Mr. Garado is a CPA and earned his degree in Accountancy at San Beda College. Prior to joining FDC in 2018, he carried with him over 13 years of experience in internal controls, SOX compliance and internal audit practice gained from various multinational companies, including Coca Cola FEMSA PH and PriceWaterhouseCoopers;

Raymond Wilfred L. Castañeda *Data Privacy Officer*	Mr. Castañeda, 47, Filipino, is the Data Privacy Officer ("DPO") of FLI. He is also the DPO of FILRT. He concurrently serves as President and Chief Operations Officer of Corporate Technologies Incorporated. He has twenty-two (22) years combined experience in different areas covering sales and marketing, information technology, strategy and general management. He was previously the Chief Information Officer and Head of IT for Petron Corporation. Prior to his experience in the Oil and Gas industry, he was with the fast-moving consumer goods business where he was involved in the digital transformation of the multinational companies such as Unilever, Johnson and Johnson and SC Johnson. He graduated from the Ateneo de Manila University, with a degree in BS Management Information Systems in 1999.

The Audit and Risk Management Oversight Committee of FLI is composed of Gemilo S. San Pedro (Chair/Independent Director), Val Antonio B. Suarez (Independent Director), Jonathan T. Gotianun and Efren C. Gutierrez.

The directors of FLI are elected at the annual stockholders' meeting to hold office for one (1) year and until their respective successors have been duly appointed or elected and qualified. Officers and committee members are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

There is no person who is not an executive officer of the Parent Company who is expected to make a significant contribution to the business. The Parent Company, however, engages the regular services of consultants. At December 31, 2023, the Parent Company had 7 consultants in the area of business development, marketing, planning and design and construction management.

Except as discussed in section 1.10, there are no transactions or any proposed transactions during the last two years, to which the Parent Company was or is to be a party, in which any director or officer, any nominee for election as a director, any security holder or any member of the immediate family or any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Except for the complaint for estafa filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, which was dismissed, although MPMII filed a Petition for Review before the Secretary of Justice, none of the members of FLI's Board nor its executive officers are involved in any major criminal, bankruptcy or insolvency investigations or proceedings for the past five (5) years, nor have they been found, by judgment or decree, to have violated securities or commodity laws and enjoined from engaging in any business, securities, commodities or banking activities.

Item 10. EXECUTIVE COMPENSATION

The aggregate compensation paid or incurred during the last two fiscal years and the estimate for this year are as follows:

(a) Name and Principal Position	(b) Year	(c) Salary (Php)	(d) Bonus (Php)	(e) Other Annual Compensation	TOTAL
Tristaneil D. Las Marias *(Director, President and Chief Executive Officer)* Ana Venus A. Mejia *(Executive Vice-President, Chief Finance Officer, Treasurer)* *Winnifred H. Lim* *First Senior Vice-President, Chief Technical Planning Officer* Francis V. Ceballos *(Senior Vice-President)* Maria Victoria M. Reyes-Beltran *(Senior Vice-President)*					
CEO and top four (4) highest compensated officers	2024 - Estimated	55.26Mn	9.21Mn	-	64.47Mn
	2023*	35.84Mn	8.84Mn	4.05Mn	48.74Mn
	2022	23.84Mn	3.70Mn	0.86Mn	28.40Mn
All officers and directors as a group unnamed	2024 - Estimated	66.87Mn	11.14Mn	–	78.01Mn
	2023	41.78Mn	7.95Mn	0.74Mn	50.47Mn
	2022	27.97Mn	4.24Mn	1.80Mn	34.01Mn

Non-executive and independent directors receive a per diem of Php50,000.00 for every stockholder's, Board and Board Committee meeting attended. For the year 2023, the total per diem for each of the non-executive director and independent directors is as follows:

Name of Director	Amount (in Php)
Jonathan T. Gotianun*	Php--
Lourdes Josephine Gotianun-Yap*	--
Michael Edward T. Gotianun*	--
Francis Nathaniel C. Gotianun*	--
Tristaneil D. Las Marias*	--
Efren C. Gutierrez	750,000.00
Val Antonio B. Suarez (Independent Director)	850,000.00
Ernesto S. De Castro (Independent Director)	500,000.00
Gemilo J. San Pedro (Independent Director)	850,000.00
Total	Php2,950,000.00

** These directors do not receive per diem in their capacity as directors of the Company and members of certain committees.*

Other than as discussed in the Information Statement, there are no other existing arrangements for the payment of compensation or remuneration to the directors in their capacity as such, but the Company may, without any obligation, grant additional compensation if certain performance driven goals are met, subject to such approvals as may be required by law.

There are no outstanding warrants or options held by the Company's CEO, the above-named executive officers, and all officers and directors as a group which are subject to the approval by the stockholders at the annual stockholders' meeting.

There is no action to be taken at the annual meeting of the stockholders on 21 April 2023 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of FLI will participate. Neither is there any proposed grant or extension to any such persons of any option, warrant or right to purchase any securities of FLI.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1. Security Ownership of Certain Beneficial Owners as of December 31, 2023:

Title of Class of Securities	Name/ Address of Record Owner and Relationship with FLI	**Name of Beneficial Owner/Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**% of Ownership**
Preferred	Filinvest Development Corporation The Beaufort, 5th Avenue corne 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	**FDC**[2]	**Filipino**	**8,000,000,000**	**100.00%**
Common	Filinvest Development Corporation The Beaufort, 5th Avenue corne 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	**FDC**[3]	**Filipino**	**15,681,457,022**	**64.67%**
Common	PCD Nominee Corporation (Filipino) G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	**Same as Record Owner**	**Filipino**	**5,016,841,836**	**20.69%**
Common	PCD Nominee Corporation (Non-Filipino) G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	**Please see footnote 3 below.**[4]	**Non-Filipino**	**2,420,533,829**	**9.98%**

[2] Ms. Lourdes Josephine Gotianun Yap is usually appointed by Filinvest Development Corporation ("FDC") as its representative, with authority to vote FDC's shares in stockholders' meetings of FLI

[3] Ms. Lourdes Josephine Gotianun Yap is usually appointed by Filinvest Development Corporation ("FDC") as its representative, with authority to vote FDC's shares in stockholders' meetings of FLI

[4] Based on the SEC Form 18-A submitted by Dunross & Co. Holding Limited to the SEC dated 31 May 2018, and which were subsequently provided to us by Dunnross & Co. Holding Limited, it holds 5.41% of the outstanding shares of the Company. Moreover, based on the List of Participants Holding 5% or more of Outstanding Voting Shares of FLI, provided by the Company's stock transfer agent, one participant holds 6.20%, namely, The Hongkong and Shanghai Banking Corp. Ltd.-Clients' Acct.

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as of the date of the annual report, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock. Ms. Josephine G. Yap is usually appointed by Filinvest Development Corporation ("FDC") as its representative with authority to vote FDC's shares in stockholders' meetings of FLI.

11.2. Security Ownership of Management as of December 31, 2023

As of **16 February 2024**, 2,419,998,515 or 9.98% of the total outstanding voting shares of FLI are owned by foreigners.

The names, citizenship, number of shares held and percentage to total outstanding shares of persons forming part of the Board of Directors and Management of the Company as of **16 February 2024** as shown in the Public Ownership Report are as follows:

Title of Class of Securities	Name	Amount and Nature of Ownership	Citizenship	Percentage of Ownership
Common	Lourdes Josephine Gotianun Yap	14,139,049 (D)* 24,577,345 (I)	Filipino	0.06% (D) 0.10% (I)
Common	Jonathan T. Gotianun	61 (D) 3,140,376 (I)	Filipino	0.00% (D) 0.01% (I)
Common	Michael Edward T. Gotianun	11,235,928 (D)	Filipino	0.05% (D)
Common	Efren C. Gutierrez	13,083 (D)	Filipino	0.00% (D)
Common	Francis Nathaniel C. Gotianun	32,518(D)	Filipino	0.00% (D)
Common	Val Antonio B. Suarez	1 (D)	Filipino	0.00% (D)
Common	Ernesto S. De Castro	1 (D)	Filipino	0.00% (D)
Common	Gemilo J. San Pedro	1 (D)	Filipino	0.00% (D)
Common	Tristaneil D. Las Marias	1 (D)	Filipino	0.00% (D)
Common	Luis L. Fernandez	4,064,940 (D)	Filipino	0.02% (D)
Common	Ana Venus A. Mejia	233,000 (I)	Filipino	0.00% (I)
N.A.	Harriet Joan C. Ducepec	0	Filipino	N.A.
N.A.	Francis V. Ceballos	0	Filipino	N.A.
Common	Winnifred H. Lim	1,026,563 (I)	Filipino	0.00% (I)
Common	Maria Victoria M. Reyes-Beltran	200,000 (I)	Filipino	0.00% (I)
N.A.	Reynaldo Juanito S. Nieva II	0	Filipino	N.A.
N.A.	Alexis Avalone Ojeda	0	Filipino	N.A.
N.A.	Janeth B. de los Reyes	0	Filipino	N.A.
N.A.	Katrina O. Clemente-Lua	0	Filipino	N.A.
N.A.	Jennifer C. Lee	0	Filipino	N.A.
N.A.	Rizalangela L. Reyes	0	Filipino	N.A.
N.A.	Mary Averose D. Valderrama	0	Filipino	N.A.
N.A.	Sean Philip R. Imperial	0	Filipino	N.A.
N.A.	Wilbert B. Serrano	0	Filipino	N.A.
N.A.	Gerard C. Marcelo	0	Filipino	N.A.
N.A.	Edward Thomas V. Bernas	0	Filipino	N.A.
N.A.	Melissa C. Ortiz	0	Filipino	N.A.

** Includes shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap*

Total ownership of all directors and officers as a group as of 16 February 2024 is 0.23% of the total issued and outstanding common shares of stock.

11.3. Voting Trust Holders of 5% or more

There are no persons holding 5% or more of a class of shares under any voting trust or similar agreement.

11.4. Changes in Control

There are no arrangements which may result in a change in control of FLI. There has been no change in control of FLI since the beginning of the last fiscal year. There were no matters submitted to a vote of the security holders during the fourth quarter of the calendar year covered by this report.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Parent Company and its subsidiaries, in their normal course of business, have certain related party transactions with affiliates principally consisting of advances and intercompany charges.

Please refer to the Detailed Discussion on the Parent Company's Subsidiaries, Joint Ventures, Affiliate and Related Party Transactions in Section 1.3, 1.4, 1.5 and 1.10, respectively.

PART IV – COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

For the year 2023, FLI substantially complied with the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) regulatory requirements. It is also in compliance with its Revised Manual for Corporate Governance. In particular, the Company wishes to highlight the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of members of the Board Committees, namely the Executive Committee, the Audit & Risk Management Oversight Committee, the Compensation Committee, the Related-Party Transaction Committee, and the Corporate Governance Committee; (c) the conduct of regular quarterly board meetings and special meetings with the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission of Sustainability Report; (e) the timely submission to the SEC of reports and disclosures required under the Securities Regulation Code; (f) the adoption of Related-Party Transaction Policy, (g) FLI's adherence to national and local laws pertaining to its operations; and (h) the observance of applicable accounting standards by FLI.

In order to keep abreast of best practices on Corporate Governance, FLI requires the members of the Board and top level management to attend and participate in seminars on corporate governance conducted by SEC-accredited institutions. FLI constantly reviews its Corporate Governance practices and welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors (ICD), to improve corporate governance.

FLI was among the honorees at the Golden Arrow Awards presented on January 20, 2023 by the ICD. FLI was recognized as one of the top performing publicly-listed companies in the Philippines based on the ASEAN Corporate Governance Scorecard (ACGS) 2021 results. The ACGS is used to assess and rank the corporate governance performance of publicly listed companies in six participating ASEAN countries, namely: Indonesia, Philippines, Malaysia, Vietnam, Singapore and Thailand using publicly available information.

Board of Directors

Leading the practice of good Corporate Governance is the Board of Directors. Your Board of Directors is firmly committed to the adoption of and compliance with the best practices in Corporate Governance as well as the observance of all relevant laws, regulations, and ethical business practices.

Nominations and Voting for the Board of Directors

The members of the Board are elected during the annual stockholders' meeting. The stockholders of FLI may nominate individuals to be members of the Board of Directors.

The Corporate Governance Committee, acting as the Nomination Committee, receives nominations for directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Corporate Governance Committee, acting as the Nomination Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in FLI's Revised Manual on Corporate Governance, Securities Regulation Code, and SEC Memorandum Circular ("MC") No. 9, Series of 2011 as amended by SEC MC No. 4, Series of 2017 . All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Corporate Governance Committee, acting as the Nomination Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening. The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees.

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

It shall be the responsibility of the Chairman of the annual meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes casted by him shall not exceed the number of shares owned by him as shown in the books of FLI multiplied by the number of directors to be elected.

The directors of FLI are elected at the annual stockholders' meeting, to hold office until their respective successors have been duly appointed or elected and qualified. Vacancies in the Board occurring mid-term are filled as provided in the Revised Corporation Code and FLI's Revised Manual on Corporate Governance. Officers and committee members are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

Independent Directors

Before the annual meeting, a stockholder of FLI may nominate individuals to be independent directors, taking into account the following guidelines:

A. "Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

    i. Is not a director or officer or substantial stockholder of FLI or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

    ii. Is not a relative of any director, officer, or substantial stockholder of FLI, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister;

iii. Is not acting as a nominee or representative of a substantial shareholder of FLI, any of its related companies or any of its substantial shareholders;

iv. Has not been employed in an executive capacity by FLI, any of its related companies or any of its substantial shareholders within the last two (2) years;

v. Is not related as a professional adviser of FLI, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm;

vi. Has not engaged and does not engage in any transaction with FLI or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.

B. When used in relation to FLI, subject to the requirements above:

i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

ii. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An independent director of FLI shall have the following qualifications:

i. He shall have at least one (1) share of stock of FLI;

ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of FLI for at least five (5) years;

iii. He shall possess integrity/probity; and

iv. He shall be assiduous.

D. No person enumerated under Part III, Item A, Par. 8 (on Disqualifications of Directors) of the Revised Manual of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

i. He becomes an officer or employee of FLI, or becomes any of the persons enumerated under item A hereof;

ii. His beneficial security ownership exceeds 2% of the outstanding capital stock of FLI;

iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member;

iv. If he becomes disqualified under any of the grounds stated in FLI's Revised Manual on Corporate Governance.

E. Pursuant to SEC MC No. 9, Series of 2011, as amended by SEC MC No. 04, Series of 2017, the following additional guidelines shall be observed in the qualification of individuals to serve as independent directors:

i. There shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;

ii. The independent director shall serve for a maximum cumulative term of nine (9) years;

iii. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;

iv. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and

v. The reckoning of the cumulative nine-year term is from 2012.

Members of the Board of Directors, Attendance and Committee Memberships

The following table lists down the members of the Board of Directors and their attendance in Board Meetings in 2023.

Boar	Name	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Jonathan T. Gotianun	9	8	89%
Member	Lourdes Josephine Gotianun Yap	9	9	100%
Member	Michael Edward T. Gotianun	9	9	100%
Member	Francis Nathaniel C. Gotianun	9	9	100%
Member	Efren C. Gutierrez	9	9	100%
Member	Tristaneil D. Las Marias	9	9	100%
Independent	Val Antonio B. Suarez	9	9	100%
Independent	Ernesto S. De Castro	9	8	89%
Independent	Gemilo J. San Pedro	9	9	100%

Committee Membership	
Name	**Position**
Mr. Jonathan T. Gotianun	Chairman of the Board Member – Executive Committee Member - Audit & Risk Management Oversight Committee Member – Compensation Committee Member – Corporate Governance Committee
Mrs. Lourdes Josephine Gotianun-Yap	Vice-Chairperson of the Board Chairperson – Executive Committee Member – Compensation Committee Member - Audit & Risk Management Oversight Committee
Mr. Tristaneil D. Las Marias	President and Chief Strategy Officer Member – Executive Committee
Mr. Michael Edward T. Gotianun	Member – Executive Committee
Mr. Francis Nathaniel C. Gotianun	Member – Executive Committee
Atty. Efren C. Gutierrez	Member – Audit & Risk Management Oversight Committee Member- Related-Party Transaction Committee
Atty. Val Antonio B. Suarez	Lead Independent Director Member – Audit & Risk Management Oversight Committee Chairman – Compensation Committee Chairman – Related-Party Transaction Committee Chairman – Corporate Governance Committee
Dr. Ernesto S. De Castro	Independent Director Member – Corporate Governance Committee
Mr. Gemilo J. San Pedro	Independent Director Chairman – Audit & Risk Management Oversight Committee Member – Compensation Committee Member – Related-Party Transaction Committee Member – Corporate Governance Committee

Duties and Responsibilities of the Different Board Committees

Executive Committee

Committee Members

Office	Name	No. of Meetings Held	No. of Meetings Attended	%
Chairperson	Lourdes Josephine Gotianun Yap	9	9	100%
Member	Jonathan T. Gotianun	9	9	100%
Member	Michael Edward T. Gotianun	9	8	89%
Member	Francis Nathaniel C. Gotianun	9	9	100%
Member	Tristaneil D. Las Marias	9	9	100%

The functions, duties and responsibilities of the Board of Directors may be delegated, to the fullest extent permitted by law, to an Executive Committee to be established by the Board of Directors. The Executive Committee shall consist of five (5) members, at least three (3) of whom shall be members of the Board of Directors. All members of the Executive Committee shall be appointed by and under the control of the Board of Directors.

The Executive Committee may act on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority vote of the Board of Directors, except with respect to: (i) approval of any action for which shareholders' approval is also required; (ii) the filing of vacancies in the Board of Directors; (iii) the amendment or repeal of these By-Laws or the adoption of new by-laws; (iv) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and (v) the distribution of cash dividends to shareholders.

The act of the Executive Committee on any matter within its competence shall be valid if (i) it is approved by the majority vote of all its members in attendance at a meeting duly called where a quorum is present and acting throughout, or (ii) it bears the written approval or conformity of all its incumbent members without necessity for a formal meeting.

The Executive Committee shall hold its regular meeting at least once a month or as often as it may determine, in the principal office of the Corporation or at such other place as may be designated in the notice, or through remote communication in accordance with relevant laws, rules and regulations. Any member of the Executive Committee may, likewise, call a meeting of the Executive Committee at any time. Notice of any meeting of the Executive Committee shall be given at least seven (7) business days prior to the meeting or such shorter notice period as may be mutually agreed. The notice shall be accompanied by (i) a proposed agenda or statement of purpose and (ii) where possible, copies of all documents, agreements and information to be considered at such meeting.

Audit & Risk Management Oversight Committee

Committee Members

Office	Name	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Gemilo J. San Pedro	5	5	100%
Member (ID)	Val Antonio B. Suarez	5	5	100%
Member	Jonathan T. Gotianun	5	5	100%
Member	Lourdes Josephine Gotianun Yap	5	5	100%
Member (NED)	Efren C. Gutierrez	5	5	100%

The Board shall constitute an Audit and Risk Management Committee to be composed of at least three (3) qualified non-executive directors, preferably with accounting and financial background, majority of which shall be independent and should have related audit experience.

The Chairman of this Committee should be an independent director. He should inculcate in the minds of Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The Audit and Risk Management Committee shall have the following duties and responsibilities:

1. Internal Audit

   i. Recommend the approval of the Internal Audit Charter ("IA Charter"), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

   ii. Provide oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;

   iii. Provide oversight of the Corporation's internal and external auditors;

   iv. Review and approve audit scope and frequency, and the annual internal audit plan;

   v. Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved;

   vi. Set up an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal;

   vii. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system;

   viii. Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies;

ix. Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Major judgmental areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

x. Coordinate, monitor, and facilitate compliance with existing laws, rules, and regulations;

xi. Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report; and

xii. Establish and identify the reporting line of the CAE so that the reporting level allows the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the audit Committee functionally. The Audit committee shall ensure that the internal auditors shall have free and full access to the Corporation's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

2. Risk Management

i. Develop and oversee the Corporation’s risk management program;

ii. Oversee the system of limits to discretionary authority that the Board delegates to the Management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached;

iii. Advise the Board on its risk appetite levels and risk tolerance limits;

iv. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;

v. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

vi. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;

vii. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board; and

viii. Other duties and responsibilities are provided in the Audit and Risk Management Committee Charter.

Compensation Committee

Committee Members

Office	Name	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	1	1	100%
Member	Lourdes Josephine Gotianun Yap	1	1	100%
Member	Jonathan T. Gotianun	1	1	100%
Member (ID)	Gemilo J. San Pedro	1	1	100%

The Compensation Committee is composed of at least three (3) Director-members, two (2) of whom must be independent directors.

The Compensation Committee shall have the following duties and responsibilities:

1. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy, and control environment.

2. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.

3. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.

4. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

5. Disallow any director to decide his or her own remuneration.

6. Provide in the Corporation's annual reports and information and proxy statements a clear, concise and understandable disclosure of the compensation of its executive officers for the previous fiscal year and ensuing year.

7. Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

Corporate Governance Committee

Committee Members

Office	Name	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	1	1	100%
Member	Jonathan T. Gotianun	1	1	100%
Member (ID)	Ernesto S. De Castro	1	1	100%
Member (ID)	Gemilo J. San Pedro	1	1	100%

The Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of the Chairman of the Board and at least three (3) members of the Board, all of whom shall be independent directors. The Chairman of the Committee shall be an independent director.

The Corporate Governance Committee shall have the following duties and responsibilities:

1. Ensure the effectiveness and due observance of corporate governance principles and guidelines of the Board, its committees and executive management;

2. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

3. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

4. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

5. Make recommendations to the Board regarding the continuing education of directors, assignment to Board Committees and succession plan for the Board members and senior officers;

6. Determine the nomination and election process for the Corporation’s directors and other positions requiring appointment by the Board, define the general profile of board members that the Corporation may need and ensure that appropriate knowledge, competencies and expertise will complement the existing skills of the Board;

7. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates;

8. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;

9. Review with the Compliance Officer, at least on annual basis, any legal or regulatory matter that could have a significant impact on the Corporation’s financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and

10. Obtain an annual report from the Compliance Officer regarding the adequacy of the Corporation's compliance program.

    The Corporate Governance Committee shall also serve as the Nomination Committee. It shall review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board and assess the effectiveness of the Board's process and procedures in the election or replacement of directors.

    The Corporate Governance Committee, acting as the Nomination Committee may consider the following guidelines in the determination of the number of directorships for the Board members:

- The nature of the business of the Corporations in which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

The Corporate Governance Committee, acting as the Nomination Committee, may pre-screen and shortlist all candidates nominated to become a member of the Board of Directors, taking into account the qualifications and the grounds for disqualifications as set forth in FLI's Revised Manual of Corporate Governance and the Securities Regulation Code.

The Corporate Governance Committee, acting as the Nomination Committee, promulgates the guidelines or criteria to govern the conduct of the nomination for members of the Board of Directors. The same shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission (SEC).

The nomination of independent directors is be conducted by the Committee before the stockholders' meeting. All recommendations should be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Committee pre-screens the qualifications and prepares a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors as set forth in the Company's Revised Manual on Corporate Governance.

After the nomination, the Committee prepares a Final List of Candidates which contains all the information about all the nominees for independent directors, and is made available to the SEC and all stockholders through the filing and distribution of the Information Statement, or in such reports the Company is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report, including any relationship with the nominee.

Related-Party Transaction Committee

Committee Members

Office	Name	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	None	None	N/A
Member (NED)	Efren C. Gutierrez	None	None	N/A
Member (ID)	Gemilo J. San Pedro	None	None	N/A

The Board shall constitute a Related Party Transaction Committee to be composed of at least three (3) non-executive directors, two (2) of whom shall be independent, including the Chairman of the Committee.

The Related Party Transaction Committee shall have the following duties and responsibilities:

1. Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and the SEC;

2. Evaluate all material RPTs to ensure that these are transacted on an arm's length basis and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

   In evaluating RPTs, the Committee may take into account the following:

   - The related party's relationship to the Corporation and interest in the transaction;
   - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
   - The benefits to the Corporation of the proposed RPT;
   - The availability of other sources of comparable products or services; and
   - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

3. Ensure that appropriate disclosure is made to the regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;

4. Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

5. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

6. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures

Shareholders' Benefits

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors.

The Board shall be committed to respect the following rights of the stockholders:

A. Right to Nominate and Vote

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- Cumulative voting shall be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

B. Power of Inspection

- All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, during business hours and upon prior written notice to the Corporation.
- All Shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

C. Right to Information

- The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

D. Right to Dividends

- Shareholders shall have the right to receive dividends subject to the discretion of the Board.

- The Commission may direct the Corporation to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: i) when justified by definite corporate expansion projects or programs approved by the Board; or ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

E. Appraisal Right

- The Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

    a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

    b. In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

    c. In case of merger or consolidation.

F. Right to Attend and Participate in Shareholders' Meetings

- The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation. The shareholders should be encouraged to personally attend such meetings and shall be notified of the date and place of the meeting at least 28 days before the meeting. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

- The results of the votes taken during the most recent annual or special stockholders' meetings shall be made publicly available within the next working day. The minutes of such meetings shall likewise be posted on the Corporation's website within five (5) business days from the date of the meeting.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Annual Stockholders' Meeting and Procedures

Notice of Annual Stockholders' Meeting

On February 21, 2023, FLI disclosed to the Philippine Stock Exchange that its Board of Directors had fixed the date of the Annual Stockholders' Meeting on April 21, 2023 with the record date set on March 10, 2023. Stockholders were informed that the Annual Stockholders' Meeting for 2023 would be conducted virtually..

On April 17, 2023, FLI disclosed to the PSE that its Executive Committee approved the postponement of its Annual Stockholders to April 24, 2023 instead of April 21, 2023. This postponement is by virtue of Proclamation No. 201 series of 2023, wherein April 21, 2023 was declared a national holiday in observance of Eid'l Fitr.

Procedures During the Annual Stockholders' Meeting

The following was the agenda of the Annual Stockholders' Meeting last April 24, 2023:

I. Call to Order

II. Proof of Notice of Meeting

III. Certification of Quorum

IV. Approval of the Minutes of the Annual Stockholders' Meeting held on 22 April 2022

V. Presentation of the President's Report

VI. Ratification of the Audited Financial Statements for the year ended 31 December 2022

VII. Ratification of the Acts and Resolutions of the Board of Directors, Board Committees and Management from the Date of the Last Annual Stockholders' Meeting up to 21 April 2023

VIII. Election of the Members of the Board of Directors, including three (3) Independent Directors, to serve for 2023-2024

IX. Approval of Management Agreement between Filinvest Land, Inc. and Filinvest BCDA Clark, Inc.

X. Approval of the Amendment of By-laws

XI. Appointment of the External Auditor

XII. Other Matters

XIII. Adjournment

On the same day, right after the annual stockholders' meeting, FLI disclosed to the Philippine Stock Exchange the results of the meeting which included the following:

(a) Approval of the Minutes of the Annual Stockholders' Meeting held on 22 April 2022;
(b) Presentation of the Management's Report and Ratification of the Audited Financial Statements for the year ended 31 December 2022;
(c) Ratification of all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders' meeting up to 21 April 2023;

(d) Approval of Management Agreement between Filinvest Land, Inc. and Filinvest BCDA Clark, Inc.;
(e) Approval of the Amendment of By-laws; and
(f) Appointment of SyCip Gorres Velayo & Co. as the independent external auditor of FLI for the year 2023.

FLI also disclosed that the following were elected as directors, to serve for the period 2023-2024 and until their successors shall have been duly elected and qualified:

1. MR. JONATHAN T. GOTIANUN
2. MS. LOURDES JOSEPHINE GOTIANUN YAP
3. MR. FRANCIS NATHANIEL C. GOTIANUN
4. MR. MICHAEL EDWARD T. GOTIANUN
5. ATTY. EFREN C. GUTIERREZ
6. MR. TRISTANEIL D. LAS MARIAS
7. DR. ERNESTO S. DE CASTRO (as independent director)
8. MR. GEMILO J. SAN PEDRO (as independent director)
9. ATTY. VAL ANTONIO B. SUAREZ (as independent director)

FLI made another disclosure to the Philippine Stock Exchange regarding the Board approval of the following cash dividends declaration from the unrestricted retained earnings of FLI as of December 31, 2022:

a. Common Shares
Regular cash dividend: Php0.036 per share
Record Date: May 12, 2023
Payment Date: June 6, 2023

b. Preferred Shares
Amount of Dividend: Php0.00036 per share
Record Date: May 12, 2023
Payment Date: June 6, 2023

PART V – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC Form 17-C

a) Exhibits

Exhibits as indicated in the Index to Exhibits are either not applicable to the Parent Company or require no answer.

b) Statutory Compliance

FLI fully complied with the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) regulatory requirements. Below is the Company's Reportorial Compliance Report for the year 2023:

Type of Report	Number of Filings
Financials	
Annual Report (17-A)	1
Quarterly Report (17-Q)	4
Audited Financial Statements	1
Ownership	
Annual List of Stockholders – for Annual Stockholders' Meeting	1
Foreign Ownership Monitoring Report	13
Public Ownership Report	4
Report on Number of Shareholders and Board Lot	12
Initial Statement of Beneficial Ownership of Securities (23-A)	8
Statement of Changes in Beneficial Ownership of Securities (23-B)	1
Top 100 Stockholders' List	4
Notices – Stockholders' Meetings/Briefings/Dividends	
Notice of Annual/Special Stockholders' Meeting	1
Dividend Notice (part of disclosure on Results of Stockholders' Meeting)	1
Notice of Analysts' Briefing	4
Other Disclosures	
Certification – Qualifications of Independent Directors	1
Clarifications of News Articles	1
Definitive Information Statement (20-IS)	1
General Information Sheet	3
Preliminary Information Statement (20-IS)	1
SEC Form 17-C (Current Report) Which includes the following: 1. Results of Annual Stockholders' Meeting/Board Meetings 2. Press Releases 3. Other Matters	 9 12 13

PART VI – SUSTAINABILITY REPORT

A copy of Filinvest Land, Inc.'s 2023 Sustainability Report can also be accessed via

https://filinvestland.com/sites/default/files/pdf_files/2023%20FLI%20Sustainability%20Report_041124.pdf

PART VII – REINVESTMENT PLAN PROGRESS REPORT

REINVESTMENT PLAN

As sponsor of FILRT, the REIT Law requires the Company to reinvest (a) any proceeds realized by it from the sale of FILRT shares or other securities issued in exchange for income-generating real estate transferred to the FILRT and (b) any money raised by the Company from the sale of any of its income generating real estate to FILRT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines within one (1) year of receipt of the proceeds.

Following current regulations, Filinvest Land intends to invest its net proceeds in the construction and development of its various office, retail and residential projects. Filinvest Land plans to invest the net proceeds in nine (9) office buildings, three (3) retail projects, five (5) mid-rise residential buildings as well as industrial lots. It also plans to use the funds for the purchase of land parcels for residential and commercial purposes and to expand the capacity of the District Cooling System in the Northgate Cyberzone. All disbursements for such projects are intended to be distributed within one year upon receipt of the proceeds from the secondary offer of FILRT shares. All of the projects for which the proceeds will be spent are located within the Philippines and none are to be spent outside of the Philippines. Filinvest Land does not intend to reinvest the net proceeds from the Offer Shares in any infrastructure project.

Filinvest Land shall monitor the actual disbursements of projects proposed in the Reinvestment Plan on a quarterly basis. For purposes of monitoring, Filinvest Land prepares quarterly progress reports of actual disbursements on the projects covered by the Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in the Reinvestment Plan, Filinvest Land, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect.

As of December 31, 2022, the proceeds from the FILRT IPO have been fully spent.

Gross Proceeds from IPO	Php		12,583,246,445
Purchase of shares during the stabilization period		-	2,281,800
Underwriters and IPO-related fees		-	316,945,306
Net Proceeds received			12,264,019,339
Disbursements for Transaction Costs, Aug. 12- Sept. 30		-	132,542,601
Disbursements for Transaction Costs, Oct. 1- Dec. 31		-	1,571,600
Available for Reinvestment			12,129,905,138
Disbursements for Reinvestment Aug 12- Sept 30		-	1,566,787,667
Disbursements for Reinvestment Oct 1-Dec. 31		-	872,622,139
Disbursements for Reinvestment Jan.1- March 31, 2022		-	2,016,678,604
Disbursements for Reinvestment April 1-June 30, 2022		-	2,725,572,490
Disbursements for Reinvestment July 1-August 11, 2022		-	4,948,244,238
Balance of IPO Proceeds as of August 11, 2022			0

A copy of Filinvest Land, Inc.'s REIT Reinvestment Plan Progress Report can be accessed via https://filinvestland.com/investor-relations/reinvestment-plan

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Form 17 A, Item 7

Consolidated Financial Statements

1. Statement of Management's Responsibility for Financial Statements
2. Independent Auditor's Report on Consolidated Financial Statements
3. Consolidated Statements of Financial Position as of December 31, 2023 and 2022
4. Consolidated Statements of Income for the years ended December 31, 2023, 2022, and 2021
5. Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022, and 2021
6. Notes to Consolidated Financial Statements

Supplementary Schedules

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

1. Schedule A. Financial Assets
2. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
3. Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
4. Schedule D. Long-term Debt
5. Schedule E. Indebtedness to Related Parties
6. Schedule F. Guarantees of Securities of Other Issuers
7. Schedule G. Capital Stock

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong, Metro Manila on APR 1 2 2024

By:

Jonathan T. Gotianun
Chairman

Tristaneil D. Las Marias
President and CEO

Ana Venus A. Mejia
EVP, Chief Finance Officer, and Treasurer

Janeth B. De Los Reyes
Deputy CFO and Chief Risk Officer

Katrina O. Clemente-Lua
Corporate Secretary

APR 1 2 2024

SUBSCRIBED AND SWORN to before me this ______ day of ___________ affiants exhibiting to me their Competent evidence of identity as follows:

Name	Competent evidence of Identity	Issue Date	Expiry Date	Place issued
Jonathan T. Gotianun Tristaneil Las Marias Ana Venus Mejia Janeth B. De Los Reyes Katrina O. Clemente-Lua				

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Page No. 60
Book No. 14
Series of 2024

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

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

SECRegistrationNumber

1	7	0	9	5	7					

C O M P A N Y   N A M E

FILINVEST LAND, INC. AND SUBSIDIARIES

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

79 EDSA, Brgy. Highway Hills, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,606	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

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

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

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

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

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Real Estate Revenue Recognition

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

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

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

Refer to Note 6 to the consolidated financial statements for the disclosures on revenue recognition.

Audit Response

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

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

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

Recoverability of Goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment of goodwill. As of December 31, 2023, goodwill attributable to the Festival Supermall structure, Filinvest Asia Corporation and Filinvest REIT Corp., amounted to ₱4,567.24 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically revenue growth rate, gross margins, discount rate and terminal growth rate.

The Group's disclosures about goodwill are included in Notes 3 and 4 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as revenue growth rate against the historical performance of the cash-generating unit, industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

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

Our opinion on the consolidated financial statements does not cover 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 such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20 and 30)	**₱5,732,008**	₱6,619,135
Contracts receivables (Notes 6, 8 and 30)	**1,837,829**	2,128,881
Contract assets (Notes 6 and 30)	**4,745,827**	5,399,792
Other receivables (Notes 9 and 30)	**3,465,056**	2,902,006
Real estate inventories (Note 10)	**72,634,830**	71,326,487
Other current assets (Notes 6 and 11)	**7,192,434**	6,380,765
Total Current Assets	**95,607,984**	94,757,066
Noncurrent Assets		
Contract assets - net of current portion (Notes 6 and 30)	**5,037,942**	5,083,164
Investments in associates (Note 12)	**5,219,900**	5,135,018
Investment properties (Note 13)	**79,659,336**	77,021,396
Property and equipment (Note 14)	**5,673,012**	5,485,279
Deferred income tax assets (Note 28)	**48,483**	91,383
Goodwill (Note 4)	**4,567,242**	4,567,242
Other noncurrent assets (Note 16)	**8,662,178**	7,974,631
Total Noncurrent Assets	**108,868,093**	105,358,113
TOTAL ASSETS	**₱204,476,077**	₱200,115,179
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 17 and 30)	**₱12,551,165**	₱11,948,853
Contract liabilities (Note 6)	**792,402**	1,012,294
Current portion of lease liabilities (Note 15)	**175,459**	246,051
Due to related parties (Notes 20 and 30)	**488,486**	754,264
Income tax payable	**21,557**	19,553
Current portion of loans payable (Notes 18 and 30)	**16,480,438**	8,446,975
Current portion of bonds payable (Notes 19 and 30)	**1,697,345**	15,017,440
Total Current Liabilities	**32,206,852**	37,445,430

(Forward)

	December 31	
	2023	2022
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18 and 30)	**₱20,507,489**	₱24,402,509
Bonds payable - net of current portion (Notes 19 and 30)	**35,771,167**	26,115,346
Contract liabilities - net of current portion (Note 6)	**149,949**	283,068
Lease liabilities - net of current portion (Note 15)	**6,544,402**	6,262,439
Net retirement liabilities (Note 25)	**437,193**	431,308
Deferred income tax liabilities - net (Note 28)	**5,649,153**	5,625,210
Accounts payable and accrued expenses - net of current portion (Notes 17 and 30)	**8,938,003**	8,047,128
Total Noncurrent Liabilities	**77,997,356**	71,167,008
Total Liabilities	**110,204,208**	108,612,438
Equity		
Common stock (Note 26)	**24,470,708**	24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)		
Unappropriated	**57,061,525**	54,172,008
Appropriated	**5,000,000**	5,000,000
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Remeasurement gains on retirement plan - net of tax (Note 25)	**47,521**	68,185
Share in other components of equity of associates (Note 12)	**372,449**	372,449
Equity attributable to equity holders of the parent	**92,420,864**	89,552,011
Noncontrolling interests (Notes 1 and 31)	**1,851,005**	1,950,730
Total Equity	**94,271,869**	91,502,741
TOTAL LIABILITIES AND EQUITY	**₱204,476,077**	₱200,115,179

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Real estate sales (Note 6)	**₱14,486,506**	₱12,836,056	₱11,274,509
Rental and related services (Notes 6, 13, 15 and 16)	**7,200,950**	6,350,408	5,591,801
Total revenue	**21,687,456**	19,186,464	16,866,310
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 12)	**242,007**	78,956	112,023
OTHER INCOME			
Interest income (Notes 7, 8, 20 and 23)	**283,978**	367,052	409,608
Others - net (Notes 20 and 24)	**340,893**	311,874	350,978
	22,554,334	19,944,346	17,738,919
COSTS			
Real estate sales (Note 10)	**8,101,485**	7,354,689	6,443,688
Rental and related services (Notes 13 and 16)	**3,122,342**	2,583,493	2,430,623
OPERATING EXPENSES			
General and administrative expenses (Note 21)	**2,584,596**	2,313,062	1,979,124
Selling and marketing expenses (Note 22)	**1,370,135**	1,150,643	911,817
INTEREST AND OTHER FINANCE CHARGES (Notes 15, 18, 19 and 23)	**2,434,393**	2,294,243	2,426,791
	17,612,951	15,696,130	14,192,043
INCOME BEFORE INCOME TAX	**4,941,383**	4,248,216	3,546,876
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)	**645,339**	727,079	(758,352)
NET INCOME	**₱4,296,044**	₱3,521,137	₱4,305,228
Net income attributable to:			
Equity holders of the parent	**₱3,765,388**	₱2,889,915	₱3,803,377
Noncontrolling interest	**530,656**	631,222	501,851
	₱4,296,044	₱3,521,137	₱4,305,228
Basic/Diluted Earnings Per Share (Note 27)	**₱0.16**	₱0.12	₱0.16

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱4,296,044**	₱3,521,137	₱4,305,228
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss			
Remeasurement gains (loss) on retirement plan, net of tax (Notes 25 and 28)	**(20,664)**	84,354	(1,032)
TOTAL COMPREHENSIVE INCOME	**₱4,275,380**	₱3,605,491	₱4,304,196
Total comprehensive income attributable to:			
Equity holders of the parent	**₱3,744,724**	₱2,974,269	₱3,802,345
Noncontrolling interest	**530,656**	631,222	501,851
	₱4,275,380	₱3,605,491	₱4,304,196

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Gains (Losses) on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 31)	Total Equity
	For the Year Ended December 31, 2023											
Balances as at January 1, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱54,172,008**	**₱5,000,000**	**(₱2,619)**	**₱68,185**	**₱372,449**	**₱89,552,011**	**₱1,950,730**	**₱91,502,741**
Net income	–	–	–	–	**3,765,388**	–	–	–	–	**3,765,388**	**530,656**	**4,296,044**
Other comprehensive loss	–	–	–	–	–	–	–	**(20,664)**	–	**(20,664)**	–	**(20,664)**
Total comprehensive income	–	–	–	–	**3,765,388**	–	–	**(20,664)**	–	**3,744,724**	**530,656**	**4,275,380**
Dividends declared (Note 26)	–	–	–	–	**(875,871)**	–	–	–	–	**(875,871)**	–	**(875,871)**
Change in noncontrolling Interest	–	–	–	–	–	–	–	–	–	–	**30,000**	**30,000**
Dividend distribution to noncontrolling interest (Note 31)	–	–	–	–	–	–	–	–	–	–	**(660,381)**	**(660,381)**
Balances as at December 31, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱57,061,525**	**₱5,000,000**	**(₱2,619)**	**₱47,521**	**₱372,449**	**₱92,420,864**	**₱1,851,005**	**₱94,271,869**

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Gains (Losses) on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 31)	Total Equity
	For the Year Ended December 31, 2022											
Balances as at January 1, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱52,425,032	₱5,000,000	(₱2,619)	(₱16,169)	₱372,449	₱87,720,681	₱2,069,543	₱89,790,224
Net income	–	–	–	–	2,889,915	–	–	–	–	2,889,915	631,222	3,521,137
Other comprehensive income	–	–	–	–	–	–	–	84,354	–	84,354	–	84,354
Total comprehensive income	–	–	–	–	2,889,915	–	–	84,354	–	2,974,269	631,222	3,605,491
Dividends declared (Note 26)	–	–	–	–	(1,142,939)	–	–	–	–	(1,142,939)	–	(1,142,939)
Dividend distribution to noncontrolling interest (Note 31)	–	–	–	–	–	–	–	–	–	–	(750,035)	(750,035)
Balances as at December 31, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,172,008	₱5,000,000	(₱2,619)	₱68,185	₱372,449	₱89,552,011	₱1,950,730	₱91,502,741

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Gains (Losses) on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 31)	Total Equity
	For the Year Ended December 31, 2021											
Balances as at January 1, 2021	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱38,776,187	₱5,000,000	(₱2,619)	(₱15,137)	₱372,449	₱74,072,868	₱306,075	₱74,378,943
Net income	–	–	–	–	3,803,377	–	–	–	–	3,803,377	501,851	4,305,228
Other comprehensive income	–	–	–	–	–	–	–	(1,032)	–	(1,032)	–	(1,032)
Total comprehensive income	–	–	–	–	3,803,377	–	–	(1,032)	–	3,802,345	501,851	4,304,196
Changes in noncontrolling interests (Note 31)	–	–	–	–	10,465,662	–	–	–	–	10,465,661	1,664,244	12,129,905
Dividends declared (Note 26)	–	–	–	–	(754,224)	–	–	–	–	(754,223)	–	(754,223)
Dividend distribution to noncontrolling interest (Note 31)	–	–	–	–	–	–	–	–	–	–	(402,627)	(402,627)
Impact of adoption of CREATE Act by an associate (Note 12)	–	–	–	–	134,030	–	–	–	–	134,030	–	134,030
Balances as at December 31, 2021	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱52,425,032	₱5,000,000	(₱2,619)	(₱16,169)	₱372,449	₱87,720,681	₱2,069,543	₱89,790,224

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,941,383**	₱4,248,216	₱3,546,876
Adjustments for:			
Interest income (Note 23)	**(283,978)**	(367,052)	(409,608)
Interest expense and amortization of transaction costs (Note 23)	**2,294,148**	2,272,368	2,212,916
Depreciation and amortization (Notes 13, 14 and 16)	**1,593,382**	1,630,038	1,446,779
Equity in net earnings of associates (Note 12)	**(242,007)**	(78,956)	(112,023)
Pension expense, net of contribution and benefits paid (Note 25)	**(21,667)**	59,619	21,564
Operating income before changes in operating assets and liabilities	**8,281,261**	7,764,233	6,706,504
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**291,052**	3,209,050	(1,180,992)
Contract assets	**699,187**	(2,152,381)	603,487
Other receivables	**(563,050)**	(191,543)	651,720
Real estate inventories	**(178,552)**	(1,830,758)	(1,744,514)
Other assets	**(620,751)**	(1,180,817)	(610,255)
Increase (decrease) in:			
Accounts payable and accrued expense	**1,929,113**	1,209,113	(820,155)
Contract liabilities	**(353,011)**	(650,234)	(70,673)
Cash generated from operations	**9,485,249**	6,176,663	3,535,122
Income taxes paid, including creditable withholding taxes	**(576,492)**	(409,321)	(384,639)
Interest received	**283,978**	367,052	409,608
Net cash provided by operating activities	**9,192,735**	6,134,394	3,560,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties and property and equipment (Notes 13 and 14)	**(3,645,532)**	(7,618,103)	(5,344,944)
Build-transfer-operate (BTO) rights (Note 16)	**(865,248)**	(1,396,784)	(1,062,079)
Investment in associates (Note 12)	–	(10,972)	(11,250)
Investment in bonds (Note 16)	–	(150,000)	–
Dividends received from associate (Note 12)	**167,125**	–	–
Net cash used in investing activities	**(4,343,655)**	(9,175,859)	(6,418,273)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES (Note 35)			
Proceeds from availment of:			
Loans payable (Notes 18)	**₱24,660,100**	₱12,814,900	₱16,600,200
Bonds payable (Notes 19)	**11,430,800**	11,900,000	10,000,000
Payments of:			
Loans payable (Note 18)	**(20,528,712)**	(12,160,435)	(22,598,029)
Bonds payable (Note 19)	**(15,035,400)**	(7,000,000)	(5,300,000)
Cash dividend (Note 26)	**(875,871)**	(1,140,525)	(784,224)
Interest and transaction costs	**(4,118,521)**	(3,851,408)	(3,563,316)
Lease liabilities (Note 15)	**(372,444)**	(360,103)	(351,321)
Dividends paid to noncontrolling interest (Note 31)	**(660,381)**	(750,035)	(402,627)
Increase in noncontrolling interest (Notes 1 and 31)	**30,000**	–	12,129,905
Increase (decrease) in amounts due to related parties	**(265,778)**	549,946	92,297
Net cash provided by (used in) financing activities	**(5,736,207)**	2,340	5,822,885
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(887,127)**	(3,039,125)	2,964,703
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,619,135**	9,658,260	6,693,557
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱5,732,008**	₱6,619,135	₱9,658,260

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On July 14, 2023, FLI entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million payable over until July 5, 2028, taking over the two latter companies' joint land development activities in Bacoor City, Cavite.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-excel after the transfer is 47.5%. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

On December 14, 2022, FLI entered into a Deed of Assignment to purchase 100% ownership in SJR Developers, Inc. (SDI). Total acquisition price amounted to ₱0.60 million. The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures. The acquisition of SDI has no material effect to the consolidated financial statements.

On May 26, 2022, OurSpace Solutions, Inc. (OSI), a wholly owned subsidiary of FLI, was incorporated with primary purpose of developing, operating, managing and maintaining commercial buildings to be used as coworking spaces. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Community, Inc. (KCI) and FLI. On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI's 70% ownership in OSI for a total consideration of ₱30.00 million. OSI has started commercial operations on November 1, 2023.

On August 12, 2021, Filinvest REIT Corp. (“FILRT”) was listed and traded in the Philippine Stock Exchange as a Real Estate Investment Trust (REIT) company under the PSE ticker symbol FILRT. As a result of the listing, FLI’s interest in Filinvest REIT Corp. decreased to 63.3%. This transaction resulted in changes to the Group’s Cash, Retained earnings and Noncontrolling interest in 2021 (see Note 31).

On August 2, 2021, Co-Living Pro Managers Corp. (CPMC), a wholly owned subsidiary of FLI, was incorporated to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has started its commercial operations last November 2023.

On April 13, 2021, FREIT Fund Managers, Inc. (FFMI), a wholly owned subsidiary of FLI, was incorporated to engage in business of providing fund management services to REIT companies. FFMI started commercial operations on August 12, 2021.

Approval of the Consolidated Financial Statements

The consolidated financial statements as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were approved and authorized for issue by the Board of Directors (BOD) on February 27, 2024.

2. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group’s consolidated financial statements are presented in Philippine Peso (₱), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand ₱ except as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of International Financial Reporting Interpretation Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS) 23, *Borrowing Cost*).

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2023, 2022 and 2021 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**2023**	2022	2021
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
SJR Developers, Inc. (SDI)	Real estate developer	**100%**	100%	–
Niyog Property Holdings, Inc. (NPHI) [2]	Real estate developer	**100%**	–	–
Cajel Realty Corporation (CRC) [2]	Real estate developer	**100%**	–	–
Filinvest REIT Corp. (FILRT)	Leasing	**63%**	63%	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%	100%
ProOffice Works Services, Inc. (ProOffice)	Property management	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Co-Living Pro Managers Corp. (CPMC)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas)[3]	Theater operator	**60%**	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%	98%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	**75%**	75%	75%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%	100%

(Forward)

Subsidiaries	Nature of Business	**2023**	2022	2021
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%	100%
FREIT Fund Managers, Inc. (FFMI)	Fund Manager	**100%**	100%	100%
OurSpace Solutions, Inc. (OSI) [4]	Coworking spaces	**70%**	100%	–

Notes:
1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 1).*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70% ownership in OSI (see Note 1).*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this report), purchase or sale of a significant amount of assets outside the ordinary course of business.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

Noncontrolling Interest
Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

Business Combinations Involving Entities under Common Control
The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2023. Unless otherwise indicated, adoption of these amendments to existing standards and interpretations did not have an impact on the consolidated financial statements of the Group.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments had no material impact on the Group.

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

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

  The amendments had no material impact on the Group.

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

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

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). The amendments had no material impact on the Group.

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

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

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

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

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

  The amendments had no material impact on the Group.

Future Changes in Accounting Policy

Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

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

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

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

  After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

  The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively. The Group will adopt the guidance using the modified retrospective approach. The adoption of this guidance will impact interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings.

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

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

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

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. The Group will adopt the IFRIC agenda decision using the modified retrospective approach. Adoption of this guidance would have impacted net income, real estate inventories, provision for deferred income tax, deferred tax liability, interest and other financing charges and the opening balance of retained earnings for the statement of financial position, and the cash flows from operations and financing activities for the statement of cash flows.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosure: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

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

Deferred effectivity

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

Material Accounting Policies

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

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

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

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

As of December 31, 2023 and 2022, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

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

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

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

The Group classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (included in other noncurrent assets; see Note 16).

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

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

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Group. Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

As of December 31, 2023 and 2022, loans and borrowings consist primarily of accounts payable and accrued expenses excluding deposit from tenants and other payables, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 15, 17, 18, 19 and 20).

Impairment of Financial Assets and Contract Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Real Estate Inventories
Lots, Condominium and Residential Units for Sale
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development
Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees, (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates
The Group's investment in associates is accounted for under the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any. Initial cost of investment properties consists of cash paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction and directly attributable costs of bringing the investment properties to its intended location and working condition, including borrowing costs.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

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

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

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

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

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5-20
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include goodwill, and build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets including construction materials and supplies are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

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

Impairment of Nonfinancial Assets

The carrying values of investment in associates, property and equipment, investment properties, right-of-use assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue Recognition

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The Group recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract asset in the consolidated statement of financial position.

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

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

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

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area (CUSA) charges and air conditioning dues (included as part of 'Rental and related services')
CUSA charges are recognized when the related services are rendered. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as` agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

Theater and parking sales and snack bar sales (included as part of 'Rental and related services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

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

Contract Balances
Contracts receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

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

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

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expense" account in the consolidated statement of income.

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

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

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

The Group's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

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

At each reporting date, the Group determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, the judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

<u>Other Revenue and Income Recognition</u>
Rental Income
Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income
Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

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

Costs and expenses are recognized in the consolidated statement of income:

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

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable.

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

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

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

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

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC MC 34-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2023. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity
Common and Preferred Stock
The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock
Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

The partial disposal or acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interests is liabilities in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interests are acquired or sold without loss of control.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

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

Deferred Income Tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

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

Leases

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

Group as Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Lease Modification

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 15).

Group as Lessee

Except for short-term leases and lease of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

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

The Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20- to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

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

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

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, I if applicable, the nature of the regulatory environment. The Group's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group’s accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
The Group’s primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

   In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer’s initial payments in relation to the total contract price.

b. Collectability is also assessed by considering factors such as historical experience with customers, and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers’ equity before commencing revenue recognition.

c. Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

Accounting for the acquisition of NPHI and CRC
In determining whether a transaction or an event is a business combination, the Group assessed whether the assets acquired and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Further, a business consists of inputs and processes applied to those inputs that have the ability to create outputs. Based on the provisions of the Share Purchase Agreement to acquire 100% shares of NPHI and CRC (see Note 1), the Parent Company assessed that the acquisition does not constitute a business. In making the judgment, the Parent Company considered that it lacks two (2) of the three (3) components required to meet the definition of a business (i.e., processes and output). While the Parent Company acquired inputs (i.e., land), FLI did not acquire any processes. As such, the transaction was accounted for as an acquisition of an asset and the entire consideration was recognized as part of land and land development costs in the consolidated statement of financial position (see Note 10).

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges from the lessees of its commercial spaces.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16. In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rental concessions granted by the Group for the years ended December 31, 2023, 2022 and 2021 amounted to ₱70.76 million, ₱314.84 million and ₱734.27 million (see Notes 6 and 15).

Adoption of a 'no tax' regime for FILRT
As a REIT entity, FILRT can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of December 31, 2023 and 2022, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. FILRT did not recognize any deferred taxes in 2023 and 2022.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 32).

Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue Recognition and Measure of Progress for Real Estate Sales
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

For the years ended December 31, 2023, 2022 and 2021, real estate sales amounted to ₱14.49 billion, ₱12.84 billion, and ₱11.27 billion, respectively (see Note 6).

Evaluation of Impairment of Contract Receivables and Contract Assets
The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 8.

The carrying values of contract receivables and contract assets are as follows:

	2023	2022
	(In Thousands)	
Contracts receivables (Note 8)	**₱1,837,829**	₱2,128,881
Contract assets (Note 6)	**9,783,769**	10,482,956

Estimating NRV of Real Estate Inventories
The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2023 and 2022, the carrying amount of real estate inventories amounted to ₱72.63 billion and ₱71.33 billion, respectively (see Note 10). No impairment adjustments were recognized since the costs are lower than NRV for the years ended December 31, 2023, 2022 and 2021.

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of FILRT, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of five (5) years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The Group has adjusted the cash flows forecast and assumptions in 2023 to consider the impact associated with the COVID 19 pandemic. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used in 2023 and 2022 were 9.3% to 11.0%. The growth rates used beyond the forecast period for different cash-generating units were 3.0% to 5.0%.

As of December 31, 2023 and 2022, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2023 and 2022 (see Note 4).

Recognition of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱1.73 billion and ₱1.84 billion as of December 31, 2023 and 2022, respectively (see Note 28). The tax effect of the Group's carryforward benefits of NOLCO for which no deferred income tax assets were recognized amounted to ₱169.93 million and ₱191.70 million in 2023 and 2022, respectively (see Note 28).

Fair Values of Assets and Liabilities
The Group carries and discloses certain assets and liabilities at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these assets and liabilities would affect directly the Group's consolidated statement of income and other comprehensive income (see Notes 13 and 29).

4. **Goodwill**

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2023 and 2022 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
FILRT	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in FILRT from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in FILRT from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in FILRT becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted in recognition of goodwill amounting to ₱326.55 million.

As of December 31, 2023 and 2022, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized.

5. **Segment Reporting**

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall, Fora Tagaytay, Main Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark. This also includes the hotel operations of TSNC and NSI and the operations of PDDC of a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only. The Group's revenues are earned in the Philippines.

Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2023, 2022, and 2021, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, except for the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

The information about the financial position and results of operations of these business segments as of and for the years ended December 31 are summarized below (amounts in thousands).

	2023				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Revenue					
External	**₱14,486,506**	**₱7,200,950**	**₱21,687,456**	**₱–**	**₱21,687,456**
Inter-segment	**40,039**	**–**	**40,039**	**(40,039)**	**–**
	14,526,545	**7,200,950**	**21,727,495**	**(40,039)**	**21,687,456**
Equity in net earnings of associates	**242,007**	**–**	**242,007**	**–**	**242,007**
Other income	**2,001,632**	**964,869**	**2,966,501**	**(2,341,630)**	**624,871**
	₱16,770,184	**₱8,165,819**	**₱24,936,003**	**(₱2,381,669)**	**₱22,554,334**
Net income	**₱3,603,769**	**₱1,742,686**	**₱5,346,455**	**(₱1,050,411)**	**₱4,296,044**
EBITDA	**₱5,401,034**	**₱4,797,774**	**₱10,198,808**	**(₱1,229,650)**	**₱8,969,158**
Segment assets	**₱110,882,971**	**₱104,057,871**	**₱214,940,842**	**(₱10,464,765)**	**₱204,476,077**
Less net deferred tax assets	**–**	**48,483**	**48,483**	**–**	**48,483**
Net segment assets	**₱110,882,971**	**₱104,009,388**	**₱214,892,359**	**(₱10,464,765)**	**₱204,427,594**
Segment liabilities	**₱63,140,179**	**₱47,438,064**	**₱110,578,243**	**(₱374,035)**	**₱110,204,208**
Less net deferred tax liabilities	**5,802,647**	**56,068**	**5,858,715**	**(209,562)**	**5,649,153**
Net segment liabilities	**₱57,337,532**	**₱47,381,996**	**₱104,719,528**	**(₱164,473)**	**₱104,555,055**
Cash flows provided by (used in):					
Operating activities	**₱5,368,606**	**₱3,979,320**	**₱9,347,926**	**(₱155,192)**	**₱9,192,735**
Investing activities	**(616,726)**	**(3,726,929)**	**(4,343,655)**	**–**	**(4,343,655)**
Financing activities	**(4,306,123)**	**(2,071,602)**	**(6,377,725)**	**641,518**	**(5,736,207)**

	2022				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱12,836,056	₱6,350,408	₱19,186,464	₱–	₱19,186,464
Inter-segment	340,942	–	340,942	(340,942)	–
	13,176,998	6,350,408	19,527,406	(340,942)	19,186,464
Equity in net earnings of associates	78,956	–	78,956	–	78,956
Other income	1,854,110	1,099,670	2,953,780	(2,274,854)	678,926
	₱15,110,064	₱7,450,078	₱22,560,142	(₱2,615,796)	₱19,944,346
Net income	₱3,522,460	₱1,588,870	₱5,111,330	(₱1,590,193)	₱3,521,137
EBITDA	₱5,024,557	₱4,466,521	₱9,491,078	(₱1,318,581)	₱8,172,497
Segment assets	₱113,610,862	₱98,669,097	₱212,279,959	(₱12,164,780)	₱200,115,179
Less net deferred tax assets	–	91,383	91,383	–	91,383
Net segment assets	₱113,610,862	₱98,577,714	₱212,188,576	(₱12,164,780)	₱200,023,796
Segment liabilities	₱69,622,905	₱44,627,867	₱114,250,772	(₱5,638,334)	₱108,612,438
Less net deferred tax liabilities	5,547,080	19,612	5,566,692	58,518	5,625,210
Net segment liabilities	₱64,075,825	₱44,608,255	₱108,684,080	(₱5,696,852)	₱102,987,228
Cash flows provided by (used in):					
Operating activities	(₱1,051,285)	₱4,070,795	₱3,019,510	₱3,114,884	₱6,134,394
Investing activities	(1,369,354)	(3,836,569)	(5,205,923)	(3,969,936)	(9,175,859)
Financing activities	(1,221,205)	962,387	258,818	261,158	2,340

	2021				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱11,274,509	₱5,591,801	₱16,866,310	₱–	₱16,866,310
Inter-segment	233,218	–	233,218	(233,218)	–
	11,507,727	5,591,801	17,099,528	(233,218)	16,866,310
Equity in net earnings of associates	112,023	–	112,023	–	112,023
Other income	11,333,805	2,544,546	13,878,351	(13,117,765)	760,586
	₱22,953,555	₱8,136,347	₱31,089,902	(13,350,983)	₱17,738,919
Net income	₱13,289,790	₱3,478,276	₱16,768,066	(12,462,838)	₱4,305,228
EBITDA	₱16,403,290	₱5,590,819	₱21,994,109	(₱14,573,663)	₱7,420,446
Segment assets	₱114,176,209	₱83,223,266	₱197,399,475	(₱4,175,944)	₱193,223,531
Less net deferred tax assets	–	95,553	95,553	–	95,553
Net segment assets	₱114,176,209	₱83,127,713	₱197,303,922	(₱4,175,944)	₱193,127,978
Segment liabilities	₱67,170,101	₱29,599,056	₱96,769,157	₱6,664,150	₱103,433,307
Less net deferred tax liabilities	5,416,352	(136,114)	5,280,238	37,031	5,317,269
Net segment liabilities	₱61,753,749	₱29,735,170	₱91,488,919	₱6,627,119	₱98,116,038
Cash flows provided by (used in):					
Operating activities	₱442,988	₱6,908,729	₱7,351,717	₱3,791,626	₱3,560,091
Investing activities	(1,188,848)	(8,570,940)	(9,759,788)	(3,341,515)	(6,418,273)
Financing activities	(1,807,044)	13,133,583	11,326,539	(5,503,654)	5,822,885

The following table shows a reconciliation of the earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statement of income for the year:

	2023	2022	2021
		(In Thousands)	
EBITDA	**₱8,969,158**	₱8,172,497	₱7,420,446
Depreciation and amortization (Notes 13, 14 and 16)	**(1,593,382)**	(1,630,038)	(1,446,779)
Operating profit	**7,375,776**	6,542,459	5,973,667
Interest and other finance charges (Note 23)	**(2,434,393)**	(2,294,243)	(2,426,791)
Income before income tax	**₱4,941,383**	₱4,248,216	₱3,546,876

6. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue is presented below:

	2023	2022	2021
		(In Thousands)	
Real estate sales by market segment			
Medium income	**₱9,835,600**	₱8,915,046	₱7,582,470
Low affordable and affordable	**3,367,527**	2,661,307	2,500,696
High-end and others	**855,169**	1,026,177	877,766
Socialized	**428,210**	233,526	313,577
	14,486,506	12,836,056	11,274,509

(Forward)

	2023	2022	2021
		(In Thousands)	
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater and parking sales	**₱214,452**	₱163,853	₱63,021
Snack bar sales	**14,066**	8,871	10
	228,518	172,724	63,031
Tenant dues			
Office leasing (Note 20)	**1,149,383**	1,158,229	1,210,100
Mall and other leasing operations	**379,197**	344,514	282,933
	1,528,580	1,502,743	1,493,093
Total revenue from contracts with customers	**16,243,604**	14,511,523	12,830,633
Rental revenues			
Office leasing (Note 20)	**3,511,044**	3,425,457	3,585,598
Mall operations	**1,605,302**	1,161,326	450,079
Others	**327,506**	88,158	–
	5,443,852	4,674,941	4,035,677
Total Revenue	**₱21,687,456**	₱19,186,464	₱16,866,310

The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time.

As of December 31, 2023, contract balances are as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱1,837,829**	**₱–**	**₱1,837,829**
Contract assets	**4,745,827**	**5,037,942**	**9,783,769**
Contract liabilities	**792,402**	**149,949**	**942,351**

As of December 31, 2022, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱2,128,881	₱–	₱2,128,881
Contract assets	5,399,792	5,083,164	10,482,956
Contract liabilities	1,012,294	283,068	1,295,362

Real estate sales contracts are collectible in equal monthly principal installments in varying periods of two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

In 2023 and 2022, the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The banks agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2023 and 2022, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱5.43 billion and ₱2.18 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations. The amount of revenue recognized in 2023 and 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱1.08 billion and ₱1.31 billion, respectively.

Performance Obligation
Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either (a) a lot; (b) house and lot or (c) condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2023 and 2022 amounted to ₱2.91 billion and ₱3.14 billion, respectively. Performance obligation for the transaction price amounting to ₱2.45 billion and ₱2.31 billion will be satisfied within one year as of December 31, 2023 and 2022, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space; (b) provisioning of water and electricity; (c) provision of air conditioning and CUSA services presented as tenant dues; and, (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are: (1) allowed to operate during community quarantine and operational; (2) allowed to operate during community quarantine but not operational; and, (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets
The rollforward of the cost to obtain contract included in the other current assets is as follows:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱473,852**	₱474,282
Additions	**632,296**	702,663
Amortization (Note 22)	**(738,634)**	(703,093)
Balance at end of year (Note 11)	**₱367,514**	₱473,852

Amortization of cost to obtain contract is recognized in the consolidated statements of comprehensive income under selling and marketing expenses.

For the years ended December 31, 2023 and 2022, additions of contract fulfillment costs amounted to ₱648.65 million and ₱786.78 million, respectively (see Note 10). Amortization of contract fulfillment costs amounted to ₱1.07 billion and ₱1.06 billion for the years ended December 31, 2023 and 2022, respectively. Contract fulfilment assets is included as part of real estate inventories.

The Group reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

In determining estimated amount of consideration, the Group uses the same principles in determining contract transaction price.

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

7. Cash and Cash Equivalents

This account consists of:

	2023	2022
	(In Thousands)	
Cash	**₱4,604,987**	₱5,278,698
Cash equivalents	**1,127,021**	1,340,437
	₱5,732,008	₱6,619,135

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱80.39 million, ₱71.20 million and ₱23.15 million in 2023, 2022 and 2021, respectively (see Note 23).

There is no restriction on the Group's cash and cash equivalents as at December 31, 2023 and 2022.

8. Contracts Receivables

This account consists of:

	2023	2022
	(In Thousands)	
Contracts receivable	**₱1,582,486**	₱1,906,849
Receivables from government and financial institutions	**255,343**	222,032
	₱1,837,829	₱2,128,881

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 6).

In 2022, the Group granted relief under the Bayanihan Act during the first half of the year and had gradually removed this relief as foot traffic improved and as retail tenants recover by the end of the year. In 2021, the Group provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms. Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱174.03 million, ₱276.49 million and ₱355.06 million in 2023, 2022 and 2021, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2023 and 2022, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱361.45 million and ₱534.05million, respectively. As of December 31, 2023 and 2022, the remaining unutilized guaranty line amounted to ₱1.37 billion and ₱1.43 billion, respectively.

As of December 31, 2023 and 2022, no impairment losses were recognized from contracts receivables.

9. Other Receivables

This account consists of:

	2023	2022
	(In Thousands)	
Receivables from tenants	**₱2,038,850**	₱1,876,759
Due from related parties (Notes 20)	**695,344**	464,618
Advances to officers and employees	**422,954**	322,326
Receivables from homeowners' associations	**227,671**	286,148
Others	**139,383**	2,822
	3,524,202	2,952,673
Less: Allowance for expected credit losses	**59,146**	50,667
	₱3,465,056	₱2,902,006

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱43.28 million and ₱34.80 million as of December 31, 2023 and 2022, respectively. The Group has recognized provision for expected credit losses amounting to ₱8.49 million, ₱2.98 million and ₱7.70 million in 2023, 2022 and 2021, respectively.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2023 and 2022. The Group has not recognized provision for expected credit losses in 2023, 2022 and 2021.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

10. Real Estate Inventories

This account consists of:

	2023	2022
	(In Thousands)	
Real estate inventories – at cost		
Lots, condominium and residential units for sale	**₱45,642,483**	₱44,623,160
Land and land development	**26,992,347**	26,703,327
	₱72,634,830	₱71,326,487

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱44,623,160**	₱42,808,627
Land costs transferred from land and land development (Note 6)	**648,649**	786,781
Additions thru asset acquisition (Notes 1 and 3)	**452,578**	−
Net transfer to investment properties (Note 13)	**−**	(80,520)
Construction/development costs incurred	**7,319,735**	7,886,878
Capitalized borrowing costs	**699,846**	576,083
Cost of real estate sales	**(8,101,485)**	(7,354,689)
Balance at end of year	**₱45,642,483**	₱44,623,160

Capitalization rate for the capitalized borrowing costs is 5.15%, 4.7% and 4.6% in 2023, 2022 and 2021, respectively.

A summary of the movement in land and land development is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱26,703,327**	₱25,918,293
Land acquisitions (Notes 1 and 3)	**51,111**	747,018
Land costs transferred to real estate inventories	**(648,649)**	(786,781)
Site development and incidental costs	**886,558**	824,797
Balance at end of year	**₱26,992,347**	₱26,703,327

As of December 31, 2023 and 2022, on account additions to land and land development during the year which remain outstanding amounted to ₱4.40 billion and ₱4.59 billion, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱620.18 million, ₱430.55 million and ₱428.85 million for the years ended December 31, 2023, 2022 and 2021, respectively. Capitalization rate is 5.15%, 4.7% and 4.9% in 2023, 2022 and 2021, respectively.

Acquisition of land and land development included under cash flows used in operating activities amounted to ₱0.51 billion, ₱1.29 billion and ₱1.18 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

11. **Other Current Assets**

This account consists of:

	2023	2022
	(In Thousands)	
Input taxes -net	**₱3,842,624**	₱3,706,199
Creditable withholding taxes	**1,231,664**	1,291,214
Prepaid expenses	**807,382**	313,696
Advances to contractors and suppliers	**445,383**	239,294
Construction materials and supplies	**401,535**	281,018
Cost to obtain contract (Note 6)	**367,514**	473,852
Short-term deposits (Note 30)	**96,332**	75,492
	₱7,192,434	₱6,380,765

"Input taxes" pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Prepaid expenses" consist of prepayments for commissions on leases, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts of real estate inventories.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

"Cost to obtain contract" includes accrued commissions net of amount paid to brokers relating to the sale of real estate inventories which qualify for revenue recognition.

12. **Investments in Associates**

This account consists of:

	2023	2022
	(In Thousands)	
At equity:		
Acquisition cost		
Balance at beginning of year	**₱1,018,841**	₱1,007,869
ProActive Professionals Corp. (ProActive)	**10,000**	–
Pro-excel (Note 1)	–	10,972
Balance at end of year	**1,028,841**	1,018,841
Accumulated equity in net earnings:		
Balance at beginning of year	**1,733,276**	1,654,320
Equity in net earnings for the year	**242,007**	78,956
Dividend declaration	**(167,125)**	–
Balance at end of year	**1,808,158**	1,733,276
Share in revaluation increment on land at deemed cost	**2,010,452**	2,010,452
Share in other components of equity	**372,449**	372,449
	₱5,219,900	₱5,135,018

As of December 31, the carrying value of the Group's investments in associates follows:

	2023	2022
	(In Thousands)	
FAI	**₱4,908,516**	₱4,854,844
DPI	**93,119**	95,500
FMI	**81,629**	80,353
CTI	**52,190**	50,218
Pro-excel	**43,406**	40,047
SharePro	**31,040**	14,056
ProActive	**10,000**	–
	₱5,219,900	₱5,135,018

FAI

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

Dividends declared by FAI and the corresponding share of the Group for the year ended December 31, 2023 amounted to ₱800.00 million and ₱160.00 million, respectively (nil for the year ended December 31, 2022).

Summarized financial information and reconciliation of investment in FAI is as follows:

	2023	2022
	(In Thousands)	
Current assets	**₱15,185,721**	₱12,036,547
Noncurrent assets	**22,398,234**	23,925,505
Total assets	**37,583,955**	35,962,052
Current liabilities	**2,327,477**	2,020,483
Noncurrent liabilities	**7,233,433**	6,500,610
Total liabilities	**9,560,910**	8,521,093
Equity	**₱28,023,045**	₱27,440,959
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱5,604,609**	₱5,488,192
Less upstream sales	**696,093**	633,348
Carrying amount of the investment	**₱4,908,516**	₱4,854,844
Revenue and other income	**₱3,633,405**	₱2,155,434
Cost and other expenses	**(1,933,204)**	(1,341,589)
Depreciation	**(218,825)**	(220,049)
Interest expense	**(67,134)**	(95,143)
Interest income	**17,592**	7,030
Income before tax	**1,431,834**	505,683
Income tax expense	**363,482**	142,163
Net income for the year	**₱1,068,352**	₱363,520
Group's equity in net earnings of associate	**₱213,670**	₱72,704

DPI
In 2020, the 45% interest in DPI of the Parent Company was classified as an investment in associate. For the years ended December 31, 2023, 2022 and 2021, share in net earnings (loss) of DPI amounted to (₱2.38 million), (₱3.39 million) and ₱11.19 million, respectively.

FMI
In 2016, FMI was incorporated to enter into an agreement with CDC for the lease of the Mimosa Leisure Estate. The Parent Company subscribed for 47.5% of FMI's capital stock amounting to ₱37.83 million. For the years ended December 31, 2023, 2022 and 2021, share in net earnings of FMI amounted to ₱1.28 million, ₱5.77 million and ₱0.56, respectively.

CTI
In 2019, the 30% interest in CTI of the Parent Company was classified as an investment in associate. CTI is primarily involved in information technology service management. Share in net earnings (loss) of CTI amounted ₱1.97 million, (₱2.94 million) and ₱1.02 million for the years ended December 31, 2022, 2022 and 2021, respectively.

Pro-Excel
On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-excel after the transfer is 47.5%. Share in net earnings of Pro-Excel amounted to ₱10.49 million, ₱4.01 million and ₱2.76 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Dividends declared by Pro-Excel and the corresponding share of the Group for the year ended December 31, 2023 amounted to ₱15.00 million and ₱7.13 million, respectively (nil for the year ended December 31, 2022).

SharePro, Inc. (SPI)
SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Group. In December 2021, the Parent Company subscribed for 45.0% of SPI's capital stock amounting to ₱11.25 million. Share in net earnings of SPI amounted to ₱16.99 million and ₱2.81 million for the years ended December 31, 2023 and 2022, respectively (nil in 2021).

ProActive Professionals Corp. (ProActive)
ProActive was incorporated to provide business process outsourcing services for the Group. On August 9, 2023, the Parent Company subscribed to 40.0% of ProActive's capital stock amounting to ₱10.00 million. ProActive has not started commercial operations as of December 31, 2023.

Aggregate financial information on the associates with immaterial interest (FMI, CTI, Pro-excel, DPI, SPI and ProActive) follows:

	2023	2022
	(In Thousands)	
Carrying amount	**₱311,384**	₱280,174
Share in net income	**28,337**	6,252
Share in total comprehensive income	**28,337**	6,252

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2023 and 2022.

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2023					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 15)	**Total**
			(In Thousands)			
Cost						
Balances at beginning of year	**₱16,533,276**	**₱29,538,271**	**₱382,015**	**₱34,327,269**	**₱5,376,136**	**₱86,156,967**
Additions	**42,404**	**2,566,522**	**25,767**	**1,218,628**	**–**	**3,853,321**
Balances at end of year	**16,575,680**	**32,104,793**	**407,782**	**35,545,897**	**5,376,136**	**90,010,288**
Accumulated Depreciation						
Balances at beginning of year	**–**	**8,150,458**	**377,477**	**–**	**607,636**	**9,135,571**
Depreciation (Note 21)	**–**	**1,049,293**	**19,235**	**–**	**146,853**	**1,215,381**
Balances at end of year	**–**	**9,199,751**	**396,712**	**–**	**754,489**	**10,350,952**
Net Book Value	**₱16,575,680**	**₱22,905,042**	**₱11,070**	**₱35,545,897**	**₱4,621,647**	**₱79,659,336**

	2022					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱14,461,401	₱28,945,082	₱367,238	₱30,981,015	₱5,376,136	₱80,130,872
Additions	1,977,268	647,232	14,777	3,335,283	–	5,974,560
Transfers (Note 10)	94,607	(54,043)		10,971	–	51,535
Balances at end of year	16,533,276	29,538,271	382,015	34,327,269	5,376,136	86,156,967
Accumulated Depreciation						
Balances at beginning of year	–	7,234,718	364,273	–	453,892	8,052,883
Depreciation (Note 21)	–	944,725	13,204	–	153,744	1,111,673
Transfers (Note 10)	–	(28,985)	–	–	–	(28,985)
Balances at end of year	–	8,150,458	377,477	–	607,636	9,135,571
Net Book Value	₱16,533,276	₱21,387,813	₱4,538	₱34,327,269	₱4,768,500	₱77,021,396

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On December 12, 2022, FILRT entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan (see Note 20).

On June 1, 2022, FLI entered into a Deed of Absolute Sale with a third party for the purchase of five (5) parcels of land with a total area of 82,692 sq.m. located at San Jose Del Monte, Bulacan, for a total selling price of ₱1.31 billion. These were acquired for the development of residential mid-rise buildings and mixed-use commercial spaces such as offices, retail establishments, and data centers. As such, ₱657.44 million is presented as part of land and land development under the 'Real estate inventories' in the consolidated statement of financial position (see Note 10). The acquisition is fully paid in 2022.

Borrowing costs capitalized as part of investment properties amounted to ₱944.83 million, ₱812.02 million and ₱808.77 million in 2023, 2022 and 2021, respectively. Capitalization rates used are 4.33% to 6.68%, 3.6% to 6.12%, and 1.17% to 3.85% in 2023, 2022 and 2021, respectively.

The aggregate fair value of the Group's investment properties amounted to ₱214.64 billion and ₱214.05 billion as of December 31, 2023 and 2022, respectively based on third party appraisals performed by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of buildings was determined using the Income Approach based on discounted cash flow analysis. The fair value of land was determined using the Income Approach based on discounted cash flow analysis and market approach.

Under the Income Approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Group's investment properties.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the price per sqm., the higher the fair value. The significant unobservable inputs to valuation of the land is the price per square meter ranging from ₱35,000 to ₱275,000.

The Group has no restrictions on the realizability of its investment properties.

Revenue from rental and related services from investment properties amounted to ₱6.80 billion, ₱6.05 billion and ₱5.38 billion in 2023, 2022 and 2021, respectively (see Note 6). Cost of rental and related services arising from investment properties is as follows:

	2023	2022	2021
		(In Thousands)	
Mall operations	**₱1,822,415**	₱1,410,754	₱1,331,730
Depreciation	**1,201,601**	993,133	1,013,013
Others	**27,721**	6,477	33,619
	₱3,051,737	₱2,410,364	₱2,378,362

"Others" pertain to cost of ticket sales and snack bar sales.

The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants. In 2023, 2022 and 2021, depreciation expense recognized as part of "Rental and related services" revenue amounted to ₱179.20 million, ₱13.42 million and ₱67.96 million, respectively.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2023						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱3,613,237**	**₱3,166,765**	**₱185,075**	**₱166,739**	**₱213,023**	**₱220,898**	**₱7,565,737**
Additions	**86,721**	**173,532**	**38,527**	**23,868**	**109,274**	**56,312**	**488,234**
Balances at end of year	**3,699,958**	**3,340,297**	**223,602**	**190,607**	**322,297**	**277,210**	**8,053,971**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**699,238**	**966,089**	**155,299**	**123,207**	**136,625**	**–**	**2,080,458**
Depreciation and amortization (Note 21)	**98,053**	**140,221**	**15,131**	**25,855**	**21,241**	**–**	**300,501**
Balances at end of year	**797,291**	**1,106,310**	**170,430**	**149,062**	**157,866**	**–**	**2,380,959**
Net Book Value	**₱2,902,667**	**₱2,233,987**	**₱53,172**	**₱41,545**	**₱164,431**	**₱277,210**	**₱5,673,012**

	2022						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱3,566,434	₱2,243,870	₱176,363	₱135,909	₱194,098	₱217,249	₱6,533,923
Additions	46,803	922,895	8,712	30,830	18,925	3,649	1,031,814
Balances at end of year	3,613,237	3,166,765	185,075	166,739	213,023	220,898	7,565,737
Accumulated Depreciation and Amortization							
Balances at beginning of year	603,913	762,784	145,131	104,786	123,288	–	1,739,902
Depreciation and amortization (Note 21)	95,325	203,305	10,168	18,421	13,337	–	340,556
Balances at end of year	699,238	966,089	155,299	123,207	136,625	–	2,080,458
Net Book Value	₱2,913,999	₱2,200,676	₱29,776	₱43,532	₱76,398	₱220,898	₱5,485,279

15. Leases

Group as lessee

The Group has lease contracts for land. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

The rollforward analysis of right-of-use assets on land as of and for the year ended December 31 follows:

	2023		
	Investment Properties (Note 13)	**Other Noncurrent Assets** (Note 16)	**Total**
		(In Thousands)	
Cost			
At January 1 and December 31	**₱5,376,136**	**₱112,424**	**₱5,488,560**
Accumulated Depreciation			
At January 1	**607,636**	**14,142**	**621,778**
Depreciation (Note 21)	**146,853**	**6,895**	**153,748**
As at December 31	**754,489**	**21,037**	**775,526**
Net Book Value	**₱4,621,647**	**₱91,387**	**₱4,713,034**

	2022		
	Investment Properties (Note 13)	Other Noncurrent Assets (Note 16)	Total
		(In Thousands)	
Cost			
At January 1 and December 31	₱5,376,136	₱112,424	₱5,488,560
Accumulated Depreciation			
At January 1	453,892	9,462	463,354
Depreciation (Note 21)	153,744	4,680	158,424
As at December 31	607,636	14,142	621,778
Net Book Value	₱4,768,500	₱98,282	₱4,866,782

The rollforward analysis of lease liabilities as of December 31 follows:

	2023	2022
	(In Thousands)	
At January 1	**₱6,508,490**	₱6,348,018
Interest expense (gross of related capitalized borrowing costs) (Note 23)	**583,815**	520,575
Payments	**(372,444)**	(360,103)
As at December 31	**6,719,861**	6,508,490
Lease liabilities – current portion	**175,459**	246,051
Lease liabilities – net of current portion	**₱6,544,402**	₱6,262,439

The Group also has certain lease of land with variable rental payments and lease of office space considered as 'low-value assets'. The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statement of income for the years ended December 31:

	2023	2022	2021
		(In Thousands)	
Interest and other finance charges on lease liabilities (Note 23)	**₱487,174**	₱425,148	₱430,286
General and administrative expenses (Note 21)			
Depreciation expense of right-of-use assets	**153,748**	158,424	166,238
Variable lease payments	**8,592**	18,309	15,161
Expenses relating to leases of low-value assets	**1,872**	1,528	1,872
	₱651,386	₱603,409	₱613,557

Interest expense capitalized as part of investment properties amounted to ₱96.47 million, ₱95.43 million and ₱116.09 million in 2023, 2022 and 2021, respectively.

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
	(In Thousands)	
1 year	**₱456,582**	₱376,195
more than 1 years to 2 years	**478,337**	395,440
more than 2 years to 3 years	**496,959**	414,196
more than 3 years to 4 years	**520,292**	429,725
more than 5 years	**27,756,008**	27,404,729

Group as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2023 and 2022 are as follows:

	2023	2022
	(In Thousands)	
Within one year	**₱4,172,360**	₱4,135,296
After one year but not more than five years	**9,252,477**	7,811,361
After five years	**2,165,805**	1,257,527
	₱15,590,642	₱13,204,184

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental and related services" account in the consolidated statement of income amounted to ₱457.26 million, ₱391.64 million and ₱264.92 million in 2023, 2022 and 2021, respectively.

The Group granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱70.76 million, ₱314.84 million and ₱734.27 million in 2023, 2022 and 2021, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023, 2022 and 2021 (see Note 3).

16. **Other Noncurrent Assets**

This account consists of:

	2023	2022
	(In Thousands)	
BTO rights (Note 32)	**₱6,863,079**	₱5,997,831
Advances to contractors and suppliers (Note 11)	**1,249,226**	1,181,476
Advances to joint venture partners	**311,157**	386,073
Input taxes - net of current portion	**230,170**	230,170
Creditable withholding taxes - net of current portion (Note 11)	**178,626**	178,626
Investment in bonds	**150,000**	150,000
Right-of-use assets (Note 15)	**112,424**	112,424
Deposits	**72,057**	123,422
Financial assets at FVOCI (Note 30)	**15,535**	15,535
Other assets	**67,809**	109,479
	9,250,083	8,485,036
Less accumulated amortization	**587,905**	510,405
	₱8,662,178	₱7,974,631

"BTO rights" related to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2022, cost of completed portion pertaining to Cebu Towers 1 and 2 of the BTO project amounted to ₱2.25 billion. Construction of Cebu Towers 3 and 4 are still on-going and are expected to be completed in 2024.

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

Interest expense capitalized amounted to ₱90.71 million, ₱46.25 million and ₱48.19 million in 2023, 2022 and 2021, respectively

The rollforward analysis of BTO rights and right-of-use assets as of December 31 follows:

	2023		
	BTO Rights	**Right-of-Use Assets** (Note 15)	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱5,997,831**	**₱112,424**	**₱6,110,255**
Additions	**865,248**	**−**	**865,248**
Balance at end of year	**6,863,079**	**112,424**	**6,975,503**
Accumulated Amortization			
Balance at beginning of year	**496,263**	**14,142**	**510,405**
Amortization	**70,605**	**6,895**	**77,500**
Balance at end of year	**566,868**	**21,037**	**587,905**
Net Book Value	**₱6,296,211**	**₱91,387**	**₱6,387,598**

	2022		
	BTO Rights	Right-of-Use Assets (Note 15)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱4,638,348	₱112,424	₱4,750,772
Additions	1,359,483	−	1,359,483
Balance at end of year	5,997,831	112,424	6,110,255
Accumulated Amortization			
Balance at beginning of year	323,134	9,462	332,596
Amortization	173,129	4,680	177,809
Balance at end of year	496,263	14,142	510,405
Net Book Value	₱5,501,568	₱98,282	₱5,599,850

In 2023, 2022 and 2021, related amortization recognized as part of "Cost of rental and related services" amounted to ₱70.61 million, ₱173.13 million and ₱52.26 million, respectively. Rental income amounting to ₱455.50 million and ₱290.56 million and ₱207.90 million in 2023, 2022 and 2021, respectively, was recognized as part of "Revenue from rental and related services".

"Deposits" includes security deposits.

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in consolidated statements of financial position.

"Financial assets at FVOCI" consist of quoted and unquoted shares of stock (see Note 30). Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. The Group did not receive dividends from unquoted shares in 2023 and 2022.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Other assets" includes utility deposits.

17. Accounts Payable and Accrued Expenses

This account consists of:

	2023			2022		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
			(In Thousands)			
Accounts payable	**₱5,579,664**	**₱5,017,658**	**₱10,597,322**	₱5,485,089	₱4,427,187	₱9,912,276
Deposits from tenants	**1,630,033**	**1,645,028**	**3,275,061**	1,343,518	1,486,496	2,830,014
Retention fees payable	**2,082,442**	**499,537**	**2,581,979**	2,149,741	517,790	2,667,531
Accrued expenses	**1,712,947**	**–**	**1,712,947**	1,486,147	–	1,486,147
Deposits for registration	**217,825**	**1,573,499**	**1,791,324**	200,645	1,449,396	1,650,041
Accrued interest on bonds and loans (Notes 18 and 19)	**674,345**	**–**	**674,345**	830,908	–	830,908
Other payables (Note 20)	**653,909**	**202,281**	**856,190**	452,805	166,259	619,064
	₱12,551,165	**₱8,938,003**	**₱21,489,168**	₱11,948,853	₱8,047,128	₱19,995,981

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 10, 13 and 14). This account also includes dividends payable and amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties. This account is charged for costs incurred related to transfer of title to buyers.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others. These are non-interest-bearing and are normally settled within one year.

Accrued expenses account consists of:

	2023	2022
	(In Thousands)	
Suppliers and contractors	**₱1,658,604**	₱1,420,100
Professional fees	**35,975**	41,512
Payroll	**12,917**	6,594
Utilities	**4,355**	16,664
Other accruals	**1,096**	1,277
	₱1,712,947	₱1,486,147

"Other payables" pertain mainly to withholding taxes, output VAT payables and deferred income which are generally settled/earned within 12 months. This also includes the amount due to SPI for the retirement benefits of transferred employees (see Notes 20 and 25).

18. Loans Payable

This account consists of:

	2023	2022
	(In Thousands)	
Short term loans	**₱4,440,000**	₱3,525,000
Long-term loans	**32,645,048**	29,428,660
Developmental loans from local banks	**37,085,048**	32,953,660
Less unamortized transaction costs	**97,121**	104,176
	36,987,927	32,849,484
Less current portion of loans payable	**16,480,438**	8,446,975
Long-term portion of loans payable	**₱20,507,489**	₱24,402,509

Developmental loans from local banks will mature on various dates up to 2028. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), or Reverse Repurchase Rate (RRP), plus margin, per annum, or fixed rates of 4.43% to 6.67% per annum.

Additional loans availed by the Group in 2023, 2022 and 2021 amounted to ₱24.66 billion, ₱12.81 billion and ₱16.60 billion, respectively. These include availment of short-term loans payable amounting to ₱16.51 billion, ₱10.33 billion and ₱9.90 billion in 2023, 2022 and 2021, respectively.

Principal payments made in 2023, 2022 and 2021 amounted to ₱20.53 billion, ₱12.16 billion and ₱22.59 billion, respectively.

As of December 31, 2023 and 2022, short term loans payable, presented under current portion of loans payable amounted to ₱4.44 billion and ₱3.53 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱2.20 billion, ₱1.59 billion and ₱1.89 billion for the years ended December 31, 2023, 2022, and 2021, respectively.

Transactions costs capitalized amounted to ₱102.49 million and ₱42.64 million in 2023 and 2022, respectively. Amortization of transaction costs amounted to ₱109.55 million, ₱54.92 million and ₱75.55 million in 2023, 2022 and 2021, respectively, and included under "Interest and other finance charges" (see Note 23).

The Group's loans payable is unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and minimum interest coverage ratio of 1.0x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest. As of December 31, 2023 and 2022, the Group has not been cited in default on any of its outstanding obligations.

19. **Bonds Payable**

This account consists of:

	2023	2022
	(In Thousands)	
Bonds payable	**₱37,795,395**	₱41,400,000
Less unamortized transaction costs	**326,883**	267,214
	37,468,512	41,132,786
Less current portion of bonds payable	**1,697,345**	15,017,440
Long-term portion of bonds payable	**₱35,771,167**	₱26,115,346

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. On November 8, 2023, the Parent Company paid the remaining balance amounting to ₱2.70 billion.

   Unamortized debt issuance cost on bonds payable amounted to ₱2.16 million as of December 31, 2022 (nil as of December 31, 2023). Accretion in 2023, 2022 and 2021 included as part of 'Interest and other finance charges' amounted to ₱2.16 million, ₱2.53 million and ₱2.73 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2023, ₱1.7 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱2.65 million and ₱2.95 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱0.29 million, ₱1.53 million and ₱8.29 million, respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid the ₱7.0 billion bonds on August 20, 2022. As of December 31, 2023, ₱1.0 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱3.07 million and ₱3.41 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱0.34 million, ₱9.54 million and ₱13.42 million, respectively (see Note 23).

d. On July 7, 2017, FILRT issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017. On January 9, 2023, FILRT paid the outstanding bonds payable balance amounting to ₱6.00 billion.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.44 million as of December 31, 2022, (nil as of December 31, 2023). Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱0.24 million, ₱12.71 million, and ₱12.88 million respectively (see Note 23).

e. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. On November 18, 2023, the Parent Company paid ₱6.3 billion of the outstanding bonds payable. As of December 31, 2023, ₱1.8 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.44 million and ₱24.64 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱17.21 million, ₱20.32 million and ₱19.40 million respectively (see Note 23).

f. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2023, these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱82.26 million and ₱103.59 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱21.33 million, ₱27.44 million and ₱0.75 million, respectively (see Note 23).

g. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2023, these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱91.45 million and ₱130.21 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱38.76 million and ₱24.22 million, respectively (see Note 23).

h. On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2023, these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱140.01 million as of December 31, 2023. Accretion in 2023 included as part of "Interest and other finance charges" amounted to ₱3.45 million. (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs amounted to ₱1.77 billion, ₱1.97 billion and ₱1.54 billion for the years ended December 31, 2023, 2022 and 2021, respectively. Payments made on these bonds amounted to ₱15.04 billion, ₱7.0 billion and ₱5.3 billion in 2023, 2022 and 2021, respectively.

The Group's bonds payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio ranging from 1.0x to 2.0x ; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2023 and 2022, the Group has not been cited in default on any of its outstanding obligations.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall be subjected to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed upon by the parties. As of December 31, 2023, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2023				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱3,562,314**	**₱3,562,314**	0.50% to 4.50%	No impairment	(a)
Interest income	**19,594**	−			
	₱3,581,908	**₱3,562,314**			
Ultimate Parent	**₱132**	**₱598**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent		**3,123**	Noninterest-bearing, Payable on demand	Unsecured	
Associate – CTI					
Service Fee	**1,142**	**14,188**	Due within 30 days	Unsecured	(d)
Associate - Pro-excel					
Management and service fees	**512**	**16,443**	Due within 30 days	Unsecured	(d)
Associate – DPI					
Other Income	**243**	**472,312**	Due within 30 days	Unsecured	(d)
Associate – FMI					
Other Income	**34**	**1,108**	Due within 30 days	Unsecured	(d)
Associate – FAI					
Rent Income	−	**99**	Noninterest-bearing, collectible on demand	Unsecured	(h)
Share in other expenses	**6,260**	**7,574**	Noninterest-bearing, collectible on demand	Unsecured	(d)
Affiliates					
Rental income	**7,191**	−	Noninterest-bearing	Unsecured	(g)
Share in common expenses	**6,614**	**179,899**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		**₱695,344**			
Parent					
Share in Group expenses	**(₱1,634)**	**(₱36,777)**	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	**274,862**	**(346,414)**	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate - SharePro					
Share in other expenses	**120,716**	**(42,549)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate - FMI					
Share in other expenses	−	**(848)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate - FAI					
Share in other expenses	−	**(11,511)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – DPI					
Share in other expenses	−	**(2,648)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	**(1,122)**	**(47,739)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		**(₱488,486)**			

	2022				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱4,003,639	₱4,003,639	0.50% to 4.50%	No impairment	(a)
Interest income	23,066	–			
		₱4,003,639			
Ultimate Parent	₱186	₱467	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent		3,172	Noninterest-bearing, Payable on demand	Unsecured	
Associate –CTI					
Service Fee	1,184	2,187	Due within 30 days	Unsecured	(d)
Associate - Pro-excel					
Management and service fees	319	13,180	Due within 30 days	Unsecured	(d)
Associate – DPI					
Other Income	(59,464)	279,321	Due within 30 days	Unsecured	(d)
Associate – FMI					
Other Income	8	6,798	Due within 30 days	Unsecured	(d)
Associate – FAI					
Rent Income	2,892	99	Noninterest-bearing, collectible on demand	Unsecured	(h)
Share in other expenses	15,168	25,056	Noninterest-bearing, collectible on demand	Unsecured	(d)
Acquisition of investment	(10,972)	(0)			
Affiliates					
Rental income	7,191	–	Noninterest-bearing	Unsecured	(g)
Share in common expenses	23,779	134,338	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		₱464,618			
Parent					
Share in Group expenses	₱6,208	(₱6,377)	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	(1,047,096)	(683,264)	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate – DPI					
Service fee	–	(827)	Due within 30 days	Unsecured	(d)
Associate - SharePro					
Share in other expenses	(26,507)	(8,776)	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	(2,558)	(55,020)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		(₱754,264)			

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, the same will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱96.60 million and ₱21.34 million as of December 31, 2023 and 2022, respectively, are maintained with EW (see Note 25). The Group also maintains cash and cash equivalents with EW.

As of December 31, 2021, the amounts payable to EW related to a purchase of land amounted to ₱2.14 billion and are presented as part of Accounts Payable under accounts payable and accrued expenses in the consolidated statement of financial position (see Note 17). The purchase was fully paid in 2022.

b. *Transactions with Ultimate Parent (ALG)*
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. *Transactions with Parent Company (FDC)*
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

On December 12, 2022, FILRT entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan. The parties agreed to a total purchase price of ₱1,047.1 million, ₱314.1 million, representing 30% of purchase price, payable upon signing of the agreement and the remaining 70% amounting to ₱732.9 million payable in equal quarterly installment up to December 2024. The land and related liability were carried at present value of future cash flow amounting to ₱1,021.8 million and ₱683.3 million, respectively.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 22).

d. *Transactions with Associates*

Filinvest Alabang, Inc (FAI)
'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-excel after the transfer is 47.5%.

FMI
Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses.

CTI
Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

Pro-excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances.

SPI
Transactions with SPI, Inc. relates to sharing of common expenses and service fees for technical, project management and procurement.

In 2022 and 2021, certain employees of FLI were transferred to SPI, an associate. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI under "Other payables" (see Notes 17 and 25). As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million.

Pro-excel and DPI rents is office space from FLI while SPI rents its office space from FILRT. Revenue earned is recorded as part of Rental Revenues in the Statements of Comprehensive Income in 2023, 2022 and 2021 (see Note 6). Outstanding receivables are recorded as part of Other Receivables in the Statements of Financial position as of December 31, 2023 and 2022 (see Note 9).

e. *Transactions with Affiliates*

Transactions with affiliates relates to sharing of common expenses paid by the Parent Company on their behalf.

FILRT entered into a service agreement with FDC Retail Electricity Sales whereby FILRT shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

FILRT also entered into a service agreement with Professional Operations Maintenance Experts Incorporated whereby FILRT shall pay the services rendered by the latter to operate and maintain its equipment and premises.

FILRT and FLI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the FILRT's and FLI's parking facilities.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱48.74 million, ₱28.40 million and ₱26.40 million in 2023, 2022 and 2021, respectively. Post-employment benefits of key management personnel amounted to ₱8.26 million, ₱9.88 million and ₱22.28 million in 2023, 2022 and 2021, respectively.

g. *Leases with related parties - Group as lessor*
Chroma Hospitality, Inc. leases the office space from FILRT. The lease term is 10 years, renewable by another 5 years upon mutual agreement by the parties.

h. *Leases with related parties - Group as lessee*
The Group has several land lease transactions with related parties:

1. Mall lease with FAI
The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

2. Land lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

3. FCMI lease with FMI
   FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

4. PDDC lease with FAI
   PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2023 and 2022, the amount included in lease liabilities payable to related parties is ₱5,952.3 million and ₱5,763.4 million, respectively (see Note 15).

21. General and Administrative Expenses

The account consists of:

	2023	2022	2021
		(In Thousands)	
Salaries, wages and employee benefits	**₱787,916**	₱638,921	₱470,638
Taxes and licenses	**438,209**	334,907	262,060
Repairs and maintenance	**401,137**	357,447	307,204
Depreciation and amortization (Notes 13, 14, 15 and 16)	**264,988**	388,694	381,505
Outside services	**153,558**	191,061	189,165
Electronic data processing charges	**106,848**	72,122	53,483
Entertainment, amusement and recreation	**82,684**	69,518	80,661
Transportation and travel	**81,650**	73,354	65,771
Communications, light and water	**54,357**	43,084	35,611
Insurance	**38,675**	45,933	37,208
Retirement costs (Note 25)	**33,542**	40,532	28,789
Office supplies	**16,757**	14,447	12,797
Rent (Notes 15 and 20)	**10,464**	19,837	17,033
Others	**113,811**	23,205	37,199
	₱2,584,596	₱2,313,062	₱1,979,124

"Others" mainly consists of postage and dues and subscription, parking operations, freight charges, allowance for probable losses and other miscellaneous expenses.

22. Selling and Marketing Expenses

The account consists of:

	2023	2022	2021
		(In Thousands)	
Brokers' commissions (Note 6)	**₱745,289**	₱704,281	₱497,109
Selling, advertising and promotions	**263,845**	121,010	159,604
Service fees	**180,031**	192,163	198,875
Salaries and wages	**116,533**	117,599	4,603
Sales office direct costs	**59,496**	15,074	50,669
Others	**4,941**	516	957
	₱1,370,135	₱1,150,643	₱911,817

23. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2023	2022	2021
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱174,029**	₱276,494	₱355,059
Cash and cash equivalents (Notes 7 and 20)	**80,387**	71,203	23,149
Others (Note 25)	**29,562**	19,355	31,400
	₱283,978	₱367,052	₱409,608
Interest and other finance charges:			
Loans and bonds payable, net of interest capitalized (Notes 18 and 19)	**₱1,613,633**	₱1,694,005	₱1,649,610
Lease liabilities, net of interest capitalized (Note 15)	**487,174**	425,148	430,286
Amortization of transaction costs of loans and bonds (Notes 18 and 19)	**193,341**	153,215	133,020
Other finance charges (Note 25)	**140,245**	21,875	213,875
	₱2,434,393	₱2,294,243	₱2,426,791

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

24. **Other Income**

The account consists of:

	2023	2022	2021
		(In Thousands)	
Service fees (Note 20)	**₱155,339**	68,484	24,704
Processing fees	**94,748**	107,013	183,613
Forfeited reservations and collections	**92,854**	114,937	98,925
Management, leasing and other fees (Note 20)	**1,588**	6,809	10,400
Foreign currency exchange gain (loss)	**(6,909)**	10,644	1,278
Others (Note 20)	**3,273**	3,987	32,058
	₱340,893	₱311,874	₱350,978

Others includes miscellaneous income.

25. **Retirement Costs**

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

		2023	
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at January 1, 2023	**₱452,647**	**₱21,339**	**₱431,308**
Net benefit costs in profit or loss			
Current service cost (Note 21)	**33,542**	**–**	**33,542**
Net interest (Note 23)	**27,152**	**261**	**26,891**
	60,694	**261**	**60,433**
Benefits paid	**(7,100)**	**–**	**(7,100)**
Contribution	**–**	**75,000**	**(75,000)**
Remeasurements loss in other comprehensive income	**27,552**	**–**	**27,552**
Balance as at December 31, 2023	**₱533,793**	**₱96,600**	**₱437,193**

	2022		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at January 1, 2022	₱504,868	₱45,238	₱459,630
Net benefit costs in profit or loss			
Current service cost (Note 21)	40,532	–	40,532
Net interest (Note 23)	19,921	834	19,087
	60,453	834	59,619
Benefits paid	(28,273)	(28,273)	–
Transfer out	(23,288)	–	(23,288)
Remeasurements in other comprehensive income			
Return on plan assets, excluding amounts included in interest income	–	3,540	(3,540)
Experience adjustments	(61,113)	–	(61,113)
	(61,113)	3,540	(64,653)
Balance as at December 31, 2022	₱452,647	₱21,339	₱431,308

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2023 and 2022, these placements are with EW (see Note 20). As of December 31, 2023 and 2022, the carrying amount of the plan assets approximates its fair value.

In 2022 and 2021, certain employees of FLI were transferred to the SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI. As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million (see Note 20).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2023	2022	2021
Discount rate	**5.10% - 7.30%**	5.10% - 7.30%	3.70% - 5.10%
Future salary increases	**6.00%**	6.00%	3.00% - 8.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation.

The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

	Increase	Increase (decrease) on DBO	
Assumption	(Decrease)	**2023**	2022
Salary rate	+1%	**₱47,610**	₱40,269
	-1%	**(42,671)**	(35,101)
Discount rate	+1%	**(41,894)**	(34,423)
	-1%	**47,492**	40,136

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2023	2022
	(In Thousands)	
Less than one year	**₱32,253**	₱38,947
More than one year and up to five years	**160,957**	132,235
More than five years and up to 10 years	**307,553**	220,907

The Group is expecting to contribute to its plan assets in the next 12 month.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

26. **Equity**

The details of the Parent Company's common and preferred shares as of December 31, 2023 and 2022 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	₱33,000,000	₱8,000,000
Par value per share	1	0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	−

In 2023 and 2022, there was no issuance of additional common shares.

<u>Preferred Shares</u>
As stated in the Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining

after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the “Enabling Resolutions”), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Company’s Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (PhP0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares
On December 20, 2007, the Parent Company’s BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of 12 months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2023, 2022 and 2021. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations
On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 6, 2023. The Group has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2023.

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 6, 2023. The Group has remaining unpaid cash dividends amounting to ₱0.32 million as of December 31, 2023.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022. The Group has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2022.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2022.

On April 23, 2021, the BOD approved the declaration and payment of cash dividend of ₱0.0155 per share for all common shareholders of record as of May 21, 2021 and ₱0.0155 per share for all common shareholders of record as of November 15, 2021 or a total of ₱751.74 million. The Group has remaining unpaid cash dividend amounting to ₱18.7 million as of December 31, 2021.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.000155 per share for all preferred shareholders of record as of May 21, 2021 and ₱0.000155 per share for all preferred shareholders of record as of November 15, 2021 or a total of ₱2.48 million. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2021.

Retained Earnings
Retained earnings include undistributed earnings amounting to ₱6.62 billion and ₱6.39 billion as of December 31, 2023 and 2022, respectively, representing accumulated equity in net earnings of subsidiaries, which are not available for dividend declaration until declared as dividends by the subsidiaries.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2023 and 2022.

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, FLI's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019. The appropriation will cover the capital expenditure of the following projects:

Project	Location	Description	Amount (In Thousands)	Estimated Completion Date
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

Capital Management
The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2023, 2022 and 2021.

The Group monitors capital using interest-bearing debt-to-equity ratio, which is the long-term debt (loans payable, bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its interest-bearing debt-to-equity ratio:

	2023	2022
	(In Thousands)	
Loans payable (Note 18)	**₱36,987,927**	₱32,849,484
Bonds payable (Note 19)	**37,468,512**	41,132,786
Long-term debt	**74,456,439**	73,982,270
Total equity	**94,271,869**	91,502,741
Interest-bearing debt-to-equity ratio	**0.79 : 1.00**	0.81 : 1.00

The Group is subject to externally imposed capital requirements due to loan covenants (see Notes 18 and 19).

On August 12, 1993, SEC approved the registration of ₱2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of ₱3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of common shares and holders of security as of December 31, 2023:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2022	24,249,759	5,646
Add/(deduct) movement	–	(21)
December 31, 2022	24,249,759	5,625
Add/(deduct) movement	–	(19)
December 31, 2023	24,249,759	5,606

**Exclusive of 220,949 treasury shares as of December 31, 2023 and 2022.*

27. **Earnings Per Share**

	2023	2022	2021
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent*	**₱3,762,508**	₱2,886,525	₱3,800,897
b. Weighted average number of outstanding common shares (after considering treasury shares)	**24,249,759**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.16**	₱0.12	₱0.16

**After deducting the dividends for preferred shareholders (Note 26)- 2023: ₱2.9 million, 2022: ₱3.2 million, 2021: ₱2.5 million.*

There were no potential dilutive shares in 2023, 2022 and 2021.

28. **Income Tax**

Provision for (benefit from) income tax consists of:

	2023	2022	2021
		(In Thousands)	
Current	**₱578,496**	₱442,539	₱350,992
Deferred	**66,843**	284,540	(1,109,344)
	₱645,339	₱727,079	(₱758,352)

The components of the Group's deferred income tax assets follow:

	2023	2022
	(In Thousands)	
Advance rentals	**₱45,753**	₱72,951
Accrued retirement benefits	**1,641**	17,343
NOLCO	**1,089**	1,089
	₱48,483	₱91,383

The components of the Group's net deferred income tax liabilities follow:

	2023	2022
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱4,375,705**	₱4,422,263
Right-of-use-assets	**1,056,544**	1,088,891
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,893,872**	1,866,698
	7,326,121	7,377,852
Deferred income tax assets on:		
Lease liabilities	**(1,171,652)**	(1,248,796)
NOLCO	**(323,611)**	(210,721)
MCIT	–	(143,360)
Advance rentals	**(12,666)**	(4,620)
Accrued retirement benefits charged to profit or loss	**(127,345)**	(112,171)
Remeasurement losses on retirement plan	**(25,287)**	(18,399)
Allowance for expected credit losses	**(10,243)**	(8,123)
Others	**(6,164)**	(6,452)
	(1,676,968)	(1,752,642)
	₱5,649,153	₱5,625,210

Provision for deferred income tax charged directly to other comprehensive income in 2023, 2022 and 2021 relating to remeasurement gain (loss) on defined benefit obligation amounted to (₱6.89) million, ₱5.48 million and ₱2.27 million, respectively.

The Group did not recognize deferred income tax assets on NOLCO of certain subsidiaries amounting to ₱679.70 million and ₱766.80 million as of December 31, 2023 and 2022, respectively, since management believes that their carryforward benefits may not be realized before they expire.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2023	₱451,559	December 31, 2026
2022	209,018	December 31, 2025
2021	301,509	December 31, 2026
2020	1,016,429	December 31, 2025
	₱1,978,515	

The following are the movements in NOLCO:

	2023	2022
	(In Thousands)	
At January 1	**₱1,614,042**	₱1,500,519
Addition	**451,559**	242,062
Applied/expired	**(87,086)**	(128,539)
At December 31	**₱1,978,515**	₱1,614,042

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2023	2022	2021
		(In Thousands)	
Income tax at statutory tax rate	**₱1,235,346**	₱1,062,054	₱886,719
Adjustments for:			
Income covered by PEZA (Note 32)	**(287,678)**	(136,828)	(519,422)
Deductible expense - Optional Standard Deduction	**(168,833)**	(38,537)	(162,757)
Income tax holiday incentive on sales of BOI-registered projects (Note 33)	**(84,093)**	(51,663)	(42,913)
Equity in net earnings of associates	**(60,502)**	(19,739)	(28,006)

(Forward)

	2023	2022	2021
		(In Thousands)	
Change in unrecognized deferred tax	**₱21,771**	(₱66,342)	₱269,940
Income subjected to final tax	**(16,054)**	(16,082)	(12,546)
Tax-exempt net income on socialized housing units	**9,344**	(10,761)	(17,877)
Interest on HGC-enrolled contracts receivables	**(8,986)**	(673)	(1,960)
Nondeductible interest expense	**5,024**	5,777	62,515
Impact of CREATE Act	**–**	–	(1,121,282)
Others – net	**–**	(127)	(70,763)
	₱645,339	₱727,079	(₱758,352)

29. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2023				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	₱15,535	**₱15,535**	**₱6,458**	**₱–**	**₱9,077**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 17)					
Accounts payable	**₱10,597,322**	**₱9,942,407**	**₱–**	**₱–**	**₱9,942,407**
Retention fees payable	**2,581,979**	**2,422,413**	**–**	**–**	**2,422,413**
Deposits for registration	**1,791,324**	**1,680,620**	**–**	**–**	**1,680,620**
	14,970,625	**14,045,440**	**–**	**–**	**14,045,440**
Lease liabilities (Note 15)	**6,719,861**	**9,527,716**	**–**	**–**	**9,527,716**
Loans payable (Note 18)	**36,987,927**	**37,173,908**	**–**	**–**	**37,173,908**
Bonds payable (Note 19)	**37,468,512**	**35,426,365**	**–**	**–**	**35,426,365**
	₱96,146,925	**₱96,173,429**	**–**	**–**	**₱96,173,429**

	2022				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	₱15,535	₱15,535	₱6,458	₱–	₱9,077
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 17)					
Accounts payable	₱9,912,276	₱9,721,073	₱–	₱–	₱9,721,073
Retention fees payable	2,667,531	2,645,392	–	–	2,645,392
Deposits for registration	1,650,041	1,579,491	–	–	1,579,491
	14,229,848	13,945,956	–	–	13,945,956
Lease liabilities (Note 15)	6,508,490	9,228,025	–	–	9,228,025
Loans payable (Note 18)	32,849,484	31,548,281	–	–	31,548,281
Bonds payable (Note 19)	41,132,786	39,199,556	–	–	39,199,556
	₱94,720,608	₱93,921,818	₱–	₱–	₱93,921,818

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other current assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.
- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rates used was 11.5% - 19% in 2023 and 2022.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rate used was 6.18% and 4.28% in 2023 and 2022, respectively.

- *Long-term debt (lease liabilities, loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

  Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 4.46% to 7.20% and 4.21% to 6.12% as of December 31, 2023 and 2022, respectively.

During the years ended December 31, 2023, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. In order to cover its financing requirements, the Group uses both internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2023 and 2022, the Group has undrawn short-term credit lines amounting ₱25.78 billion and ₱12.81 billion, respectively, and undrawn long-term credit facilities amounting ₱31.18 billion and ₱24.00 billion, respectively.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments.

	2023						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
			(In Thousands)				
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	**₱3,999,886**	**₱1,502,712**	**₱822,347**	**₱2,125,667**	**₱2,146,710**	**–**	**₱10,597,322**
Retention fees payable	**727,246**	**726,830**	**156,337**	**13,378**	**610,700**	**347,488**	**2,581,979**
Deposits for registration	**–**	**529**	**217,835**	**797,608**	**314,161**	**461,191**	**1,791,324**
Accrued expenses	**1,712,947**	**–**	**–**	**–**	**–**	**–**	**1,712,947**
Accrued interest on bonds and loans	**674,345**	**–**	**–**	**–**	**–**	**–**	**674,345**
	7,114,424	**2,230,071**	**1,196,519**	**2,936,653**	**3,071,571**	**808,679**	**17,357,917**
Other Payables	**–**	**–**	**–**	**202,281**	**–**	**–**	**202,281**
Due to Related Parties	**488,486**	**–**	**–**	**–**	**–**	**–**	**488,486**
Loans Payable	**–**	**4,615,811**	**13,847,432**	**18,976,679**	**2,282,655**	**–**	**39,722,577**
Bonds Payable	**–**	**977,953**	**2,933,860**	**18,524,610**	**20,094,336**	**–**	**42,530,759**
Lease liabilities	**–**	**456,582**	**478,337**	**496,959**	**520,292**	**27,756,008**	**29,708,178**
	₱7,602,910	**₱8,280,417**	**₱18,456,148**	**₱41,137,182**	**₱25,968,854**	**₱28,564,687**	**₱130,010,198**

	2022						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
			(In Thousands)				
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱3,741,320	₱1,405,572	₱769,188	₱1,988,256	₱2,007,940	₱–	₱9,912,276
Retention fees payable	751,343	750,913	161,517	13,822	630,935	359,001	2,667,531
Deposits for registration	–	487	200,654	734,700	289,383	424,817	1,650,041
Accrued expenses	1,486,147	–	–	–	–	–	1,486,147
Accrued interest on bonds and loans	830,908	–	–	–	–	–	830,908
	6,809,718	2,156,972	1,131,359	2,736,778	2,928,258	783,818	16,546,903
Other Payables	452,805	–	–	166,259	–	–	619,064
Due to Related Parties	754,264	–	–	–	–	–	754,264
Loans Payable	–	2,536,543	7,609,630	17,412,972	9,207,968	–	36,767,113
Bonds Payable	–	4,190,199	12,570,598	19,050,675	10,579,412	–	46,390,884
Lease liabilities	–	376,195	395,440	414,196	429,725	27,404,729	29,020,285
	₱8,016,787	₱9,259,909	₱21,707,027	₱39,780,880	₱23,145,363	₱28,188,547	₱130,098,513

The tables below summarize the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31:

	2023						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱4,604,987**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,604,987**
Cash equivalents	**–**	**1,127,021**	**–**	**–**	**–**	**–**	**1,127,021**
Contracts receivable							
Contracts receivable	**1,582,486**	**–**	**–**	**–**	**–**	**–**	**1,582,486**
Receivables from government and financial institutions	**255,343**	**–**	**–**	**–**	**–**	**–**	**255,343**

(Forward)

	2023						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Other receivables							
Receivable from tenants – net	**₱2,038,850**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,038,850**
Due from related parties	**695,344**	–	–	–	–	–	**695,344**
Investment in bonds	–	–	–	–	**150,000**	–	**150,000**
Receivable from homeowners' associations – net	**227,671**	–	–	–	–	–	**227,671**
Receivable from buyers		–	–	–	–	–	
Others	**139,383**	–	–	–	–	–	**139,383**
Short-term deposits	–	–	**96,332**	–	–	–	**96,332**
	9,544,064	**1,127,021**	**96,332**	–	**150,000**	–	**10,917,417**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	**6,458**	–	–	–	–	**6,458**
Unquoted	–	**9,077**	–	–	–	–	**9,077**
	–	**15,535**	–	–	–	–	**15,535**
Total financial assets	**9,544,065**	**1,142,556**	**367,514**	–	**150,000**	–	**11,204,135**
Contract Assets	–	**1,186,457**	**3,559,370**	**991,671**	**440,571**	**3,605,700**	**9,783,769**
	₱9,544,065	**₱2,329,013**	**₱3,926,884**	**₱991,671**	**₱590,571**	**₱3,605,700**	**₱20,987,904**

	2022						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱5,278,698	₱–	₱–	₱–	₱–	₱–	₱5,278,698
Cash equivalents	–	1,340,437	–	–	–	–	1,340,437
Contracts receivable							
Contracts receivable	1,906,849	–	–	–	–	–	1,906,849
Receivables from government and financial institutions	222,032	–	–	–	–	–	222,032
Other receivables		–	–	–	–	–	–
Receivable from tenants – net	1,876,759	–	–	–	–	–	1,876,759
Due from related parties	464,618	–	–	–	–	–	464,618
Investment in bonds	-	–	–	–	150,000	–	150,000
Receivable from homeowners' associations – net	286,148	–	–	–	–	–	286,148
Receivable from buyers	–	–	–	–	–	–	–
Others	2,822	–	–	–	–	–	2,822
Short-term deposits	-	-	75,492	-	-	-	75,492
	10,037,926	1,340,437	75,492	–	150,000	–	11,603,855
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,458	–	–	–	–	6,458
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,535	–	–	–	–	₱15,535
Total financial assets	10,037,926	1,355,972	75,492	–	150,000	–	11,619,390
Contract Assets	–	1,691,678	5,075,033	1,613,176	739,746	1,363,323	10,482,956
	₱10,037,926	₱3,047,650	₱5,150,525	₱1,613,176	₱889,746	₱1,363,323	₱22,102,346

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract receivables and contract assets using a provision matrix:

		2023				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱11,621,598**	**₱520,811**	**₱1,695,400**	**₱3,894,430**	**₱4,520,571**	**₱990,386**

		2022				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱12,611,837	₱496,215	₱1,798,591	₱4,251,894	₱4,986,835	₱1,078,302

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2023 and 2022. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2023 and 2022, the analysis of contracts receivable that were past due is as follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
	(In Thousands)					
2023	**₱384,811**	**₱171,577**	**₱250,029**	**₱106,180**	**₱669,888**	**₱1,582,485**
2022	414,693	256,212	185,816	178,485	871,643	1,906,849

No individually impaired and expected credit loss have been recognized for contracts receivables.

There is no concentration risk on the Group's financial assets as of December 31, 2023 and 2022.

Interest Rate Risk
The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2023	+200	₱173,361
	-200	(173,361)
2022	+200	₱100,815
	-200	(100,815)

The assumed change in rate is based on the currently observable market environment. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2023 and 2022.

The following tables set out the carrying amount, by maturity, of the Group's loans payable that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	Below 1 Year	1-2 Years	>2 years but <3 years	3 years to 4 years	Over 4 years	Total
As of December 31, 2023	**₱4,731,667**	**₱3,000,000**	**₱–**	**₱1,160,000**	**₱50,100**	**₱8,941,767**
As of December 31, 2022	₱3,608,333	₱291,667	₱–	₱–	₱1,160,000	₱5,060,000

31. **Subsidiary with Material Noncontrolling Interest**

On August 12, 2021, FILRT was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3%. The transaction was accounted for as an equity transaction since there was no change in control over FILRT. Net proceeds from the public offering amounted to ₱12.13 billion and resulted in additions to retained earnings and noncontrolling interest amounting to ₱10.47 billion and ₱1.66 billion, respectively as of December 31, 2021.

As of December 31, 2023 and 2022, the noncontrolling interest in FILRT represents 36.7%.

Other noncontrolling interest as of December 31, 2023 and 2022 pertains to the 45% equity interest in FBCI, 40% equity interest in FAC, 40% equity interest in FSM Cinemas, 40% equity interest in PDDC, 2% equity interest in TSNC and 25% equity interest in NSI.

Total dividends declared and paid to noncontrolling interest follows:

	Total Dividends Declared	Share of Noncontrolling Interest
	(In Thousands)	
Filinvest REIT Corp.		
2023	**₱1,389,549**	**₱510,381**
2022	1,976,682	726,035
2021	1,095,982	402,554
Filinvest Asia Corp.		
2023	**₱375,000**	**₱150,000**
2022	60,000	24,000
2021	60,000	24,000

The summarized financial information of FILRT as of and for the year December 31, 2023 and 2022 is provided below. This information is based on amounts consolidated to the Group under the same accounting policy (i.e., cost accounting for investment properties and intangible assets) before intercompany eliminations.

Summarized Statement of Financial Position:

	2023	2022
	(In Thousands)	
Current assets	**₱2,345,208**	₱2,818,826
Noncurrent assets	**11,111,540**	11,348,082
Total assets	**13,456,748**	14,166,907
Current liabilities	**1,836,368**	7,800,791
Noncurrent liabilities	**6,772,555**	1,053,920
Total liabilities	**8,608,923**	8,854,711
Equity	**₱4,847,825**	₱5,312,196

Statement of Comprehensive Income

	2023	2022
	(In Thousands)	
Revenues	**₱3,040,837**	₱3,239,589
Cost and other expenses	**1,693,406**	1,640,855
Other charges	**422,252**	293,481
Income before income tax	**925,178**	1,305,253
Net income for the year	**925,178**	1,305,253
Net income attributable to noncontrolling interest	**₱339,818**	₱479,028

Statement of Cash Flows

	2023	2022
	(In Thousands)	
Cash flows from (used in)		
Operating activities	**₱1,236,828**	₱1,832,015
Investing activities	**185,992**	(431,515)
Financing activities	**(1,823,736)**	(2,285,760)
Net increase in cash and cash equivalents	**(₱400,916)**	(₱885,260)

The entire proceeds from FILRT's listing shall be used in accordance with its reinvestment plan.

As a REIT entity, FILRT is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations. Thus, FILRT has made adjustments to its policies and processes for managing capital for the year ended December 31, 2021. Per Section 8 of the REIT Implementing Rules and Regulations issued by the SEC, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided, further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management.

As of December 31, 2023 and 2022, the fair value of the deposited properties amounted to ₱49,946.2 million and ₱49,857.9 million resulting to a debt ratio of 17.2% and 17.8%, respectively. FILRT is compliant to this Aggregate Leverage Limit.

32. Contingencies and Commitments

Contingencies
The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Build, Transfer and Operate (BTO) Agreement with Cebu Province
In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 16).

Capital Commitments and Obligations
The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱6.39 billion and ₱4.38 billion as of December 31, 2023 and 2022, respectively. These will be recognized as liabilities in the Group's consolidated financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. As of December 31, 2023, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the consolidated statement of financial position (see Note 16).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 13). On March 16, 2016, FCGC and BCDA incorporated Filinvest BCDA Clark Inc. (FBCI).

FCGC subscribed 282,880,000 shares at par value amounting to ₱282,880,000. On the other hand, BCDA subscribed 231,000,000 shares amounting ₱231,000,000 and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the NCC project will be developed. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA.

The DUR was recorded in FBCI's books as of December 31, 2023 under investment properties.

33. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and FILRT were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, FILRT was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

34. Registration with the Board of Investments (BOI)

The Group registered New Leaf Phases 1A and 1B as New Developers of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226), and its validity ended on March 19, 2023. No outstanding projects are registered with the BOI as of December 31, 2023.

35. Notes to Statements of Cash Flows

The Group's noncash activities are as follows:

a) Land and land developments previously presented under inventories were reclassified to investment property in 2022 amounting to ₱94.61 million, (nil in 2023; see Notes 10 and 13).
b) Investment property previously presented under investment properties were reclassified to real estate inventories in 2022 amounting to ₱14.09 million, (nil in 2023).

c) Purchases of investment properties, property and equipment which remain unpaid amounted to ₱2,943.85 million and ₱375.57 million as of December 31, 2023; and ₱3,547.9 million and ₱20.3 million, respectively, as of December 31, 2022 (see Notes 13 and 14).
d) Increase in Other payables and decrease in retirement liabilities amounting to ₱23.2 million in 2022 due to transfer of certain employees to related parties (nil in 2023; see Notes 17 and 25).
e) The Group has remaining unpaid cash dividend amounting to ₱21.4 million out of the dividends declared as of December 31, 2023 and 2022 (see Note 26).
f) Total accretion of interest for loans and bonds payable amounted to ₱133.67 million and ₱59.67 million, respectively, in 2023; and ₱54.92 million and ₱98.30 million, respectively, in 2022 (see Notes 18 and 19).

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2023			
	January 1, 2023	**Cash flows**	**Noncash movement**	**December 31, 2023**
	(In Thousands)			
Loans payable	**₱32,849,484**	**₱4,131,388**	**₱7,055**	**₱36,987,927**
Bonds payable	**41,132,786**	**(3,604,600)**	**(59,674)**	**37,468,512**
Accrued interest	**830,908**	**(4,118,521)**	**3,961,958**	**674,345**
Dividends payable	**21,413**	**(875,871)**	**875,871**	**21,413**
Lease liabilities	**6,508,490**	**(372,444)**	**583,815**	**6,719,861**
Due to related parties	**754,264**	**(265,778)**	**–**	**488,486**
	₱82,097,345	**(₱5,105,826)**	**₱5,369,025**	**₱82,360,544**

	2022			
	January 1, 2022	Cash flows	Noncash movement	December 31, 2022
	(In Thousands)			
Loans payable	₱32,182,744	₱654,465	₱12,275	₱32,849,484
Bonds payable	36,288,922	4,900,000	(56,136)	41,132,786
Accrued interest	704,994	(3,851,408)	3,977,322	830,908
Dividends payable	19,000	(1,140,525)	1,142,938	21,413
Lease liabilities	6,348,017	(360,103)	520,576	6,508,490
Due to related parties	204,318	549,946	–	754,264
	₱75,747,995	₱752,375	₱5,596,975	₱82,097,345

	2021			
	January 1, 2021	Cash flows	Noncash movement	December 31, 2021
	(In Thousands)			
Loans payable	₱38,105,023	(₱5,997,829)	₱75,550	₱32,182,744
Bonds payable	31,663,528	4,700,000	74,606	36,288,922
Accrued interest	674,060	(3,400,306)	3,431,240	704,994
Dividends payable	49,001	(784,224)	754,223	19,000
Lease liabilities	6,152,960	(351,321)	546,378	6,348,017
Due to related parties	112,021	92,297	–	204,318
	₱76,756,593	(₱5,741,383)	₱4,881,997	₱75,747,995

'Noncash movement' column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable, dividend declaration and share in the net income of noncontrolling interest.

36. **Subsequent Events**

On January 30, 2024, the Parent Company and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. This is a non-adjusting subsequent event and does not impact the Group's financial position and performance as of and for the year ended December 31, 2023.

SGV
Building a better
working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 27, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX A

FILINVEST LAND, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2023

(Amounts in Thousands of Pesos)

Unappropriated Retained Earnings, beginning of reporting period		₱47,486,649
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation	–	
Effect of restatements	–	
Others	912,769	912,769
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	875,871	
Retained earnings appropriated during the reporting period	–	
Effect of restatements	–	
Others	–	875,871
Unappropriated Retained Earnings, as adjusted		47,523,547
Add/Less: Net income (loss) for the current year		4,315,172
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and equivalents	–	
Unrealized fair value adjustment (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Sub-total		–
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

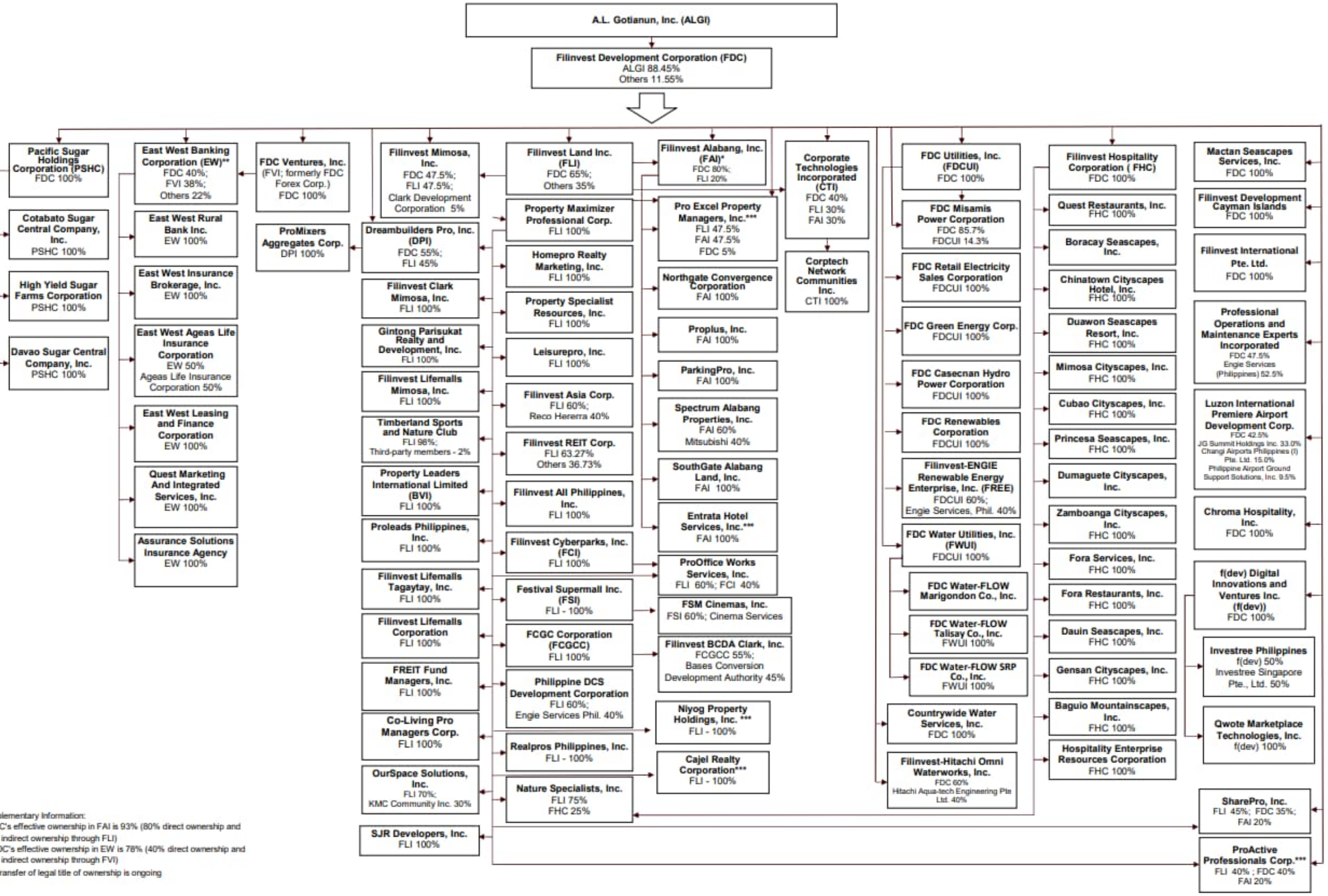
(Forward)

Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱–	
Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		4,315,172
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	125,965	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(71,385)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total	54,580	54,580
Total Retained Earnings, end of reporting period available for dividend		**₱51,893,299**

ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2023

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of December 31, 2023)



Supplementary Information:
* FDC's effective ownership in FAI is 93% (80% direct ownership and 13% indirect ownership through FLI)
** FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FVI)
*** Transfer of legal title of ownership is ongoing

SCHEDULE A

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2023

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2023:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVOCI				
Quoted:				
Philippine Long Distance Telephone Company	26,100	₱261	₱261	₱–
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	–
		6,458	6,458	–
Unquoted:				
The Palms Country Club, Inc.	1,000	₱3,060	₱3,060	₱–
Cebu Country Club	1	6,017	6,017	–
		9,077	9,077	–
		₱15,535	₱15,535	₱–

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

SCHEDULE B

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023

As of December 31, 2023, there were no advances to employees of the Group with balances above ₱100,000.

All amounts receivable from related parties pertained to items arising in the ordinary course of business.

SCHEDULE C

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

Below is the schedule of receivables with related parties which are eliminated in the consolidated financial statements as of December 31, 2023 (amounts in thousands):

		Volume of Transactions	Receivable
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Share in expenses	**(₱1,272,950)**	**₱3,074,681**
Filinvest Cyberparks, Inc. (FCI)	Share in expenses	**885,625**	**2,043,349**
Homepro Realty Marketing, Inc. (Homepro)	Share in expenses	**(97,487)**	**714,896**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Share in expenses	**53,345**	**631,710**
Property Maximizer Professional Corp. (Promax)	Share in expenses	**123,199**	
Property Maximizer Professional Corp. (Promax)	Marketing fee expense	**(50,746)**	**150,055**
Filinvest BCDA Clark, Inc. (FBCI)	Share in Expenses	**(25,203)**	**94,402**
Nature Specialists, Inc.	Share in expenses	**17,320**	**89,429**
Filinvest REIT Corp (FILRT)	Share in expenses	**640,694**	
Filinvest REIT Corp (FILRT)	Rental income	**(21,836)**	**75,155**
FCGC Corporation (FCGCC)	Share in expenses	**(239,999)**	**49,239**
SJR Developers	Share in expenses	**44,259**	**44,259**
Proleads Philippines, Inc. (PPI)	Share in Expenses	**320**	**27,868**
Gintong Parisukat Realty and Development Inc. (GPRDI)	Share in expenses	**4,367**	**27,618**
Timberland Sports and Nature Club, Inc. (TSNC)	Share in expenses	**125**	**19,633**
Realpros Philippines, Inc. (RPI)	Share in expenses	**21**	**15,252**
Co-Living Pro Managers Corp.	Share in expenses	**3,011**	**11,327**
Filinvest AII Philippines, Inc. (FAPI)	Share in expenses	**3,962**	**8,723**
Property Specialist Resources, Inc. (Prosper)	Share in expenses	**582**	**8,002**
Leisurepro, Inc. (Leisurepro)	Share in expenses	**60**	**6,632**
Niyog Property Holdings Inc	Share in expenses	**3,166**	**3,166**
OurSpace Solutions, Inc.	Share in expenses	**1**	**455**
Cajel Realty Corporation	Share in expenses	**449**	**449**
Festival Supermall, Inc. (FSI)	Share in expenses	**376**	**376**
FREIT Fund Managers, Inc. (FFMI)	Share in expenses	**–**	**223**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Share in expenses	**1**	**212**
Philippine DCS Development Corporation (PDDC)	Share in expenses	**–**	**141**
Property Leaders International Limited (PLIL)	Share in expenses	**–**	**111**
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	**2**	**95**
Filinvest Lifemalls Corporation (FLC)	Share in expenses	**-1**	**88**
FSM Cinemas, Inc. (FSMCI)	Share in expenses	**12**	**15**
		₱72,675	**₱7,097,561**

The table below shows the movement of the receivables from related parties:

	Balance Beginning of Year	Additions	Collections	Balance at End of Year
Filinvest Cyberzone Mimosa, Inc. (FCMI)	**₱4,347,631**	**₱328,553**	**(₱1,601,503)**	**₱3,074,681**
Filinvest Cyberparks, Inc. (FCI)	**1,157,724**	**885,625**	**–**	**2,043,349**
Homepro Realty Marketing, Inc. (Homepro)	**812,383**	**8,494**	**(105,981)**	**714,896**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	**578,365**	**53,345**	**–**	**631,710**
Property Maximizer Professional Corp. (Promax)	**77,602**	**73,097**	**(644)**	**150,055**
Filinvest BCDA Clark, Inc. (FBCI)	**119,605**	**13,178**	**(38,381)**	**94,402**
Nature Specialists, Inc. (NSI)	**72,109**	**17,320**	**–**	**89,429**
Filinvest REIT Corp (FILRT)	**(543,703)**	**640,694**	**(21,836)**	**75,155**
FCGC Corporation (FCGCC)	**289,238**	**20,001**	**(260,000)**	**49,239**
SJR Developers	**–**	**44,259**	**–**	**44,259**
Proleads Philippines, Inc. (PPI)	**27,548**	**320**	**–**	**27,868**
Gintong Parisukat Realty and Development Inc. (GPRDI)	**23,251**	**4,367**	**–**	**27,618**
Timberland Sports and Nature Club, Inc. (TSNC)	**19,508**	**125**	**–**	**19,633**
Realpros Philippines, Inc. (RPI)	**15,231**	**21**	**–**	**15,252**
Co-Living Pro Managers Corp.	**8,316**	**3,011**	**–**	**11,327**
Filinvest AII Philippines, Inc. (FAPI)	**4,761**	**3,962**	**–**	**8,723**
Property Specialist Resources, Inc. (Prosper)	**7,420**	**811**	**(229)**	**8,002**
Leisurepro, Inc. (Leisurepro)	**6,572**	**60**	**–**	**6,632**
Niyog Property Holdings Inc	**–**	**3,166**	**–**	**3,166**
OurSpace Solutions, Inc.	**454**	**1**	**–**	**455**
Cajel Realty Corporation	**–**	**449**	**–**	**449**
Festival Supermall, Inc. (FSI)	**–**	**376**	**–**	**376**
FREIT Fund Managers, Inc. (FFMI)	**223**	**–**	**–**	**223**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	**211**	**1**	**–**	**212**
Philippine DCS Development Corporation (PDDC)	**141**	**–**	**–**	**141**
Property Leaders International Limited (PLIL)	**111**	**–**	**–**	**111**
ProOffice Works Services, Inc. (ProOffice)	**93**	**2**	**–**	**95**
Filinvest Lifemalls Corporation (FLC)	**89**	**–**	**(1)**	**88**
FSM Cinemas, Inc.	**3**	**12**	**–**	**15**
	₱7,024,886	**₱2,101,250**	**(₱2,028,575)**	**₱7,097,561**

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

SCHEDULE D

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2023

Below is the schedule of long-term debt of the Group:

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Filinvest Land Inc.						
Bonds						
Philippine Peso	₱1,700,000	₱1,697,345	₱–	5.6400%	N/A, Bullet	December 4, 2024
Philippine Peso	8,925,000	–	8,861,211	5.3500%	N/A, Bullet	June 23, 2025
Philippine Peso	1,000,000	–	996,930	5.7100%	N/A, Bullet	November 18, 2023
Philippine Peso	5,000,000	–	4,963,257	4.5300%	N/A, Bullet	August 20, 2025
Philippine Peso	1,764,595	–	1,757,158	4.1800%	N/A, Bullet	December 21, 2025
Philippine Peso	11,430,800	–	11,290,787	6.9829%	N/A, Bullet	May 18, 2026
Philippine Peso	2,975,000	–	2,947,340	6.4100%	N/A, Bullet	June 1, 2027
Philippine Peso	5,000,000	–	4,954,484	5.2600%	N/A, Bullet	June 23, 2027
Bank Loan- Peso						
Local Bank	5,105,000	3,591,045	1,498,133	Various fixed / floating rates	Various	Various from 2024 to 2027
Local Bank	7,984,167	2,346,448	5,614,514	Various fixed / floating rates	Various	Various from 2024 to 2026
Local Bank	2,104,167	1,828,724	270,833	Various fixed rates	Various	Various from 2024 to 2025
Local Bank	2,000,000	–	1,991,022	Various fixed rates	Various	September 27, 2026
Local Bank	1,550,000	–	1,541,305	Various fixed / floating rates	Various	Various from 2026 to 2028
Local Bank	3,256,667	3,250,911	–	Various fixed / floating rates	Various	Various from 2024
Local Bank	1,500,000	1,492,902	–	Various floating rates	Various	Various from 2024
Local Bank	2,848,958	1,392,170	1,447,713	Various fixed rates	Various	Various from 2024 to 2025
Sub-total	64,144,353	15,599,545	48,134,687			

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Subsidiaries						
Bank Loan- Peso						
Local Bank	₱868,182	₱702,193	₱163,636	Various fixed rates	Various	Various from 2024 to 2025
Local Bank	5,731,667	1,232,174	4,492,169	Various fixed / floating rates	Various	Various from 2024 to 2028
Local Bank	3,000,000	–	2,999,333	Various fixed rates	Various	Various from 2025
Local Bank	260,200	–	258,623	Various fixed / floating rates	Various	Various from 2026 to 2028
Local Bank	575,000	573,038	–	Various fixed / floating rates	Various	Various from 2024
Local Bank	301,042	70,833	230,208	Various fixed rates	Various	Various from 2025
	₱74,880,443	₱18,177,783	₱56,278,656			

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and minimum interest coverage ratio of 1.0x.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio ranging from 2.0x to 2.5x ; minimum current ratio ranging from 1.0x to 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2023.

SCHEDULE E

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

This schedule is not applicable as there are no non-current indebtedness which exceed 5% of total assets as of December 31, 2023.

SCHEDULE F

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

The Group does not have guarantees of securities of other issuers as of December 31, 2023.

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
			(In Thousands)			
Common Shares	33,000,000	24,249,760	−	16,200,420	5,525	8,043,815
Preferred Shares	8,000,000	8,000,000	−	8,000,000	−	−

SCHEDULE H

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF BOND ISSUANCES - SECURITIES OFFERED TO THE PUBLIC

DECEMBER 31, 2023

	2013	**2014**	**2015**	**2017**	**2020**	**2021**	**2022**	**2023**
	7.0 Billion Bond	7.0 Billion Bond	8.0 Billion Bond	6.0 Billion Bond	8.1 Billion Bond	10.0 Billion Bond	11.90 Billion Bond	11.43 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus								
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱9,000,000,000	₱10,000,000,000	₱11,900,000,000	₱12,000,000,000
Less: Expenses	67,594,379	82,327,087	85,330,750	68,308,996	118,002,625	131,785,030	154,432,780	149,808,155
Net Proceeds	₱6,932,405,621	₱6,917,672,913	₱7,914,669,250	₱5,931,691,004	₱8,881,997,375	₱9,868,214,970	₱11,745,567,220	₱11,850,191,845
Actual gross and net proceeds								
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱8,100,000,000	₱10,000,000,000	₱11,900,000,000	₱11,430,800,000
Less: Expenses	82,906,997	77,906,937	86,811,468	96,582,653	165,450,548	137,330,244	156,399,197	143,059,814
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186
Expenditure items where the proceeds were used								
Land Acquisition	₱2,965,648,318	₱–	₱88,961,000	₱–	₱595,776,352	₱2,000,000,000	₱2,273,000,000	₱–
Project Development	1,185,554,209	2,422,093,063	2,888,760,022	–	693,494,229	532,498,565	597,600,803	2,786,885,000
Investment Property	2,765,890,476	–	4,935,467,510	5,903,417,347	2,104,200,033	1,753,544,108	273,000,000	244,299,000
Debt refinancing	–	4,500,000,000	–	–	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000
General Corporate	–	–	–	–	184,456,880	268,000,000	–	–
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱7,031,184,000
Balance of the proceeds as of December 31, 2023								
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186
Capital Expenses	6,917,093,003	2,422,093,063	7,913,188,532	5,903,417,347	3,577,927,493	4,554,042,673	3,143,600,803	3,031,184,000
Debt refinancing	–	4,500,000,000	-	-	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000
Net Proceeds	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱4,256,556,186

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 27, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission ("SEC"), and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC. AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023

(Amounts in Thousands of Pesos)

Ratio	**Formula**		**2023**	2022
Current Ratio [1]	Total Current Assets divided by Total Current Liabilities		**2.97**	2.53
	Total Current Assets	95,607,984		
	Divide by: Total Current Liabilities	32,206,852		
	Current Ratio	2.97		
Interest-bearing Debt-to-Equity ratio	Interest-bearing Debt (*Sum of Consolidated Loans Payable and Consolidated Bonds Payable)* divided by Total Equity		**0.79**	0.81
	Interest-bearing Debt	74,456,439		
	Divide by: Equity	94,271,869		
	Long-term Debt-to-Equity Ratio	0.79		
Debt Ratio	Total Liabilities divided by Total Assets		**0.54**	0.54
	Total Liabilities	110,204,208		
	Divide by: Total Assets	204,476,077		
	Debt Ratio	0.54		
EBITDA to Total Interest Paid	Earnings before Interests and Other Charges, Income Tax, Depreciation and Amortization - EBITDA *(net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization)* divided by Total Interest Paid		**2.18**	2.12
	EBITDA	8,969,158		
	Divide by: Total Interest Paid	4,118,521		
	EBITDA to Total Interest Paid	2.18		
Price Earnings Ratio	Closing price divided by Earnings per share		**3.69**	7.50
	Closing price [2]	0.59		
	Divide by: Earnings per share	0.16		
	Price Earnings Ratio	3.69		
Quick Asset Ratio	Quick Assets *(total current assets less real estate inventories)* divided by Current Liabilities		**0.71**	0.62
	Total Current Assets	95,607,984		
	Less: Inventories	72,634,830		
	Quick Assets	22,973,154		
	Divide by: Total Current Liabilities	32,206,852		
	Quick Asset Ratio	0.71		
(Forward)				

Ratio	Formula	2023	2022
Solvency Ratio	Net Income before Depreciation and Amortization *(net income plus depreciation and amortization)* divided by Total Liabilities Net Income 4,296,044 Add: Depreciation and Amortization 1,593,382 Net Income before Depreciation and Amortization 5,889,426 Divide by: Total Liabilities 110,204,208 Solvency Ratio 0.05	**0.05**	0.05
Interest Coverage Ratio	Earnings before Interest and Other Finance Charges and Income Tax (EBIT) divided by Interest and Other Finance Charges EBIT 7,375,776 Divide by: Interest and Other Finance Charges 2,434,393 Interest Coverage Ratio 3.03	**3.03**	2.85
Net Profit Margin	Net Income divided by Revenue Net Income 4,296,044 Divide by: Revenue 22,554,334 Net Profit Margin 0.19	**0.19**	0.18
Return on Equity	Net Income divided by Total Equity Net Income 4,296,044 Divide by: Total Equity 94,271,869 Return on Equity 0.05	**0.05**	0.04
Asset-to-Equity Ratio	Total Assets divided by Total Equity Total Assets 204,476,077 Divide by: Total Equity 94,271,869 Return on Equity 2.17	**2.17**	2.19

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, contract assets, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and current portion of loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.
(2) Closing price at December 31, 2023 and December 31, 2022 is ₱0.59 and ₱0.90, respectively.

[EXT] Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>

Thu 4/11/2024 3:58 PM

To:Jona Arrol A. Varona_Resigned 02/19/2021 <jona.varona@filinvestland.com>
Cc:Jona Arrol A. Varona_Resigned 02/19/2021 <jona.varona@filinvestland.com>

Hi FILINVEST LAND, INC,

Valid files

- EAFS000533224ITRTY122023.pdf
- EAFS000533224TCRTY122023-01.pdf
- EAFS000533224RPTTY122023.pdf
- EAFS000533224OTHTY122023.pdf
- EAFS000533224AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8EC6B5980PSP4VPVNQ1ST2VN20MMQN3T2**
Submission Date/Time: **Apr 11, 2024 03:57 PM**
Company TIN: **000-533-224**

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

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

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

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **FILINVEST LAND, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2023**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2023** and the accompanying Annual Income Tax Return are in accordance with the books and records of **FILINVEST LAND, INC.**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
(c) the **FILINVEST LAND, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President and CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO

Signed this ___ day of ______ 2024.

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAR 04 2024 20___, affiant exhibiting to me as his/her competent evidence of identity

Doc. No. 245;
Page No. 50;
Book No. 10;
Series of 20 24.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,

[EXT] Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>

Wed 4/10/2024 6:46 PM

To:FLI Tax Team <taxteam@filinvestland.com>

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 000533224000-1702MXv2018C-1223.xml
Date received by BIR: 10 April 2024
Time received by BIR: 06:32 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the taxpayer.

1702-MX 01/18ENCS P1

1 For (•) Calendar ( ) Fiscal
2 Year Ended (MM/20YY) 12 /20 23
3 Amended Return? ( ) Yes (•) No
4 Short Period Return? ( ) Yes (•) No
5 Alphanumeric Tax Code (ATC)
IC 055 – Minimum Corporate Income Tax (MCIT) (•)
IC 010 - In General (•)

Part I - Background Information

6 Taxpayer Identification Number (TIN) 000 - 533 - 224 - 00000
7 RDO Code 126

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
FILINVEST LAND INC

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
79 E DELOS SANTOS AVENUE, BARANGAY HIGHWAY HILLS, MANDALUYONG CITY

9A ZIP Code 1550

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 11/24/1989
11 Contact Number 7270431
12 Email Address taxteam@filinvestland.com

13 Method of Deductions (•) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD)-40% of Gross Income *[Section 34(L) NIRC, as amended]*

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Total Tax Due/(Overpayment) *(From Part IV-Schedule 2 Item 19D)*	715,122,924
15 Less: Total Tax Credits/Payments *(From Part IV-Schedule 3 Item 32D)*	2,457,660,757
16 Net Tax Payable / (Overpayment) *(Item 14 Less Item 15)* *(From Part IV Item 33D)*	(1,742,537,833)
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE / (Overpayment) *(Sum of Items 16 to 20)*	**(1,742,537,833)**

If overpayment, mark one (1) box only. *(Once the choice is made, the same is irrevocable)*
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (•) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

22 Number of Attachments 00

Signature over Printed Name of President/Principal Officer/Authorized Representative
Title of Signatory TIN

Signature over Printed Name of Treasurer/ Assisant Treasurer
Title of Signatory TIN

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation / Revenue Official Receipt Details *(if not filed with an Authorized Agent Bank)*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 2

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
000 533 224 00000	FILINVEST LAND INC

Part IV - Schedules

Instructions: (mark appropriate box)

○ A. Only one activity/project under EXEMPT and/or SPECIAL Tax Regimes, fill-out the applicable columns below.

◉ B. Two or more activities/projects under EXEMPT and/or SPECIAL Tax Regimes, accomplish Part V-Mandatory Attachments per activity and reflect consolidated amounts from Part V on the corresponding columns below.

Schedule 1 - Basis of Tax Relief

	Particulars	A. Exempt	B. Special	C. Special Tax Relief (Under Regular/Normal Rate)
1	Investment Promotion Agency (IPA)/ Implementing Government Agency			
2	Legal Basis			
3	Registered Activity/Program *(Reg. No.)*			
4	Special Tax Rate		0.0 %	
5	Effectivity Date of Tax Relief/Exemption From *(MM/DD/YYYY)*			
6	Expiration Date of Tax Relief/Exemption To *(MM/DD/YYYY)*			

Schedule 2 – Computation of Income Tax per Tax Regime ***(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)***

	Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Sales/Receipts/Revenues/Fees *(From all of Part V-Sched B Item 1, if letter B of instructions above is marked)*	661,134,348	0	13,524,144,080	14,185,278,428
2	Less: Sales Returns, Allowances and Discounts *(From all of Part V-Sched B Item 2, if letter B of instructions above is marked)*	371,007	0	550,770,347	551,141,354
3	Net Sales/Receipts/Revenues/Fees *(Item 1 Less Item 2)*	660,763,341	0	12,973,373,733	13,634,137,074
4	Less: Cost of Sales/Services *(From all of Part V-Sched B Item 4, if letter B of instructions above is marked)*	438,052,369	0	4,796,573,626	5,234,625,995
5	Gross Income from Operation *(Item 3 Less Item 4)*	222,710,972	0	8,176,800,107	8,399,511,079
6	Add: Other Taxable Income not subjected to Final Tax *(From all of Part V-Sched B Item 6, if letter B of instructions above is marked)*	0	0	1,105,540,212	1,105,540,212
7	Total Taxable Income *(Sum of Items 5 and 6)*	222,710,972	0	9,282,340,319	9,505,051,291
	Less: Deductions Allowable under Existing Law				
8	Ordinary Allowable Itemized Deductions *(From Sched 5 Item 18) &/or (From all of Part V-Sched B Item 8, if letter B of instructions above is marked)*	108,449,423	9,095,567	6,421,848,623	6,539,393,613
9	Special Allowable Itemized Deductions *(From Sched 6 Item 5) &/or(From all of Part V-Sched B Item 9, if letter B of instructions above is marked)*	0	0	0	0
10	NOLCO [Only for those taxable under Sec. 27 (A to C)]; Section 28(A)(1)(A)(6)(b) of the Tax Code, as amended] *(**For Special Rate:** If w/ only 1 activity, From Schedule 8.1 Item 8 ; if with 2 or more activities, From all of Part V-Sched B Item 10; **For Reg. Rate:** From Sched 7.1 Item 8)*		0	0	0
11	Total Itemized Deductions *(Sum of Items 8 to 10)*	108,449,423	9,095,567	6,421,848,623	6,539,393,613
	***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*				
12	Optional Standard Deduction (OSD) *(40% of Item 7)*			0	0
13	Net Taxable Income/(Loss) *(If Itemized: Item 7 Less Item 11; If OSD: Item 7 Less Item 12)*	114,261,549	(9,095,567)	2,860,491,696	2,965,657,678
14	Applicable Income Tax Rate *(i.e. Special or Regular/Normal Rate)*	**0%**	0.00 %	25.00 %	
15	Income Tax Due other than MCIT *[**For Special Rate:** If with only 1 activity, (Item 3 OR Item 7) X Item 14; if with 2 or more activities, from all of Part V-Sched B Item 14; **For Regular Rate** Item 13 X Item 14]*	**0**	0	715,122,924	715,122,924
16	Less: Share of Other Government Agency, if remitted directly		0	**0**	0
17	Net Income Tax Due to National Government *(Item 15 Less Item 16)*		0	715,122,924	715,122,924
18	MCIT *(2% of Gross Income in Item 7)*			139,235,105	139,235,105
19	**Total Income Tax Due / (Overpayment)** *(Item 19B = Item 17B) (Item 19C = Normal Income Tax in Item 15C OR MCIT in Item 18C, whichever is higher) (Item 18D = Sum of Items 19B and 19C) (Item 19D to Part II Item 14)*		0	715,122,924	715,122,924

Schedule 3 - Tax Credits/Payments *(attach proof)*

		A	B	C	D
20	Prior Year's Excess Credits Other Than MCIT	0	0	1,546,236,430	1,546,236,430
21	Income Tax Payments under MCIT from Previous Quarter/s			0	0
22	Income Tax Payments under Regular Rate from Previous Quarter/s	0	0	0	0
23	Excess MCIT Applied this Current Taxable Year *(From Schedule 9 Item 4)*			143,360,419	143,360,419
24	Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	0	372,654,487	372,654,487
25	Creditable Tax Withheld per BIR Form No. 2307 for the 4th Qtr	0	0	395,409,421	395,409,421
26	Foreign Tax Credits, if applicable	0	0	0	0
27	Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
28	Income Tax Payments under Special Rate from Previous Qtr/s	0	0	0	0
29	Special Tax Credits *(To Part IV-Schedule 4 Item 6)*	0	0	0	0
	Other Tax Credits/Payments*(specify)*				
30		0	0	0	0
31	(Add more...)	0	0	0	0
32	Total Tax Credits/Payments *(Sum of Items 20 to 31) (Item 32D to Part II Item 15)*	0	0	2,457,660,757	2,457,660,757
33	**Net Tax Payable / (Overpayment)** *(Item 19 Less Item 32) (Item 33D to Part II Item 16)*	0	0	(1,742,537,833)	(1,742,537,833)

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Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P3

Taxpayer Identification Number (TIN)	Registered Name
000 533 224 00000	FILINVEST LAND INC

Schedule 4 – Tax Relief Availment ***(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)***

	Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Regular Income Tax Otherwise Due *(Item 13A/B of Part IV-Schedule 2 X applicable regular income tax rate)*	28,565,387	0		28,565,387
2	Tax Relief on Special Allowable Itemized Deductions *(Item 9A/B/C of Part IV-Sched 2 X applicable regular income tax rate)*	0	0	0	0
3	Sub-Total – Tax Relief *(Sum of Items 1 and 2)*	28,565,387	0	0	28,565,387
4	Less: Income Tax Due *(From Part IV-Schedule 2 Item 15B)*	**0**	0		0
5	Tax Relief Availment before Special Tax Credit *(Item 3 Less Item 4)*	28,565,387	0	0	28,565,387
6	Add: Special Tax Credit, *if any* *(From Part IV-Schedule 3 Item 29)*	0	0	0	0
7	**Total Tax Relief Availment** ***(Sum of Items 5 & 6)***	28,565,387	0	0	28,565,387

Schedule 5 - Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*
(If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule D)

1	Amortizations	0	0	0	0
2	Bad Debts	0	0	0	0
3	Charitable and Other Contributions	0	0	0	0
4	Depletion	0	0	0	0
5	Depreciation	140,041	0	861,418,633	861,558,674
6	Entertainment, Amusement and Recreation	19,250	3,620	65,420,329	65,443,199
7	Fringe Benefits	0	0	0	0
8	Interest	79,769,781	0	2,538,112,756	2,617,882,537
9	Losses	0	0	0	0
10	Pension Trusts	0	0	0	0
11	Rental	18,599	0	8,141,062	8,159,661
12	Research and Development	0	0	0	0
13	Salaries, Wages and Allowances	0	0	626,417,460	626,417,460
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	0	0	0	0
15	Taxes and Licenses	2,187,840	2,650,526	236,784,927	241,623,293
16	Transportation and Travel	302,374	76,850	63,212,492	63,591,716
17	Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*				
	a. Janitorial and Messengerial Services	0	0	16,913,619	16,913,619
	b. Professional Fees	4,500	0	106,355,821	106,360,321
	c. Security Services	0	0	0	0
	d. VARIOUS	918,930	5,386	474,700,104	475,624,420
	e. VARIOUS	16,659,448	42,697	707,233,669	723,935,814
	f. VARIOUS	119,176	2,810	48,591,874	48,713,860
	g. VARIOUS	72,354	1,513	63,074,829	63,148,696
	h. VARIOUS	122,120	7,418	26,039,121	26,168,659
	i. VARIOUS (Add more...)	8,115,010	6,304,747	579,431,927	593,851,684
18	Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i)* *(To Part IV-Schedule 2 Item 8)*	108,449,423	9,095,567	6,421,848,623	6,539,393,613

Schedule 6 – Special Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*
(If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule E)

	Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1			0	0	0	0
2			0	0	0	0
3			0	0	0	0
4			0	0	0	0
		(Add more...)				
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)* *(To Part IV-Schedule 2 Item 9)*		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) for Regular Rate *(Attach Additional Sheet/s, if necessary)*

1	Gross Income *(From Part IV-Schedule 2 Item 7C)*	0
2	Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law *(From Part IV-Schedule 2 Item 8C)*	0
3	Net Operating Loss *(Item 1 Less Item 2)* *(To Part IV-Schedule 7.1, Item 7A)*	0

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Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
000 533 224 0000(	FILINVEST LAND INC

Schedule 7.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Regular Rate
***(DO NOT enter Centavos;** 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss Year Incurred	A. Amount	B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E)=A-(B+C+D)]
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO *(Sum of Items 4D to 7D)* *(To Part IV-Schedule 2 Item 10C)*				0	

Schedule 8 - Computation of Net Operating Loss Carry Over (NOLCO) for Special Rate (except those availing fiscal incentives)

(Attach Additional Sheet/s, if necessary)

1	Gross Income *(From Part IV-Schedule 2 Item 7B)*	0
2	Less: Ordinary Allowable Itemized Deductions *(From Part IV-Schedule 2 Item 8B)*	9,095,567
3	Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 8.1 Item 7A)*	(9,095,567)

Schedule 8.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Special Rate
***(DO NOT enter Centavos;** 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss Year Incurred	A. Amount	B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E)=A-(B+C+D)]
4	0	0	0	0	0	0
5	0	0	0	0	0	0
6	0	0	0	0	0	0
7	2023	9,095,567	0	0	0	9,095,567
8	Total NOLCO (Sum of Items 4D to 7D) (To Part IV-Schedule 2 Item 10B)				0	

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2021	0	61,367,536	61,367,536
2	2020	0	81,992,883	81,992,883
3		0	0	0

Continuation of Schedule 9 *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	61,367,536	0
2	0	0	81,992,883	0
3	0	0	0	0

4 Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV-Schedule 3 Item 23) 143,360,419

Schedule 10 – Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

	Particulars	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Net Income/(Loss) per Books	304,112,453	(8,895,938)	4,871,554,021	5,166,770,536
	Add: Non-Deductible Expenses/Taxable Other Income) *(specify below)*				
2	ACCRUED SALARIES EXPENSE	0	0	79,013,987	79,013,987
3	OTHERS	0	0	1,005,653,391	1,005,653,391
	(Add more...)				
4	Total *(Sum of Items 1 to 3)*	304,112,453	(8,895,938)	5,956,221,399	6,251,437,914
	Less: A) Non-Taxable Income and Income Subjected to Final Tax *(specify below)*				
5	DIVIDEND INCOME	0	0	1,421,246,530	1,421,246,530
6	OTHERS	189,850,904	199,629	1,674,483,173	1,864,533,706
	(Add more...)				
	B) Special Deductions *(specify below)*				
7		0	0	0	0
8		0	0	0	0
	(Add more...)				
9	Total *(Sum of Items 5 to 8)*	189,850,904	199,629	3,095,729,703	3,285,780,236
10	Net Taxable Income/(Loss) *(Item 4 Less Item 9)*	114,261,549	(9,095,567)	2,860,491,696	2,965,657,678

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Annual Income Tax Return
Part V – Mandatory Attachments Per Activity

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TIN	Registered Name
000 533 224 0000	FILINVEST LAND INC

Mark "X" the applicable Tax Regime ○ Exempt ◉ Special Rate

If there are two or more activities/projects under Exempt and/or Special Tax Regimes, accomplish Part V-Mandatory Attachments per Activity.

Part V - Mandatory Attachments Per Activity (Schedules Per Tax Regime)

Schedule A - Taxpayer's Activity Profile for Tax Relief Under Special Law/International Tax Treaty
(Accomplish the Mandatory Attachments for each of activity, as applicable)

1 Investment Promotion Agency (IPA)/Implementing Government Entity	PEZA
2 Legal Basis	RA 7916
3 Registered Activity/Program *(Registration No.)*	NA
4 Tax Rate	5.0 %
5 Effectivity Date of Tax Relief/Exemption *[From (MM/DD/YYYY)]*	
6 Expiration Date of Tax Relief/Exemption *[To (MM/DD/YYYY)]*	

Schedule B - Computation of Income Tax

1 Sales/Receipts/Revenues/Fees *(To Part IV Schedule 2 Item 1)*	0
2 Less: Sales Returns, Allowances and Discounts *(To Part IV Schedule 2 Item 2)*	0
3 Net Sales/Receipts/Revenues/Fees *(Item 1 Less Item 2)*	0
4 Less: Cost of Sales/Services *(To Part IV Schedule 2 Item 4)*	0
5 Gross Income from Operation *(Item 3 Less Item 4)*	0
6 Add:Other Taxable Income Not Subjected to Final Tax *(To Part IV Schedule 2 Item 6)*	0
7 Total Taxable Income *(Sum of Items 5 and 6)*	0
Less: Deductions Allowable under Existing Laws	
8 Ordinary Allowable Itemized Deductions *(From Schedule D Item 18) (To Part IV Schedule 2 Item 8)*	9,095,567
9 Special Allowable Itemized Deductions *(From Schedule E Item 5) (To Part IV Schedule 2 Item 9)*	0
10 NOLCO [Only for those taxable under Sec. 27 (A to C); Sec. 28(A)(1)(A)(6)(b) of the Tax Code, as amended] *(From Schedule F.1 Item 8) (To Part IV Schedule 2 Item 10)*	0
11 Total Itemized Deductions *(Sum of Items 8 to 10)*	9,095,567
12 Net Taxable Income/(Loss) *(Item 7 Less Item 11)*	(9,095,567)
13 Applicable Income Tax Rate	5.0 %
14 Tax Due *[Special:(Item 3 OR Item 7) X Item 13] [Exempt: Item 12 X Item 13 (0%)] (To Part IV-Schedule 2 Item 15)*	0

Schedule C - Tax Relief Availment

1 Regular Income Tax Otherwise Due *(Schedule B Item 12 X applicable regular income tax rate)*	0
2 Tax Relief on Special Allowable Itemized Deductions *(Schedule E Item 5 X applicable regular income tax rate)*	0
3 Sub Total - Tax Relief *(Sum of Items 1 & 2)*	0
4 Less: Income Tax Due *(From Schedule B Item 14)*	0
5 Tax Relief Availment Before Special Tax Credit *(Item 3 Less Item 4)*	0
6 Add: Special Tax Credit, if any *(From Part IV-Schedule 3 Item 29)*	0
7 Total Tax Relief Availment *(Sum of Items 5 & 6)*	0

Schedule D – Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable and Other Contributions	0
4 Depletion	0
5 Depreciation	0
6 Entertainment, Amusement and Recreation	3,620
7 Fringe Benefits	0
8 Interest	0

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Annual Income Tax Return
Part V – Mandatory Attachments Per Activity

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TIN	Registered Name
000 533 224 0000	FILINVEST LAND INC

Continuation of Schedule D

9 Losses	0
10 Pension Trusts	0
11 Rental	0
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	2,650,526
16 Transportation and Travel	76,850
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	0
c Security Services	0
d ADVERTISING AND PROMOTIONS	5,386
e COMMISSIONS	42,697
f INSURANCE	2,810
g MISCELLANEOUS	1,513
h OFFICE SUPPLIES	7,418
i OTHERS (Add more...)	6,304,747
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Schedule B Item 8)*	9,095,567

Schedule E - Special Allowable Itemized Deduction *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	
1			0
2			0
3			0
4	(Add more...)		0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4) (To Schedule B Item 9)*		0

Schedule F - Computation of Net Operating Loss Carry Over (NOLCO) ***(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)***

1 Gross Income *(From Schedule B Item 7)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Schedule D Item 18)*	9,095,567
3 Net Operating Loss *(Item 1 Less Item 2) (To Schedule F.1, Item 7A)*	(9,095,567)

Schedule F.1 - Computation of Available Net Operating Loss Carry Over (NOLCO)

	Net Operating Loss	
Year Incurred	A) Amount	B) NOLCO Applied Previous Year/s
4	0	0
5	0	0
6	0	0
7 2023	9,095,567	0

Continuation of Schedule F.1 *(Items numbers continue from table above)*

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4 0	0	0
5 0	0	0
6 0	0	0
7 0	0	9,095,567
8 Total NOLCO *(Sum of Items 4D to 7D) (To Sched. B Item 10)*	0	

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Annual Income Tax Return
Part V – Mandatory Attachments Per Activity

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TIN	Registered Name
000 533 224 0000	FILINVEST LAND INC

Mark "X" the applicable Tax Regime (X) **Exempt** ( ) **Special Rate**

If there are two or more activities/projects under Exempt and/or Special Tax Regimes, accomplish Part V-Mandatory Attachments per Activity.

Part V - Mandatory Attachments Per Activity (Schedules Per Tax Regime)

Schedule A - Taxpayer's Activity Profile for Tax Relief Under Special Law/International Tax Treaty
(Accomplish the Mandatory Attachments for each of activity, as applicable)

1 Investment Promotion Agency (IPA)/Implementing Government Entity	SOCIALIZED
2 Legal Basis	RA 7279
3 Registered Activity/Program *(Registration No.)*	NA
4 Tax Rate	0 %
5 Effectivity Date of Tax Relief/Exemption *[From (MM/DD/YYYY)]*	01/01/2023
6 Expiration Date of Tax Relief/Exemption *[To (MM/DD/YYYY)]*	12/31/2023

Schedule B - Computation of Income Tax

1 Sales/Receipts/Revenues/Fees *(To Part IV Schedule 2 Item 1)*	356,904,346
2 Less: Sales Returns, Allowances and Discounts *(To Part IV Schedule 2 Item 2)*	368,713
3 Net Sales/Receipts/Revenues/Fees *(Item 1 Less Item 2)*	356,535,633
4 Less: Cost of Sales/Services *(To Part IV Schedule 2 Item 4)*	284,891,770
5 Gross Income from Operation *(Item 3 Less Item 4)*	71,643,863
6 Add:Other Taxable Income Not Subjected to Final Tax *(To Part IV Schedule 2 Item 6)*	0
7 Total Taxable Income *(Sum of Items 5 and 6)*	71,643,863
Less: Deductions Allowable under Existing Laws	
8 Ordinary Allowable Itemized Deductions *(From Schedule D Item 18) (To Part IV Schedule 2 Item 8)*	102,207,119
9 Special Allowable Itemized Deductions *(From Schedule E Item 5) (To Part IV Schedule 2 Item 9)*	0
10 NOLCO [Only for those taxable under Sec. 27 (A to C); Sec. 28(A)(1)(A)(6)(b) of the Tax Code, as amended] *(From Schedule F.1 Item 8) (To Part IV Schedule 2 Item 10)*	0
11 Total Itemized Deductions *(Sum of Items 8 to 10)*	102,207,119
12 Net Taxable Income/(Loss) *(Item 7 Less Item 11)*	(30,563,256)
13 Applicable Income Tax Rate	0.0 %
14 Tax Due *[Special:(Item 3 OR Item 7) X Item 13] [Exempt: Item 12 X Item 13 (0%)]* *(To Part IV-Schedule 2 Item 15)*	0

Schedule C - Tax Relief Availment

1 Regular Income Tax Otherwise Due *(Schedule B Item 12 X applicable regular income tax rate)*	0
2 Tax Relief on Special Allowable Itemized Deductions *(Schedule E Item 5 X applicable regular income tax rate)*	0
3 Sub Total - Tax Relief *(Sum of Items 1 & 2)*	0
4 Less: Income Tax Due *(From Schedule B Item 14)*	0
5 Tax Relief Availment Before Special Tax Credit *(Item 3 Less Item 4)*	0
6 Add: Special Tax Credit, if any *(From Part IV-Schedule 3 Item 29)*	0
7 Total Tax Relief Availment *(Sum of Items 5 & 6)*	0

Schedule D – Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable and Other Contributions	0
4 Depletion	0
5 Depreciation	140,041
6 Entertainment, Amusement and Recreation	16,335
7 Fringe Benefits	0
8 Interest	79,062,281

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TIN	Registered Name
000 533 224 0000	FILINVEST LAND INC

Continuation of Schedule D

9 Losses	0
10 Pension Trusts	0
11 Rental	17,756
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	2,018,005
16 Transportation and Travel	293,986
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	4,500
c Security Services	0
d ADVERTISING AND PROMOTIONS	303,845
e COMMISSIONS	11,989,657
f COMMUNICATION, LIGHT AND WATER	82,956
g INSURANCE	43,756
h MISCELLANEOUS	121,687
i OTHERS (Add more...)	8,112,314
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i)* *(To Schedule B Item 8)*	102,207,119

Schedule E - Special Allowable Itemized Deduction *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	
1			0
2			0
3			0
4	(Add more...)		0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)* *(To Schedule B Item 9)*		0

Schedule F - Computation of Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

1 Gross Income *(From Schedule B Item 7)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Schedule D Item 18)*	0
3 Net Operating Loss *(Item 1 Less Item 2)* *(To Schedule F.1, Item 7A)*	0

Schedule F.1 - Computation of Available Net Operating Loss Carry Over (NOLCO)

	Net Operating Loss	
Year Incurred	A) Amount	B) NOLCO Applied Previous Year/s
4	0	0
5	0	0
6	0	0
7	0	0

Continuation of Schedule F.1 *(Items numbers continue from table above)*

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4 0	0	0
5 0	0	0
6 0	0	0
7 0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D)* *(To Sched. B Item 10)*	0	

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Annual Income Tax Return
Part V – Mandatory Attachments Per Activity

1702-MX 01/18ENCS P1m

TIN	Registered Name
000 533 224 0000	FILINVEST LAND INC

Mark "X" the applicable Tax Regime (X) **Exempt** ( ) **Special Rate**

If there are two or more activities/projects under Exempt and/or Special Tax Regimes, accomplish Part V-Mandatory Attachments per Activity.

Part V - Mandatory Attachments Per Activity (Schedules Per Tax Regime)

Schedule A - Taxpayer's Activity Profile for Tax Relief Under Special Law/International Tax Treaty
(Accomplish the Mandatory Attachments for each of activity, as applicable)

1 Investment Promotion Agency (IPA)/Implementing Government Entity	BOI
2 Legal Basis	CODE OF 1987
3 Registered Activity/Program *(Registration No.)*	2019-054
4 Tax Rate	0 %
5 Effectivity Date of Tax Relief/Exemption *[From (MM/DD/YYYY)]*	03/20/2019
6 Expiration Date of Tax Relief/Exemption *[To (MM/DD/YYYY)]*	12/31/2023

Schedule B - Computation of Income Tax

1 Sales/Receipts/Revenues/Fees *(To Part IV Schedule 2 Item 1)*	304,230,002
2 Less: Sales Returns, Allowances and Discounts *(To Part IV Schedule 2 Item 2)*	2,294
3 Net Sales/Receipts/Revenues/Fees *(Item 1 Less Item 2)*	304,227,708
4 Less: Cost of Sales/Services *(To Part IV Schedule 2 Item 4)*	153,160,599
5 Gross Income from Operation *(Item 3 Less Item 4)*	151,067,109
6 Add:Other Taxable Income Not Subjected to Final Tax *(To Part IV Schedule 2 Item 6)*	0
7 Total Taxable Income *(Sum of Items 5 and 6)*	151,067,109
Less: Deductions Allowable under Existing Laws	
8 Ordinary Allowable Itemized Deductions *(From Schedule D Item 18) (To Part IV Schedule 2 Item 8)*	6,242,304
9 Special Allowable Itemized Deductions *(From Schedule E Item 5) (To Part IV Schedule 2 Item 9)*	0
10 NOLCO [Only for those taxable under Sec. 27 (A to C); Sec. 28(A)(1)(A)(6)(b) of the Tax Code, as amended] *(From Schedule F.1 Item 8) (To Part IV Schedule 2 Item 10)*	0
11 Total Itemized Deductions *(Sum of Items 8 to 10)*	6,242,304
12 Net Taxable Income/(Loss) *(Item 7 Less Item 11)*	144,824,805
13 Applicable Income Tax Rate	0.0 %
14 Tax Due *[Special:(Item 3 OR Item 7) X Item 13] [Exempt: Item 12 X Item 13 (0%)] (To Part IV-Schedule 2 Item 15)*	0

Schedule C - Tax Relief Availment

1 Regular Income Tax Otherwise Due *(Schedule B Item 12 X applicable regular income tax rate)*	0
2 Tax Relief on Special Allowable Itemized Deductions *(Schedule E Item 5 X applicable regular income tax rate)*	0
3 Sub Total - Tax Relief *(Sum of Items 1 & 2)*	0
4 Less: Income Tax Due *(From Schedule B Item 14)*	0
5 Tax Relief Availment Before Special Tax Credit *(Item 3 Less Item 4)*	0
6 Add: Special Tax Credit, if any *(From Part IV-Schedule 3 Item 29)*	0
7 Total Tax Relief Availment *(Sum of Items 5 & 6)*	0

Schedule D – Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable and Other Contributions	0
4 Depletion	0
5 Depreciation	0
6 Entertainment, Amusement and Recreation	2,915
7 Fringe Benefits	0
8 Interest	707,500

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Annual Income Tax Return
Part V – Mandatory Attachments Per Activity

1702-MX 01/18ENCS P2m

TIN	Registered Name
000 533 224 0000	FILINVEST LAND INC

Continuation of Schedule D

9 Losses	0
10 Pension Trusts	0
11 Rental	843
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	169,835
16 Transportation and Travel	8,388
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	0
c Security Services	0
d ADVERTISING AND PROMOTIONS	615,085
e COMMISSIONS	4,669,791
f INSURANCE	36,220
g MISCELLANEOUS	28,598
h OFFICE SUPPLIES	433
i OTHER SERVICES (Add more...)	2,696
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i)* *(To Schedule B Item 8)*	6,242,304

Schedule E - Special Allowable Itemized Deduction *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	
1			0
2			0
3			0
4	(Add more...)		0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)* *(To Schedule B Item 9)*		0

Schedule F - Computation of Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

1 Gross Income *(From Schedule B Item 7)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Schedule D Item 18)*	0
3 Net Operating Loss *(Item 1 Less Item 2)* *(To Schedule F.1, Item 7A)*	0

Schedule F.1 - Computation of Available Net Operating Loss Carry Over (NOLCO)

	Net Operating Loss	
Year Incurred	A) Amount	B) NOLCO Applied Previous Year/s
4	0	0
5	0	0
6	0	0
7	0	0

Continuation of Schedule F.1 *(Items numbers continue from table above)*

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4 0	0	0
5 0	0	0
6 0	0	0
7 0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D)* *(To Sched. B Item 10)*	0	

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President and CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO

Signed this ___ day of ______ 2024.

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong
this ___ day of MAR 04 2024 affiant exhibiting to me ______________
as his/her competent evidence of identity.

Doc. No. 244;
Page No. 50;
Book No. 10;
Series of 2024

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7

COMPANY NAME

FILINVEST LAND, INC.

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

79 EDSA, Brgy. Highway Hills,
Mandaluyong City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,606	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

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

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

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying parent company financial statements of Filinvest Land, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements as at December 31, 2023 and 2022 and for the years then ended are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs) as modified by the application of the financial reporting reliefs issues and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the parent company financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company 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 Parent Company'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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Filinvest Land, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 29)	**₱3,197,386**	₱3,205,140
Contracts receivables (Notes 5, 7 and 29)	**1,837,829**	2,120,785
Contract assets (Notes 5 and 29)	**4,741,729**	5,399,792
Other receivables (Notes 8, 19 and 29)	**1,432,447**	1,262,623
Real estate inventories (Note 9)	**69,179,423**	68,430,419
Other current assets (Note 5 and 10)	**6,376,255**	5,812,157
Total Current Assets	**86,765,069**	86,230,916
Noncurrent Assets		
Contract assets - net of current portion (Notes 5 and 29)	**5,037,942**	5,083,164
Investments and advances in subsidiaries and associates (Notes 2, 11 and 19)	**23,730,788**	19,892,056
Investment properties (Note 12)	**58,744,589**	56,029,800
Property and equipment (Note 13)	**2,670,288**	2,567,891
Other noncurrent assets (Note 15)	**6,293,406**	6,671,598
Total Noncurrent Assets	**96,477,013**	90,244,509
TOTAL ASSETS	**₱183,242,082**	₱176,475,425
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 16 and 29)	**₱9,439,353**	₱8,399,615
Contract liabilities (Note 5)	**792,402**	1,012,294
Current portion of lease liabilities (Note 14)	**195,218**	246,051
Due to related parties (Notes 19 and 29)	**144,760**	581,560
Current portion of loans payable (Notes 17, 26 and 29)	**14,676,371**	6,985,891
Current portion of bonds payable (Notes 18, 26 and 29)	**1,697,345**	9,017,683
Total Current Liabilities	**26,945,449**	26,243,094
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 17, 26 and 29)	**12,756,214**	21,524,275
Bonds payable - net of current portion (Notes 18, 26 and 29)	**35,771,172**	26,115,346
Contract liabilities - net of current portion (Note 5)	**149,949**	283,068
Lease liabilities - net of current portion (Note 14)	**4,809,755**	4,378,800
Net retirement liabilities (Note 25)	**329,878**	353,795
Deferred income tax liabilities - net (Note 27)	**6,021,299**	5,741,467
Accounts payable and accrued expenses - net of current portion (Notes 16 and 29)	**5,954,463**	4,770,978
Total Noncurrent Liabilities	**65,792,730**	63,167,729
Total Liabilities	**92,738,179**	89,410,823

(Forward)

	December 31	
	2023	2022
Equity		
Common stock (Note 26)	**₱24,470,708**	₱24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)	**60,548,081**	57,108,780
Remeasurement on retirement plan (Note 25)	**16,453**	16,453
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Total Equity	**90,503,903**	87,064,602
TOTAL LIABILITIES AND EQUITY	**₱183,242,082**	₱176,475,425

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
REVENUE		
Real estate sales (Note 5)	**₱14,474,588**	₱12,820,185
Rental services (Notes 5, 12, 14 and 15)	**3,259,249**	2,545,229
	17,733,837	15,365,414
OTHER INCOME		
Dividend income (Notes 11 and 19)	**1,421,247**	1,292,581
Interest income (Notes 6, 7, 19 and 23)	**222,035**	329,879
Others - net (Notes 19 and 24)	**223,174**	196,644
	19,600,293	17,184,518
COSTS		
Real estate sales (Note 9)	**8,104,930**	7,343,258
Rental services (Notes 12, 15 and 20)	**1,326,893**	1,240,636
OPERATING EXPENSES		
General and administrative expenses (Note 21)	**2,149,529**	1,883,611
Selling and marketing expenses (Note 22)	**1,322,428**	1,163,525
INTEREST AND OTHER FINANCE CHARGES (Notes 17, 18 and 23)	**1,529,742**	1,453,708
	14,433,522	13,084,738
INCOME BEFORE INCOME TAX	**5,166,771**	4,099,780
PROVISION FOR INCOME TAX (Note 27)	**851,599**	662,981
NET INCOME	**₱4,315,172**	₱3,436,799

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
NET INCOME	**₱4,315,172**	₱3,436,799
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss		
Remeasurement gain on retirement plan, net of tax (Note 25)	−	61,997
TOTAL COMPREHENSIVE INCOME	**₱4,315,172**	₱3,498,796

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Remeasurement on Retirement Plan (Note 25)	Revaluation Reserve on Financial Assets at FVOCI (Note 15)	Total
					For the Year Ended December 31, 2023			
Balance as January 1, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱57,108,780**	**₱16,453**	**(₱2,619)**	**₱87,064,602**
Net income	–	–	–	–	**4,315,172**	–	–	**4,315,172**
Dividends (Note 26)	–	–	–	–	**(875,871)**	–	–	**(875,871)**
Balances as of December 31, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱60,548,081**	**₱16,453**	**(₱2,619)**	**₱90,503,903**
					For the Year Ended December 31, 2022			
Balance as January 1, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,814,920	(₱45,544)	(₱2,619)	₱84,708,745
Net income	–	–	–	–	3,436,799	–	–	3,436,799
Other comprehensive income	–	–	–	–	–	61,997	–	61,997
Total comprehensive income	–	–	–	–	3,436,799	61,997	–	3,498,796
Dividends (Note 26)	–	–	–	–	(1,142,939)	–	–	(1,142,939)
Balances as of December 31, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱57,108,780	₱16,453	(₱2,619)	₱87,064,602

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,166,771**	₱4,099,780
Adjustments for:		
Interest expense and amortization of transaction cost (Notes 17, 18 and 23)	**1,377,585**	1,431,961
Depreciation and amortization (Notes 12, 13, and 15)	**1,130,146**	986,910
Net pension expense, net of contribution and benefits paid (Note 25)	**(23,917)**	31,142
Interest income (Note 23)	**(222,035)**	(329,879)
Dividend income (Note 11 and 19)	**(1,421,247)**	(1,292,581)
Operating income before changes in operating assets and liabilities	**6,007,303**	4,927,333
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivable	**282,957**	3,165,548
Contract assets	**703,284**	(2,152,381)
Other receivables	**(169,824)**	(152,489)
Real estate inventories	**(32,123)**	(1,078,474)
Other assets	**562,623**	(548,688)
Increase (decrease) in:		
Accounts payable and accrued expenses	**2,688,158**	(1,556,338)
Due to related parties (Notes 19 and 29)	**(436,800)**	379,487
Contract liabilities	**(353,010)**	(648,878)
Net cash from operations	**9,252,568**	2,335,120
Income taxes paid	**(715,127)**	(350,302)
Interest received	**222,035**	329,879
Net cash provided by operating activities	**8,759,476**	2,314,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment properties and property and equipment (Notes 12 and 13)	**(3,240,783)**	(4,745,010)
Increase in investments and advances in subsidiaries and associates (Note 11)	**(3,425,820)**	(1,501,752)
Additions to build, transfer and operate rights (Note 15)	**(500,111)**	(1,393,410)
Investment in bonds (Note 15)	**–**	(150,000)
Cash dividends received (Note 11 and 19)	**1,421,247**	1,292,581
Net cash used in investing activities	**(5,745,467)**	(6,497,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Loans payable (Notes 17 and 29)	**17,555,000**	11,405,000
Bonds payable (Note 18)	**11,430,800**	11,900,000
Payments of:		
Lease liabilities (Note 14)	**(332,040)**	(272,588)
Loans payable (Note 17)	**(18,640,379)**	(10,543,939)
Bonds payable (Note 18)	**(9,035,400)**	(7,000,000)
Interest and transaction costs	**(3,123,873)**	(2,799,612)
Cash dividend (Notes 26 and 29)	**(875,871)**	(1,140,526)
Net cash provided by (used in) financing activities	**(3,021,763)**	1,548,335
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,754)**	(2,634,559)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,205,140**	5,839,699
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,197,386**	₱3,205,140

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the Parent Company or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company offers a range of products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Parent Company also leases out commercial spaces in a mall in Muntinlupa City, Cavite and Cebu City.

The Parent Company is a subsidiary of Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALGI) is its ultimate parent company. Both FDC and ALGI are domiciled in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

Approval of the Parent Company Financial Statements
The parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 27, 2024.

2. Material Accounting Policy Information

Basis of Preparation
The parent company financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Amounts are in thousand ₱ except as otherwise stated.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the following reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of International Financial Reporting Interpretation Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS 23), *Borrowing Cost*).

The Parent Company also prepares and issues consolidated financial statements for the same period as the Parent Company financial statements presented in accordance with PFRSs as modified by the application of reporting reliefs issued and approved by the SEC, available at the Parent Company's registered address.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2023. The adoption of these amendments to existing standards and interpretations did not have an impact on the financial statements of the Parent Company.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments had no material impact on the Parent Company.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendment to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Future Changes in Accounting Policy

Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

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

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

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

  After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

  The Parent Company availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively. The Parent Company will adopt the guidance using the modified retrospective approach. The adoption of this guidance will impact interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings.

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

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

  The IFRIC agenda decision would change the Parent Company's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023.

The Parent Company opted to avail of the relief as provided by the SEC. Had the Parent Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. The Parent Company will adopt the IFRIC agenda decision using the modified retrospective approach. Adoption of this guidance would have impacted net income, real estate inventories, provision for deferred income tax, deferred tax liability, interest and other financing charges and the opening balance of retained earnings for the statement of financial position, and the cash flows from operations and financing activities for the statement of cash flows.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosure: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

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

Deferred effectivity

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

Material Accounting Policies

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

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

The principal or the most advantageous market must be accessible to the Parent Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

<u>Financial Instruments</u> *(Date of recognition)*
Financial assets and liabilities are recognized in the parent company statement of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

<u>Recognition and Measurement of Financial Instruments</u>
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

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

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

As of December 31, 2023 and 2022, the Parent Company's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

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

The Parent Company classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 28).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the parent company statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Parent Company's investments in quoted and unquoted shares of stocks (see Notes 15 and 28).

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

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

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Parent Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

As of December 31, 2023 and 2022, loans and borrowings consist primarily of accounts payable and accrued expenses, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 14, 16, 17, 18 and 19).

Impairment of Financial Assets and Contract Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or,
- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in parent company statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development

Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Parent Company such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Lots, condominium and residential units for sale" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are accounted for using the cost method less accumulated provisions for impairment losses in the parent company financial statements.

The Parent Company's investment in subsidiaries and associates, the related percentages of ownership and nature of business as at December 31, 2023 and 2022 are as follows:

Entity Name	**Nature of Business**	**2023**	2022
Subsidiaries			
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate development	**100%**	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%
Niyog Property Holdings, Inc. (NPHI)[2]	Real estate developer	**100%**	–
Cajel Realty Corporation (CRC)[2]	Real estate developer	**100%**	–
SJR Developers, Inc. (SDI)[3]	Real estate developer	**100%**	100%
Filinvest REIT Corp. (FILRT)[2]	Leasing	**63%**	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%
ProOffice Works Services, Inc. (ProOffice)[3]	Property management	**100%**	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%
FSM Cinemas, Inc. (FSM Cinemas)[4]	Theater operator	**60%**	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational sports and nature club	**98%**	98%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%
Nature Specialists, Inc. (NSI)	Hospitality management	**75%**	75%
FREIT Fund Managers, Inc.	Fund Manager	**100%**	100%
Co-Living Pro Managers Corp. (CPMC)	Dormitels	**100%**	100%
OurSpace Solutions, Inc. (OSI)	Coworking spaces	**70%**	100%

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 11).*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70% ownership in OSI (see Note 11).*

<u>Investment Properties</u>
Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

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

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of income in the year of retirement or disposal.

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

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the parent company statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the parent company statement of income.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the parent company statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets are carried at cost and pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

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

Impairment of Nonfinancial Assets
The carrying values of investment in subsidiaries, associates, right-of-use assets, property and equipment, investment properties, development rights and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income.

Revenue Recognition
Revenue from Contract with Customers
The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.
The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The Group recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract asset in the consolidated statement of financial position

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

Real estate sales
The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the parent company statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area charges and air conditioning dues (included as part of 'Rental services')
CUSA charges are recognized when the related services are rendered. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Parent Company determined that it is acting as an agent because the promise of the Parent Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Parent Company, are primarily responsible for the provisioning of the utilities while the Parent Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

Theater and parking sales and snack bar sales (included as part of 'Rental and related services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

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

Contract Balances
Contracts receivables
A receivable represents the Parent Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

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

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

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expense" account in the parent company statement of income.

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

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

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

The Parent Company's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

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

At each reporting date, the Parent Company determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental Income

Rental income arising from investment properties are recognized in the parent company statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

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

Costs and expenses are recognized in the parent company statement of income:

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

Expenses

"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Parent Company. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the parent company statement of income as incurred based on the amounts paid or payable.

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

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

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the parent company statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC MC 34-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2023. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity
Common and Preferred Stock
The Parent Company records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Parent Company considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Parent Company purchases its capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Treasury Stock
Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Parent Company, and any other adjustments to it as required by other standards, less dividends declared. Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

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

Deferred Income Tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in parent company statement of comprehensive income and not in the parent company statement of income.

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

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

Company as Lessor
Leases where the Parent Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Lease Modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Parent Company waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 14).

Company as Lessee
Except for short-term leases and lease of low-value assets, the Parent Company applies a single recognition and measurement approach for all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets
The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling

and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) Lease liabilities

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

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

iii) Short-term leases and leases of low-value assets

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

Segment Reporting

The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Parent Company's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 4 to the parent company financial statements.

Provisions
A provision is recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Parent Company expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

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

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

The preparation of the parent company financial statements in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the parent company financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Parent Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the parent company financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

   In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

b. Collectability is also assessed by considering factors such as historical experience with customers, and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

c. Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

Evaluation of Impairment on Nonfinancial Assets
The Parent Company reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges from the lessees of its commercial spaces.

The Parent Company applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16. In making this judgment, the Parent Company determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Parent Company assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rental concessions granted by the Parent Company for the years ended December 31, 2023 and 2022 amounted to ₱50.23 million and ₱286.75 million (see Notes 5 and 14).

Contingencies
In the normal course of business, the Parent Company is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Parent Company currently does not believe these proceedings will have material or adverse effect on the Parent Company's financial position and results of operations (see Note 30).

Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revenue Recognition and Measure of Progress for Real Estate Sales
The Parent Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g., commission), is determined using the percentage of completion.

For the years ended December 31, 2023 and 2022, real estate sales amounted to ₱14.47 billion and ₱12.82 billion, respectively (see Note 5).

Evaluation of Impairment of Contract Receivables and Contract Assets
The Parent Company uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's contract receivables and contract assets is disclosed in Note 7.

The carrying values of contract receivables and contract assets are as follows:

	2023	2022
	(In Thousands)	
Contracts receivables (Note 7)	**₱1,837,829**	₱2,120,785
Contract assets (Note 5)	**9,779,671**	10,482,956

Leases - Estimating the incremental borrowing rate to measure lease liabilities
The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The incremental borrowing rate used by the Parent Company to measure lease liabilities is 8.18% to 8.54% in 2023 and 2022.

The Parent Company's lease liabilities amounted to ₱5.00 billion and ₱4.62 billion as of December 31, 2023 and 2022, respectively (see Note 14).

Estimating NRV of Real Estate Inventories
The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2023 and 2022, the carrying amount of real estate inventories amounted to ₱69.18 billion and ₱68.43 billion, respectively (see Note 9). No impairment adjustments were recognized in 2023 and 2022 since the costs are lower than NRV.

Recognition of Deferred Income Tax Assets
The Parent Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

As of December 31, 2023 and 2022, the Parent Company recognized gross deferred tax assets amounting to ₱1,425.54 million and ₱1,456.47 million, respectively (see Note 27).

Fair Values of Assets and Liabilities
The Parent Company carries and discloses certain assets and liabilities at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these assets and liabilities would affect directly the parent company statement of income and other comprehensive income (see Note 28).

4. Segment Reporting

For management purposes, the Parent Company is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings.

Leasing
This involves the operations of commercial, offices and industrial spaces located in various cities and municipalities, namely, Muntinlupa, Cavite, Calamba, Makati, Quezon City, Mandaluyong, Dumaguete and Cebu.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on profit or loss or net income.

The chief operating decision-maker of the Parent Company is the Executive Committee. The committee reviews internal reports in order to assess performance and allocate resources.

Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Parent Company currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2023 and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the total revenue from external customers.

The financial information about the financial position and results of operations of these business segments for the years ended December 31, 2023 and 2022 are summarized below.

	2023		
	Real Estate Operations	**Leasing Operations**	**Total**
		(In Thousands)	
Revenue	**₱14,474,588**	**₱3,259,249**	**₱17,733,837**
Net income	**₱3,729,290**	**₱585,882**	**₱4,315,172**
EBITDA	**₱5,505,466**	**₱2,321,193**	**₱7,826,659**
Segment assets	**₱123,476,721**	**₱59,765,361**	**₱183,242,082**
Segment liabilities	**₱80,551,022**	**₱12,187,157**	**₱92,738,179**
Less deferred tax liabilities – net	**5,990,746**	**30,553**	**6,021,299**
Net segment liabilities	**₱74,560,276**	**₱12,156,604**	**₱86,716,880**
Cash flows from (used in):			
Operating activities	**5,368,606**	**3,390,870**	**8,759,476**
Investing activities	**(616,726)**	**(5,128,741)**	**(5,745,467)**
Financing activities	**(4,306,123)**	**1,284,360**	**(3,021,763)**

	2022		
	Real Estate Operations	Leasing Operations	Total
		(In Thousands)	
Revenue	₱12,820,185	₱2,545,229	₱15,365,414
Net income	₱3,549,555	(₱112,756)	₱3,436,799
EBITDA	₱5,072,149	₱1,468,249	₱6,540,398
Segment assets	₱109,680,161	₱66,795,264	₱176,475,425
Segment liabilities	₱76,256,904	₱13,133,254	₱89,390,158
Less deferred tax liabilities - net	5,534,967	(48,404)	5,486,563
Net segment liabilities	₱70,721,937	₱13,181,658	₱83,903,595
Cash flows from (used in):			
Operating activities	841,564	1,093,646	1,935,210
Investing activities	(4,801,164)	(1,696,427)	(6,497,591)
Financing activities	3,010,692	(1,082,870)	1,927,822

The following table shows a reconciliation of the total earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to total income before income tax in the parent company statements of income.

	2023	2022
	(In Thousands)	
EBITDA	**₱7,826,659**	₱6,540,398
Depreciation and amortization (Notes 12, 13 and 15)	**(1,130,146)**	(986,910)
Operating profit	**6,696,513**	5,553,488
Interest and other finance charges (Note 23)	**(1,529,742)**	(1,453,708)
Income before income tax	**₱5,166,771**	₱4,099,780

5. Revenue from Contracts with Customers

Disaggregated Revenue Information
The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2023	2022
	(In Thousands)	
Real estate sales by market segment		
Medium income	**₱9,823,683**	₱8,899,175
Low affordable and affordable	**3,367,527**	2,661,307
High-end and others	**855,169**	1,026,177
Socialized	**428,209**	233,526
	14,474,588	12,820,185
Tenant dues		
Mall operations	**360,561**	326,351
Office leasing	**164,687**	148,407
	525,248	474,758
Rental and related services		
Mall operations	**1,720,943**	1,522,041
Office leasing	**1,013,058**	548,430
	2,734,001	2,070,471
Total Revenue	**₱17,733,837**	₱15,365,414

As of December 31, 2023, contract balances is as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱1,837,829**	**₱–**	**₱1,837,829**
Contract asset	**4,741,729**	**5,037,942**	**9,779,671**
Contract liabilities	**792,402**	**149,949**	**942,351**

As of December 31, 2022, contract balances is as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱2,120,785	₱–	₱2,120,785
Contract asset	5,399,792	5,083,164	10,482,956
Contract liabilities	1,012,294	283,068	1,295,362

Real estate sales contracts are collectible in monthly principal installments with varying periods within two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration that was already delivered by the Parent Company in excess of the amount recognized as installment contracts receivable. This is reclassified as contracts receivable when the monthly amortization of the customer is already due for collection.

In 2023 and 2022, the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2023 and 2022, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱5.43 billion and ₱2.18 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Parent Company based on percentage of completion. The movement in contract liability mainly due to revenue recognition of completed performance obligations. The amount of revenue recognized in 2023 and 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱1.08 billion and ₱1.31 billion, respectively.

Performance Obligation
Information about the Parent Company's performance obligations are summarized below:

Real estate sales
The Parent Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (a) lot; (b) house and lot and (c) condominium unit and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Parent Company provides one-year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2023 and 2022 amounted to ₱2.91 billion and ₱3.14 billion, respectively. Performance obligation for the transaction price amounting to ₱2.45 billion and ₱2.31 billion will be satisfied within one year as of December 31, 2023 and 2022, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of utilities and (c) provision of air conditioning and CUSA services presented as tenant dues (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets
As at December 31, the rollforward of the cost to obtain contract included in the other current assets is as follows:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱473,852**	₱474,282
Additions	**632,296**	702,663
Amortization (Note 22)	**(738,634)**	(703,093)
Balance at end of year (Note 10)	**₱367,514**	₱473,852

For the years ended December 31, 2023 and 2022, additions to contract fulfillment costs amounted to ₱648.65 million and ₱786.78 million, respectively. Amortization of contract fulfillment costs amounted to ₱1.07 billion and ₱1.06 billion for the years ended December 31, 2023 and 2022, respectively. Contract fulfillment assets is included as part of real estate inventories.

The Parent Company reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract.

In determining the estimated amount of consideration, the Parent Company used the same principles as it does to determine the contract transaction price.

In line with the Parent Company's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
	(In Thousands)	
Cash on hand and in banks	**₱2,925,085**	₱2,897,440
Cash equivalents	**272,301**	307,700
	₱3,197,386	₱3,205,140

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Parent Company's cash and cash equivalents amounted to ₱22.09 million and ₱35.57 million in 2023 and 2022, respectively (see Note 23).

There is no cash restriction on the Parent Company's cash and cash equivalents as at December 31, 2023 and 2022.

7. Contracts Receivable

This account consists of:

	2023	2022
	(In Thousands)	
Contracts receivable	**₱1,582,485**	₱1,898,753
Receivables from government and financial institutions	**255,344**	222,032
	₱1,837,829	₱2,120,785

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Parent Company records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 5).

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱173.47 million and ₱273.88 million in 2023 and 2022, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Parent Company has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2023 and 2022, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱361.45 million and ₱534.05 million, respectively. As of December 31, 2023 and 2022, the remaining unutilized guaranty line amounts to ₱1.37 billion and ₱1.43 billion, respectively.

As of December 31, 2023 and 2022, no impairment losses were recognized from contract receivables.

8. Other Receivables

This account consists of:

	2023	2022
	(In Thousands)	
Receivable from tenants	**₱701,575**	₱582,995
Advances to officers and employees	**368,232**	229,982
Receivables from homeowners' associations	**227,671**	286,148
Due from related parties (Note 19)	**144,408**	136,281
Others	**13,736**	48,312
	1,455,622	1,283,718
Less: Allowance for expected credit losses	**23,175**	21,095
	₱1,432,447	₱1,262,623

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱7.31 million and ₱5.23 million as of December 31, 2023 and 2022, respectively.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Parent Company's projects for the payments of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2023 and 2022.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

“Receivables from buyers” mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

“Others” represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

9. Real Estate Inventories and Land and Land Development

This account consists of:

	2023	2022
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱45,048,782**	₱44,547,292
Land and land development	**24,130,641**	23,883,127
	₱69,179,423	₱68,430,419

A summary of the movement in lots, condominium and residential units is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱44,547,292**	₱43,120,197
Land costs transferred from land and land development	**648,649**	786,781
Net transfers (Note 12)	**–**	(80,520)
Construction/development costs incurred	**7,257,925**	7,488,009
Capitalized borrowing costs	**699,846**	576,083
Cost of real estate sales	**(8,104,930)**	(7,343,258)
Balance at end of year	**₱45,048,782**	₱44,547,292

Capitalization rate for the capitalized borrowing costs is 5.1% and 4.7% in 2023 and 2022, respectively.

A summary of the movement in land and land development is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱23,883,127**	₱22,711,699
Land acquisitions	**22,379**	713,700
Land cost transferred to real estate inventories	**(648,649)**	(786,781)
Site development and incidental costs	**873,784**	1,244,509
Balance at end of year	**₱24,130,641**	₱23,883,127

As of December 31, 2023 and 2022, on account additions to land and land development during the year which remain outstanding amounted to ₱3,991.74 million and ₱4,594.88 million, respectively, and these are recognized as part of “Accounts payable and accrued expense” (see Note 16).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing amounted to ₱620.18 million and ₱430.55 million in 2023 and 2022, respectively. Capitalization rate is 5.1% and 4.7% in 2023 and 2022, respectively.

10. **Other Current Assets**

This account consists of

	2023	2022
	(In Thousands)	
Input taxes - net	**₱3,512,499**	₱3,436,634
Creditable withholding taxes	**1,261,505**	1,130,398
Advances to contractors and suppliers	**436,797**	313,696
Cost to obtain contract (Note 5)	**367,514**	473,852
Construction materials and supplies	**356,983**	252,220
Prepaid expenses and others	**349,391**	130,536
Short-term deposits (Note 29)	**91,566**	74,821
	₱6,376,255	₱5,812,157

"Input taxes" pertains to VAT passed on from purchases of goods and services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which are creditable against the income tax payable.

"Cost to obtain contract" includes commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

"Advances to contractors and suppliers" pertain to down payments made for real estate inventories by Parent Company which are applied against future billings for development and construction contracts.

"Construction materials and supplies" pertains to inventories to be used in the construction and maintenance of projects.

"Prepaid expenses" consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

11. Investments and Advances in Subsidiaries and Associates

This account consists of:

	2023	2022
	(In Thousands)	
At cost		
Subsidiaries		
FILRT	**₱4,277,826**	₱4,277,826
FCMI	**2,100,000**	1,525,000
GPRDI	**1,944,857**	1,944,857
FCI	**1,750,000**	1,750,000
FLTI	**871,250**	871,250
FAPI	**863,414**	863,414
FAC	**714,050**	714,050
FCGC	**685,550**	435,550
NPHI	**544,440**	–
FLC	**517,195**	517,195
PDDC	**210,000**	210,000
Homepro	**125,938**	125,938
CRC	**88,818**	–
OSI	**70,000**	20,000
FFMI	**50,000**	50,000
NSI	**47,250**	47,250
CPMC	**25,000**	25,000
PPI	**20,000**	20,000
Pro-Office	**17,163**	17,163
PLIL	**14,854**	14,854
RPI	**10,000**	10,000
FLMI	**6,250**	6,250
TLHI	**2,994**	2,994
FSI	**1,250**	1,250
SDI	**1,000**	1,000
Promax	**400**	400
Prosper	**100**	100
Leisurepro	**100**	100
Associates		
FAI	**798,909**	798,909
DPI	**90,000**	90,000
CTI	**51,300**	51,300
FMI	**37,829**	37,829
Pro-Excel	**28,462**	28,462
SharePro, Inc.	**11,250**	11,250
Pro-Active	**10,000**	–
	15,987,449	14,469,191
Advances to associates and subsidiaries (Note 19)	**7,765,707**	5,445,233
	23,753,156	19,914,424
Allowance for impairment loss	**(22,368)**	(22,368)
	₱23,730,788	₱19,892,056

NPHI and CRC
On July 14, 2023, the Parent Company entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million, taking over the two latter companies' joint land development activities in Bacoor City, Cavite.

FCMI
In 2023, The Parent Company paid the remaining subscription payable to FCMI amounting to ₱575 million divided into (a) 75 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱75 million and (b) 500 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱500 million.

FCGC
In 2023, The Parent Company the paid the subscription payable to FCGC amounting to ₱250 million divided into (a) 170 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱170 million and (b) 80 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱80 million.

OSI
In 2022, the Parent Company subscribed and paid ₱20.00 million equivalent to 100% of OSI's outstanding shares. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Communicty, Inc. (KCI) and FLI. On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI's 70% ownership in OSI for a total consideration of ₱30.00 million.

FAI
The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing. On December 28, 2022, Filinvest Alabang, Inc. (FAI) entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-Excel Property Managers, Inc. (Pro-Excel) to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

SDI
On December 14, 2022, the Parent Company entered into a Deed of Assignment to purchase 100% ownership in SJR Developers, Inc. (SDI). The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

DPI
The Parent Company has a 45% interest in DPI which is operating in the Philippines and handles the project construction management for the Parent Company

CTI
The Parent Company has a 30% interest in CTI which is operating in the Philippines. CTI is primarily involved in information technology service management.

FMI
The Parent Company has a 47.5% interest in FMI which is operating in the Philippines and handles the lease of the Mimosa Leisure Estate.

Pro-Excel
On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%.

SPI
The Parent Company has a 45% interest in SPI which is operating in the Philippines and handles the technical and project management services for the Parent Company.

Pro-Active
On August 9, 2023, ProActive was incorporated in the Philippines to handle the business process outsourcing services of the Group. The Parent Company subscribed for 40.0% of ProActive's capital stock amounting to ₱10.00 million.

The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2023 and 2022.

Cash dividends
In 2023 and 2022, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.42 billion and ₱1.29 billion, respectively.

12. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2023					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 14)	**Total**
			(In Thousands)			
Cost						
Balances at beginning of year	**₱14,366,616**	**₱22,721,677**	**₱328,321**	**₱18,408,168**	**₱4,138,726**	**₱59,963,508**
Additions	**6,796**	**1,426,272**	**13,263**	**1,819,691**	**278,203**	**3,544,225**
Reclassification (Note 15)	–	–	–	–	**(86,383)**	**(86,383)**
Balances at end of year	**14,373,412**	**24,147,949**	**341,584**	**20,227,859**	**4,330,546**	**63,421,350**
Accumulated Depreciation						
Balances at beginning of year	–	**3,180,060**	**265,996**	–	**487,652**	**3,933,708**
Depreciation (Notes 20 and 21)	–	**564,888**	**4,987**	–	**179,823**	**749,698**
Reclassification (Note 15)	–	–	–	–	**(6,645)**	**(6,645)**
Balances at end of year	–	**3,744,948**	**270,983**	–	**660,830**	**4,676,761**
Net Book Value	**₱14,373,412**	**₱20,403,001**	**₱70,601**	**₱20,227,859**	**₱3,669,716**	**₱58,744,589**

	2022					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱13,316,495	₱22,384,811	₱316,557	₱16,241,489	₱4,138,726	₱56,398,078
Additions	955,514	390,909	11,764	2,155,708	–	3,513,895
Transfers (Note 9)	94,607	(54,043)	–	10,971	–	51,535
Balances at end of year	14,366,616	22,721,677	328,321	18,408,168	4,138,726	59,963,508
Accumulated Depreciation						
Balances at beginning of year	–	2,693,879	259,118	–	370,128	3,323,125
Depreciation (Notes 20 and 21)	–	515,166	6,878	–	117,524	639,568
Transfers (Note 9)	–	(28,985)	–	–	–	(28,985)
Balances at end of year	–	3,180,060	265,996	–	487,652	3,933,708
Net Book Value	₱14,366,616	₱19,541,617	₱62,325	₱18,408,168	₱3,651,074	₱56,029,800

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On June 1, 2022, the Parent Company entered into a Deed of Absolute Sale for the purchase of five (5) parcels of land with a total area of 82,692 sq.m. located at San Jose Del Monte, Bulacan, for a total selling price of ₱1.31 billion. These were acquired for the development of residential mid-rise buildings and mixed-use commercial spaces such as offices, retail establishments, and data centers. As such, ₱657.44 million is presented as part of land and land development under the 'Real estate inventories' in the statement of financial position (see Note 9). The acquisition is fully paid in 2022.

Borrowing costs capitalized as part of investment properties amounted to ₱717.39 million and ₱637.13 million in 2023 and 2022, respectively. The capitalization rate used is 5.1% and 4.7% in 2023 and 2022, respectively. The aggregate fair value of the Parent Company's investment properties amounted to ₱113.20 billion and ₱111.85 billion as of December 31, 2023 and 2022, respectively based on third party appraisals performed by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for buildings and Market approach for land.

Under the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value.

These include the income produced by the property for buildings and significant unobservable inputs to valuation of investment properties the price per square meter ranging from ₱46,000 to ₱275,000 for the land.

Rental income from investment properties amounted to ₱3.11 billion and ₱2.41 billion in 2023 and 2022, respectively. Cost of rental services from investment properties amounted to ₱1,134.24 million and ₱1,088.19 million in 2023 and 2022, respectively (see Note 20).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2023						
	Land, Buildings and Improvements	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱722,875**	**₱2,605,023**	**₱179,386**	**₱90,973**	**₱63,476**	**₱21,227**	**₱3,682,960**
Additions	**1,394**	**216,690**	**38,527**	**12,501**	**16,920**	**359**	**286,391**
Balances at end of year	**724,269**	**2,821,713**	**217,913**	**103,474**	**80,396**	**21,586**	**3,969,351**
Accumulated Depreciation							
Balances at beginning of year	**220,644**	**616,862**	**151,510**	**62,936**	**63,117**	**–**	**1,115,069**
Depreciation (Notes 20 and 21)	**11,792**	**128,475**	**15,083**	**11,678**	**16,966**	**-**	**183,994**
Balances at end of year	**232,436**	**745,337**	**166,593**	**74,614**	**80,083**	**-**	**1,299,063**
Net Book Value	**₱491,833**	**₱2,076,376**	**₱51,320**	**₱28,860**	**₱313**	**₱21,586**	**₱2,670,288**

	2022						
	Land, Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱707,364	₱1,679,027,	₱170,140	₱60,902	₱63,476	₱21,036	₱2,701,945
Additions	15,511	925,996	9,246	30,071	–	191	981,015
Balances at end of year	722,875	2,605,023	179,386	90,973	63,476	21,227	3,682,960
Accumulated Depreciation							
Balances at beginning of year	208,942	457,500	140,745	49,876	63,117	–	920,180
Depreciation (Notes 20 and 21)	11,702	159,362	10,765	13,060	–	–	194,889
Balances at end of year	220,644	616,862	151,510	62,936	63,117	–	1,115,069
Net Book Value	₱502,231	₱1,988,161	₱27,876	₱28,037	₱359	₱21,227	₱2,567,891

14. Leases

The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee.

Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Company as lessee
The Parent Company has lease contracts for land. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

As at December 31, 2023 and 2022, the rollforward analysis of right-of-use assets on land follows (see Note 12):

	2023		
	Investment Properties (Note 12)	**Other Noncurrent Assets** (Note 15)	**Total**
		(In Thousands)	
Cost			
At January 1	**₱4,138,726**	**₱–**	**₱4,138,726**
Additions	**278,203**	**–**	**278,203**
Reclassification	**(86,383)**	**86,383**	**–**
At December 31	**4,330,546**	**86,383**	**4,416,929**
Accumulated Depreciation			
At January 1	**487,652**	**–**	**487,652**
Depreciation (Note 21)	**179,823**	**3,798**	**183,621**
Reclassification	**(6,645)**	**6,645**	**–**
As at December 31	**660,830**	**10,443**	**671,273**
Net Book Value	**₱3,669,716**	**₱75,940**	**₱3,745,656**

	2022		
	Investment Properties (Note 12)	Other Noncurrent Assets (Note 15)	Total
		(In Thousands)	
Cost			
At January 1 and December 31	₱4,138,726	₱–	₱4,138,726
Accumulated Depreciation			
At January 1	370,128	–	370,128
Depreciation (Note 21)	117,524	–	117,524
As at December 31	487,652	–	487,652
Net Book Value	₱3,651,074	₱–	₱3,651,074

The Parent Company renewed its lease agreement with FILRT for the office space located in Alabang. The lease term is 10 years, renewable for another 5 years or 10 years upon mutual agreement by the parties.

The following are the amounts recognized in the parent company statement of income for the years ended December 31:

	2023	2022
	(In Thousands)	
Depreciation expense of right-of-use assets (included in cost of rental services) (Note 20)	**₱179,823**	₱117,524
Interest expense on lease liabilities (included in interest and other finance charges) (Note 23)	**433,959**	380,169
Rent expense on low value assets (included in general and administrative expense) (Note 21)	**8,160**	15,478
	₱621,942	₱513,171

As at December 31, the rollforward analysis of lease liabilities follows:

	2023	2022
	(In Thousands)	
At January 1	**₱4,624,851**	₱4,517,270
Additions	**278,203**	–
Interest expense (Note 23)	**433,959**	380,169
Payments	**(332,040)**	(272,588)
As at December 31	**5,004,973**	4,624,851
Lease liabilities - current portion	**195,218**	246,051
Lease liabilities - net of current portion	**₱4,809,755**	₱4,378,800

The Parent Company also has certain lease of parking space considered as 'low-value assets'. The Parent Company applies the lease of 'low-value assets' recognition exemptions for these leases.

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
	(In Thousands)	
1 year	**₱248,054**	₱236,242
more than 1 years to 2 years	**260,457**	248,054
more than 2 years to 3 years	**273,480**	260,457
more than 3 years to 4 years	**287,154**	273,480
more than 5 years	**18,467,390**	18,467,390

Company as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31 are as follows:

	2023	2022
	(In Thousands)	
Within one year	**₱1,464,973**	₱1,350,063
After one year but not more than five years	**2,247,030**	2,140,122
After five years	**436,007**	265,289
	₱4,148,010	₱3,755,474

The Parent Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the parent company statement of income amounted to ₱365.28 million and ₱373.72 million in 2023 and 2022, respectively. In 2023 and 2022, the Parent Company granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱50.23 million and ₱286.75 million, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023 and 2022 (see Note 3).

15. **Other Noncurrent Assets**

This account consists of:

	2023	2022
	(In Thousands)	
BTO rights (Notes 11 and 19)	**₱5,213,490**	₱5,178,938
Advances to contractors and suppliers	**843,662**	998,793
Receivables from joint venture partners	**309,352**	419,903
Investment in bonds	**150,000**	150,000
Right-of-use assets (Note 14)	**86,383**	–
Financial assets at FVOCI (Notes 28 and 29)	**15,535**	15,535
Other assets	**62,302**	92,648
	6,680,724	6,855,817
Less accumulated amortization	**387,318**	184,219
	₱6,293,406	₱6,671,598

"BTO rights" relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2023, the cost of completed portion pertaining to Cebu Tower 2 of the BTO project amounted to ₱1.41 billion.

Interest expense capitalized amounted to ₱90.71 million and ₱46.25 million in 2023 and 2022, respectively.

Rollforward analysis of BTO rights and right-of-use assets for the year ended December 31 follows:

	2023		
	BTO Rights	**Right-of-Use Assets** (Note 14)	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱5,178,938**	**₱–**	**₱5,178,938**
Additions and adjustments – net	**34,552**	**–**	**34,552**
Reclassification (Note 13)	**–**	**86,383**	**86,383**
Balance at end of year	**5,213,490**	**86,383**	**5,299,873**
Accumulated Amortization			
Balance at beginning of year	**184,219**	**–**	**184,219**
Reclassification (Note 13)	**–**	**6,645**	**6,645**
Amortization	**192,656**	**3,798**	**196,454**
Balance at end of year	**376,875**	**10,443**	**387,318**
Net Book Value	**₱4,836,615**	**₱75,940**	**₱4,912,555**

	2022		
	BTO Rights	Right-of-Use Assets (Note 14)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱3,822,469	₱–	₱3,822,469
Additions	1,356,469	–	1,356,469
Balance at end of year	5,178,938	–	5,178,938
Accumulated Amortization			
Balance at beginning of year	31,766	–	31,766
Amortization	152,453	–	152,453
Balance at end of year	184,219	–	184,219
Net Book Value	₱4,994,719	₱–	₱4,994,719

In 2023 and 2022, related amortization recognized as part of "Cost of rental services" amounted to ₱192.66 million and ₱152.45 million, respectively. Rental income amounting to ₱150.22 million and ₱135.17 million in 2023 and 2022, respectively, was recognized as part of "Revenue from rental and related services". Tenant dues from BTO rights amounted to ₱55.86 million and ₱47.72 million in 2023 and 2022, respectively.

"Advances to contractors and suppliers" pertain to down payments made by the Parent Company which are applied against future billings for development and construction contracts of investment properties and property and equipment.

"Receivables from joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in parent company statements of financial position.

"Financial assets at FVOCI" consists of quoted and unquoted shares of stocks. Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Parent Company will continue to carry out as part of the infrastructure that it provides for its real estate development projects.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Other assets" include advances to sellers for the purchase of land prior to issuance of Contract to Sell. These also include utility and security deposits.

16. Accounts Payable and Accrued Expenses

This account consists of:

	2023			2022		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Accounts payable	**₱5,803,931**	**₱3,093,397**	**₱8,897,328**	₱4,780,917	₱1,958,121	₱6,739,038
Retention fees payable	**1,782,127**	**493,850**	**2,275,977**	1,760,317	511,912	2,272,229
Deposits for registration	**216,220**	**1,561,908**	**1,778,128**	198,536	1,434,161	1,632,697
Deposits from tenants	**455,547**	**805,308**	**1,260,855**	412,671	722,769	1,135,440
Accrued expenses	**780,939**	**–**	**780,939**	726,180	–	726,180
Accrued interest on bonds and loans	**87,359**	**–**	**87,359**	313,203	–	313,203
Other payables	**313,230**	**–**	**313,230**	207,791	144,015	351,806
	₱9,439,353	**₱5,954,463**	**₱15,393,816**	₱8,399,615	₱4,770,978	₱13,170,593

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Parent Company and is payable on scheduled due dates or upon completion of certain requirements (see Note 9, 12 and 13). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Parent Company.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.
"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Accrued expenses" pertain to various operating expenses incurred by the Parent Company in the course of business such as salaries and wages, unbilled construction cost related to ongoing projects, among others.

Accrued expenses account consists of:

	2023	2022
Suppliers and contractors	**₱774,786**	₱716,041
Payroll	**5,752**	9,326
Others	**401**	813
	₱780,939	₱726,180

"Other payables" pertain mainly to withholding taxes and liabilities to government agencies. This also includes the amount due to SPI for the retirement benefits of transferred employees (see Notes 19 and 25).

17. Loans Payable

This account consists of:

	2023	2022
	(In Thousands)	
Short term loans	**₱3,865,000**	₱3,000,000
Long-term loans	**23,653,182**	25,603,561
Developmental loans from local banks	**27,518,182**	28,603,561
Less unamortized transaction costs	**85,597**	93,395
	27,432,585	28,510,166
Less current portion of loans payable	**14,676,371**	6,985,891
Long-term portion of loans payable	**₱12,756,214**	₱21,524,275

Developmental loans from local banks will mature on various dates up to 2027. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), plus margin, per annum, or fixed rates of 4.21% to 5.50% per annum. Additional loans availed by the Parent Company in 2023 and 2022 amounted to ₱17.56 billion and ₱11.40 billion, respectively. These include availment of short-term loans payable amounting to ₱15.5 billion and ₱9.6 billion in 2023 and 2022, respectively. Principal payments made in 2023 and 2022 amounted to ₱18.64 billion and ₱10.54 billion, respectively.

As of December 31, 2023 and 2022, short term loans payable, presented under current portion of loans payable amounted to ₱3.87 billion and ₱3.00 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱1.16 billion and ₱1.30 billion in 2023 and 2022, respectively.

Amortization of transaction costs amounted to ₱59.76 million and ₱46.23 million in 2023 and 2022, respectively and included under "Interest and other financing charges" (see Note 23). Deferred finance charges for new loans during the year amounted to ₱51.96 million and ₱35.19 million in 2023 and 2022, respectively.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Parent Company's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. As of December 31, 2023 and 2022, the Parent Company complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.

18. **Bonds Payable**

This account consists of:

	2023	2022
	(In Thousands)	
Bonds payable	**₱37,795,400**	₱35,400,000
Less unamortized transaction costs	**326,883**	266,971
	37,468,517	35,133,029
Less current portion of bonds payable	**1,697,345**	9,017,683
Long-term portion of bonds payable	**₱35,771,172**	₱26,115,346

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2023, ₱2.70 billion of the related bonds payable was paid.

   Unamortized debt issuance cost on bonds payable amounted to ₱2.16 million of December 31, 2022 (nil in 2023). Accretion in 2023 and 2022 included as part of 'Interest and other finance charges' amounted to ₱2.16 million and ₱2.53 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2023, ₱1.7 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱2.65 million and ₱2.95 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.29 million and ₱1.53 million, respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid the ₱7.00 billion bonds on August 20, 2022. As of December 31, 2023, ₱1.0 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱3.07 million and ₱3.41 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.34 million and ₱9.54 million, respectively (see Note 23).

d. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. As of December 31, 2023, ₱1.76 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.44 million and ₱24.64 million as of December 31, 2023 and 2022. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱17.21 million and ₱20.32 million (see Note 23).

e. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2023, ₱10 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱82.26 million and ₱103.59 million as of December 31, 2022 and 2021. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱21.33 million and ₱27.44 million, respectively (see Note 23).

f. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2023, ₱11.9 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱91.45 million and ₱130.21 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱38.76 million and ₱24.22 million, respectively (see Note 23).

g. On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2023, ₱11.43 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱140.01 million as of December 31, 2023. Accretion in 2023 included as part of "Interest and other finance charges" amounted to ₱3.45 million (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.77 billion and ₱1.31 billion for the years ended December 31, 2023 and 2022, respectively. Payments made on these bonds amounted to ₱9.04 billion and ₱7.0 billion in 2023 and 2022, respectively.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Parent Company to maintain certain financial ratios including debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio of 1.0x; and minimum debt service coverage ratio (DSCR) of 1.0x. As of December 31, 2023 and 2022, the Parent Company is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the ultimate company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Parent Company's total assets shall be subject to the review by the RPT Committee. Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2023 and 2022 the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2023				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
		(In Thousands)			
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	**₱1,832,632**	**₱1,832,632**	0.50% to 4.50%	No impairment	
Interest income	**16,526**				
		₱1,832,632			
Dividend income					
Dividend income	**₱1,421,247**	**₱1,421,247**	Non-interest	Unrestricted, no impairment	(d)
Ultimate Parent	**₱19**	**₱598**	Non-interest bearing collectible on demand	Unrestricted, no impairment	(b)
Subsidiaries					
Share in common expenses and others	**993,968**	**5,909,335**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Development costs	–	**631,710**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	**8,490**	**714,897**	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	**239,020**	–	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	**1,254,121**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		₱7,255,942			
Associates					(e)
Service fee	**₱2,005**	**₱30,631**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	**946**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	**6,537**	**479,134**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		509,765			
Affiliates					(f)
Share in common expenses	**8,561**	**90,917**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	**1,382**	**52,893**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Due from related parties (Note 8 and Note 11)		**₱7,910,115**			
Parent					(c)
Share in group expenses	**(₱9,664)**	**(₱30,802)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Subsidiaries					(d)
Share in common expenses	–	**(8,663)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Associate					(e)
Share in common expenses and others	**120,716**	**(57,556)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Affiliates					(f)
Share in other expenses	**1,017**	**(47,739)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Due to related parties		**(₱144,760)**			

	2022				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	₱2,763,802	₱2,763,802	0.50% to 4.50%	Unrestricted, no impairment	
Interest income	12,910	–			
		₱2,763,802			
Dividend income					
Dividend income	₱1,292,581	₱1,292,581	Noninterest-bearing	Unrestricted, no impairment	(d)
Ultimate Parent	₱186,088	₱467	Noninterest-bearing, collectible on demand	Unsecured	(b)
Subsidiaries					(d)
Share in common expenses and others	1,498,492	3,746,589	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs	–	578,365	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	4,471	812,383	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	237,861	–	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	1,292,581	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		₱5,137,337			
Associates					(e)
Service fee	₱23,464	₱281,661	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	2,892	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	5,213	26,236	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		307,897			
Affiliates					(f)
Share in common expenses	17,683	85,558	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	–	50,255	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		135,813			
Due from related parties (Note 8 and Note 11)		₱5,581,514			
Parent	(₱255,860)	(₱6,327)	Noninterest-bearing, payable on demand	Unsecured	(c)
Subsidiaries					(d)
Share in common expenses	32,156	(545,057)	Noninterest-bearing, payable on demand	Unsecured	
Associate					(e)
Share in common expenses and others	193,225	(8,934)	Noninterest-bearing, payable on demand	Unsecured	
		(8,934)			
Affiliates					(f)
Share in other expenses	4	(21,242)	Noninterest-bearing, payable on demand	Unsecured	
		(21,242)			
Due to related parties		(₱581,560)			

Significant transactions with related parties follow:

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Parent Company entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Parent Company agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Parent Company under an Accounts Servicing Agreement.

Under this agreement, the Parent Company shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Parent Company will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Parent Company retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a 'pass-through arrangement'.

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Parent Company has no liability to EW for such events. Due to this, the Parent Company derecognized the contracts receivables sold and did not recognize any liability in its parent company financial statements.

The Parent Company's plan assets in the form of cash equivalents amounting to ₱75 million as of December 31, 2023 (nil as of December 31, 2022), are maintained with EW (see Note 25). The Parent Company also maintains cash and cash equivalents with EW.

b. *Transactions with ultimate parent (ALGI)*
Transactions with the ultimate parent relates to sharing of common expenses.

c. *Transactions with parent company (FDC)*
The Parent Company charges FDC certain common and general administrative expenses paid by the Parent Company on its behalf.

d. *Transactions with subsidiaries*
Transactions with subsidiaries are as follows:

- Total payments made by the Parent Company in behalf of Homepro for land acquisition amounted to ₱8.49 million and ₱4.47 million in 2023 and 2022, respectively.

- The Parent Company also has a Marketing Agency Agreement (the Marketing Agreement) each with its subsidiaries, Promax and Prosper whereby the subsidiaries are appointed as marketing agents to act for and on behalf of the Parent Company in promoting the marketing and sale of its middle-income and high-end real estate property development projects. In return, the Parent Company pays each subsidiary a marketing fee of a certain percentage of the net selling price, exclusive of commissions, discounts, value added tax and other government-imposed taxes and fees on all sales transactions closed by each subsidiary in accordance with the terms and conditions of the Marketing Agreement.

- The Parent Company also charged the subsidiaries (i.e., Proleads Philippines, Inc and Property Maximizer Professional Corp.) for advances for working capital and for certain common expenses (i.e., rent) being paid by the Parent Company on its behalf.

- The Parent Company charged FLTI for the development costs of Fora Mall.

- In 2023 and 2022, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.42 billion and ₱1.29 billion, respectively.

e. *Transactions with Associates*
Transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, water services, share of expenses and commission charges.

The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%.

The Parent Company entered into service agreement with CTI related to the management of the computer information system. Amount charged to the Parent Company in 2023 and 2022 amounted to ₱98.80 million and ₱64.58 million, respectively, was recognized as part of 'General and Administrative Expense' in the parent company statement of income (see Note 21).

In 2022 and 2021, certain employees of the Parent Company were transferred to SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI under "Other payables" (see Notes 16 and 25). As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million.

f. *Transactions with Affiliates*

In 2017, the Parent Company and FDC Retail Electricity Sales (FDC RES) made a retail electricity supply agreement wherein the latter will supply the retail electricity to the former.

Other transactions with affiliate relate to sharing of common expenses paid by the Parent Company on their behalf.

g. *Leases with related parties*

The Parent Company has several land lease transactions with related parties:

- Mall lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

- Land lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

- Land lease with FILRT (as lessor)
  The Parent Company entered into a lease agreement with FILRT on the location of the buildings currently leased to third parties by such subsidiary and on those still under construction. Rental is based on certain percentage of the subsidiary's gross rental income. On July 1, 2020, the Parent Company and FILRT amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease for another 25 years and to set a minimum fixed rental rate.

  On March 1, 2021, the Parent Company and FILRT amended their existing lease contract. The pertinent amended provisions include removal of the requirement to pay minimum lease and that rental rates shall be solely variable (i.e., 10% or 15% of gross lease income depending on the floor to area ratio). In case of redevelopment, the Parent Company and the FILRT shall mutually agree on the minimum monthly rent during construction period.

Key Management Personnel Compensation
The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱48.74 million and ₱28.40 million in 2023 and 2022, respectively. Post-employment benefits of key management personnel amounted to ₱8.26 million and ₱9.88 million in 2023 and 2022, respectively.

20. Cost of Rental Services

The account consists of:

	2023	2022
	(In Thousands)	
Mall operations	**₱691,338**	₱603,421
Depreciation (Notes 12, 13 and 14)	**631,415**	631,191
Rentals (Note 19)	**4,140**	6,024
	₱1,326,893	₱1,240,636

21. General and Administrative Expenses

The account consists of:

	2023	2022
	(In Thousands)	
Salaries, wages and employee benefits	**₱584,710**	₱487,134
Repairs and maintenance	**339,771**	367,020
Depreciation (Notes 12 and 13)	**306,074**	203,266
Outside services	**245,850**	243,929
Taxes and licenses	**241,623**	213,482
Electronic data processing charges (Note 19)	**104,410**	68,793

(Forward)

	2023	2022
	(In Thousands)	
Entertainment, amusement and recreation	**₱68,714**	₱62,100
Transportation and travel	**63,592**	61,079
Communications, light and water	**48,675**	42,242
Insurance	**27,215**	22,881
Retirement costs (Note 25)	**26,301**	33,629
Office supplies	**14,068**	11,293
Rent (Note 14)	**8,160**	15,478
Others	**70,366**	51,285
	₱2,149,529	₱1,883,611

22. Selling and Marketing Expenses

The account consists of:

	2023	2022
	(In Thousands)	
Brokers' commissions (Note 5)	**₱738,634**	₱703,093
Selling, advertising and promotions	**418,386**	372,857
Salaries and wages	**103,647**	85,441
Sales office direct costs	**56,848**	1,630
Others	**4,913**	504
	₱1,322,428	₱1,163,525

23. Interest and Other Finance Charges

The following table shows the component of interest income and expense recognized in the parent company statement of income:

	2023	2022
	(In Thousands)	
Interest income on:		
Contracts receivable (Note 7)	**₱173,470**	₱273,883
Cash and cash equivalents (Note 6)	**22,093**	35,573
Others	**26,472**	20,423
	₱222,035	₱329,879
Interest and other finance charges:		
Interest expense on loans and bonds payable, net of interest capitalized (Notes 17 and 18)	**₱800,319**	₱919,977
Interest expense on lease liabilities (Note 14)	**433,959**	380,169
Amortization of transaction costs of loans and bonds (Notes 17 and 18)	**143,307**	131,815
Other finance charges (Note 25)	**152,157**	21,747
	₱1,529,742	₱1,453,708

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

24. Other Income - Net

The account consists of:

	2023	2022
	(In Thousands)	
Forfeited reservations and collections	**₱102,107**	₱85,250
Service fees	**68,406**	53,648
Processing fees	**56,786**	43,493
Foreign currency exchange gain (loss) - net	**(6,914)**	10,612
Others	**2,789**	3,641
	₱223,174	₱196,644

25. Retirement Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service.

The funds are administered by the Parent Company's Treasurer under the supervision of the Board of Trustees of the Plan and is responsible for investment strategy of the plan.

The following tables summarize the components of retirement expense recognized in the parent company statements of income and pension liability recognized in the parent company statements of financial position for the existing retirement plan.

	2023		
	Present value of defined benefit Obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as of January 1, 2023	**₱339,482**	**(₱14,313)**	**₱353,795**
Net benefit costs in profit or loss			
Current service cost (Note 21)	**26,301**	**–**	**26,301**
Net interest (Note 23)	**24,782**	**–**	**24,782**
	51,083	**–**	**51,083**
Contribution	**–**	**75,000**	**(75,000)**
Balance as of December 31, 2023	**₱390,565**	**₱60,687**	**₱329,878**

	2022		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
	(In Thousands)		
Balance as of January 1, 2022	₱401,002	₱16,353	₱384,649
Net benefit costs in profit or loss			
Current service cost (Note 21)	33,629	–	33,629
Net interest (Note 23)	19,921	833	19,088
	53,550	833	52,717
Benefits paid	(8,041)	(8,041)	–
Net transfer	(23,175)	(22,266)	(909)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(83,854)	–	(83,854)
Return on plan assets, excluding amounts included in interest income	–	(1,192)	1,192
	(83,854)	(1,192)	(82,662)
Balance as of December 31, 2022	₱339,482	(₱14,313)	₱353,795

The Parent Company's plan assets comprise of cash equivalents with original maturities of 3 months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2023 and 2022, these placements are with EW (see Note 19). As of December 31, 2023 and 2022, the carrying amount of the plan assets approximates its fair value.

In 2022 and 2021, certain employees of the Parent Company were transferred to SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI. As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱141.11 million (see Note 19).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2023	2022
Discount rate	**7.30%**	7.30%
Future salary increases	**6.00%**	6.00%

The sensitivity analysis that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level for the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

		Increase (decrease) on DBO	
Assumption	Increase (Decrease)	**2023**	2022
Salary rate	+1%	**₱39,333**	₱34,189
	-1%	**(34,306)**	(29,819)
Discount rate	+1%	**(33,624)**	(29,226)
	-1%	**39,214**	34,085

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

	2023	2022
	(In Thousands)	
Less than one year	**₱28,247**	₱38,948
More than one year and up to five years	**124,301**	132,235
More than five years and up to 10 years	**259,937**	220,907
More than 10 years	**1,889,406**	1,948,748

The Parent Company does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Parent Company's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Parent Company's current investment strategy consists of 100% short-term deposit placements.

26. **Equity**

Capital Stock

The Parent Company's common and preferred shares as of December 31, 2023 and 2022 follow (amounts in thousands, except for par value figures):

	Common Shares	Preferred Shares
Authorized shares	33,000,000	8,000,000
Par value per share	₱1	₱0.01
Issued and subscribed shares	24,470,708	8,000,000
Treasury shares	220,949	–

There were no issuances of additional common shares in 2023 and 2022.

Preferred Shares

As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (₱0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buyback of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2023 and 2022. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declaration

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 06, 2023. The Parent Company has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2023.

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 06, 2023. The Parent Company has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2023.

On April 22, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022. The Parent Company has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2022.

On April 22, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022. The share of the noncontrolling interest related to these dividend declarations amounted to ₱378.4 million. The Parent Company has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2022.

Retained Earnings
Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury, unrealized fair value gains on investment properties and BTO rights received as dividends and deferred tax asset recognized in profit or loss as of December 31, 2023 and 2022

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, the Parent Company's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019 for the following projects:

Project	Location	Description	Amount (In Thousands)	Estimated Completion Date
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

The appropriated retained earnings amounted to ₱5.0 billion as of December 31, 2023 and 2022

Capital Management
The Parent Company prudently monitors its capital and cash positions and cautiously manages its expenditures and disbursements. Furthermore, the Parent Company may also, from time to time, seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2023 and 2022.

The Parent Company monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Parent Company's policy is to keep the debt-to-equity ratio not to exceed 2:1.

The following table shows how the Parent Company computes for its debt-to-equity ratio:

	2023	2022
	(In Thousands)	
Loans payable (Note 17)	**₱27,432,585**	₱28,510,166
Bonds payable (Note 18)	**37,468,517**	35,133,029
Total long-term debt	**64,901,102**	63,643,195
Total equity	**90,503,903**	87,064,602
Debt-to-equity ratio	**0.72 : 1.00**	0.73 : 1.00

On August 12, 1993, the SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, the SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2023:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2022	24,249,759	5,646
Add (Deduct) Movement	–	(21)
December 31, 2022	24,249,759	5,625
Add (Deduct) Movement	–	(19)
December 31, 2023	**24,249,759**	**5,606**

Note: Exclusive of 220,949 treasury shares

27. **Income Taxes**

Provision for (benefit from) income tax consists of:

	2023	2022
	(In Thousands)	
Current	**₱715,122**	₱350,270
Deferred	**136,472**	312,679
Final	**5**	32
	₱851,599	₱662,981

The Parent Company's current income tax pertains to RCIT in 2023 and 2022.

The components of the Parent Company's net deferred income tax liabilities are as follows:

	2023	2022
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱4,487,977**	₱4,106,072
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,893,872**	1,990,247
Right-of-use assets	**936,414**	912,769
Remeasurement gain on retirement plan	**5,484**	5,484
Others	**122,571**	183,369
	7,446,318	7,197,941

(Forward)

	2023	2022
	(In Thousands)	
Deferred income tax assets on:		
Pension expense	**(₱127,190)**	(₱133,170)
Lease liabilities	**(1,251,243)**	(1,156,213)
Provision for expected credit loss	**(8,123)**	(8,123)
MCIT	**–**	(143,360)
Others	**(38,463)**	(15,608)
	(1,425,019)	(1,456,474)
	₱6,021,299	₱5,741,467

Provision for deferred income tax charged directly to other comprehensive income in 2022 relating to remeasurement gain on defined benefit obligation amounted ₱20.67 million (nil in 2023).

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

In 2023, the Company's MCIT amounting to ₱143.36 million were claimed and offset against income tax due as follows:

Year incurred	Availment Period	MCIT	Expired/Used	Unapplied
2020	2021-2023	₱81,992	₱81,992	₱–
2021	2022-2024	61,368	61,368	–
		₱143,360	₱143,360	₱–

The reconciliation of the income tax computed at the statutory tax rate to the actual provision for (benefit from) income tax follows:

	2023	2022
	(In Thousands)	
Income tax at statutory rate	**₱1,291,692**	₱1,024,945
Adjustments for the income tax effect of:		
Dividend income subjected to final tax	**(355,312)**	(323,145)
Nondeductible expense and others	**2,203**	76,437
Income tax holiday incentive on sales of BOI-registered projects (Note 32)	**(84,093)**	(51,577)
Application of NOLCO	**–**	(27,442)
Income covered by PEZA (Note 31)	**2,274**	(15,324)
Tax-exempt net income on socialized housing units	**9,344**	(10,847)
Interest subjected to final tax	**(5,523)**	(9,393)
Interest on HGC-enrolled contracts receivables	**(8,986)**	(673)
	₱851,599	₱662,981

28. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2023				
		Fair Value			
	Carrying Value	**Total**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	15,535	**15,535**	**6,458**	**₱–**	**9,077**
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	**55,074,874**	**113,197,067**			**113,197,067**
Total assets	**₱55,090,409**	**₱113,212,602**	**₱6,458**	**₱–**	**₱113,206,144**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	**₱8,897,328**	**₱8,295,210**	**₱–**	**₱–**	**₱8,295,210**
Retention fee payable	**1,260,855**	**1,175,528**	**–**	**–**	**1,175,528**
Deposits for registration	**780,939**	**728,090**	**–**	**–**	**728,090**
	10,939,122	**10,198,828**	**–**	**–**	**10,198,828**
Lease liabilities (Note 14)	**5,004,973**	**5,356,527**	**–**	**–**	**5,356,527**
Loans payable (Note 17)	**27,432,585**	**33,898,982**	**–**	**–**	**33,898,982**
Bonds payable (Note 18)	**37,468,517**	**35,426,364**	**–**	**–**	**35,426,364**
	₱80,845,197	**₱84,880,701**	**₱–**	**₱–**	**₱84,880,701**

	2022				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	15,535	15,535	6,458		9,077
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	52,378,727	111,846,839	–	–	111,846,839
	₱52,394,262	₱111,862,374	₱6,458	₱–	₱111,855,916
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	₱6,739,038	₱6,451,792	₱–	₱–	₱6,451,792
Retention fee payable	2,272,229	2,175,076	–	–	2,175,076
Deposits for registration	1,632,697	1,562,888	–	–	1,562,888
	10,643,964	10,189,756	–	–	10,189,756
Lease liabilities (Note 14)	4,624,851	6,557,318	–	–	6,557,318
Loans payable (Note 17)	28,510,166	27,377,659	–	–	27,377,659
Bonds payable (Note 18)	35,133,029	33,488,201	–	–	33,488,201
	₱78,912,942	₱77,612,935	₱–	₱–	₱77,612,935

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used was 11.5% to 19.0% in 2023 and 2022, respectively.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used is 6.77% and 4.28% in 2023 and 2022.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used ranged from 4.21% to 5.50% and 4.21% to 5.50% as of December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

29. **Financial Risk Management Objectives and Policies**

The Parent Company's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Parent Company's finance and treasury function operates as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Parent Company. The Parent Company's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company also monitors the foreign currency arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Parent Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Parent Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Parent Company uses combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2023 and 2022, the Parent Company has ₱25.78 billion and ₱12.81 billion, respectively, of undrawn short-term credit lines, and ₱30.18 billion and ₱18.00 billion of undrawn long-term credit facilities, respectively.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Parent Company's other financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments.

	2023						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	**₱3,358,235**	**₱1,261,651**	**₱690,429**	**₱1,784,673**	**₱1,802,340**	**₱–**	**₱8,897,328**
Retention fees payable	**355,136**	**354,932**	**76,344**	**6,533**	**298,222**	**169,688**	**1,260,855**
Deposits for registration	–	**231**	**94,966**	**347,722**	**136,961**	**201,059**	**780,939**
Accrued expenses	**2,275,976**	–	–	–	–	–	**2,275,976**
Accrued interest	**1,778,128**	–	–	–	–	–	**1,778,128**
	7,767,475	**1,616,814**	**861,739**	**2,138,928**	**2,237,523**	**370,747**	**14,993,226**
Due to related parties	**144,760**	–	–	–	–	–	**144,760**
Loans payable	–	**4,066,000**	**12,198,001**	**12,227,098**	**1,927,437**	–	**30,418,536**
Bonds payable	–	**976,504**	**2,929,512**	**19,822,170**	**20,094,336**	–	**43,822,522**
Lease liabilities	–	**62,014**	**186,041**	**533,937**	**287,154**	**18,467,389**	**19,536,535**
	₱7,912,235	**₱6,721,332**	**₱16,175,293**	**₱34,722,133**	**₱24,546,450**	**₱18,838,136**	**₱108,915,579**

	2022						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱2,543,955	₱955,735	₱523,019	₱1,351,939	₱1,365,322	₱–	₱6,739,970
Retention fees payable	640,002	639,635	137,582	11,774	537,436	305,800	2,272,229
Deposits for registration	–	482	198,545	726,977	286,342	420,351	1,632,697
Accrued expenses	726,180	–	–	–	–	–	726,180
Accrued interest	313,203	–	–	–	–	–	313,203
	4,223,340	1,595,852	859,146	2,090,690	2,189,100	726,151	11,684,279
Due to related parties	581,560	–	–	–	–	–	581,560
Loans payable	–	2,125,036	6,375,107	15,417,356	8,039,050	–	31,956,549
Bonds payable	–	2,688,727	8,066,180	19,050,675	10,579,412	–	40,384,994
Lease liabilities	–	236,242	248,054	260,457	273,480	18,467,390	19,485,623
	₱4,804,900	₱6,645,857	₱15,548,487	₱36,819,178	₱21,081,042	₱19,193,541	₱104,093,005

The tables below summarize the maturity profile of the Parent Company's financial assets and contract assets held to manage liquidity as of December 31, 2023 and 2022:

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱2,925,085**	₱–	₱–	₱–	₱–	₱–	**₱2,925,085**
Cash equivalents	–	**272,301**	–	–	–	–	**272,301**
Contracts receivable							
Contracts receivable	**1,582,485**	–	–	–	–	–	**1,582,485**
Receivables from government and financial institutions	**255,344**	–	–	–	–	–	**255,344**
Investment and advances in associates and subsidiaries		–	–	–	–	–	
Advances to associates and subsidiaries	**7,765,707**	–	–	–	–	–	**7,765,707**
Other receivables							
Receivable from tenants-net	**701,575**	–	–	–	–	–	**701,575**
Due from related parties	**144,408**	–	–	–	–	–	**144,408**
Investment in Bonds	**150,000**	–	–	–	–	–	**150,000**
Receivable from homeowners' associations-net	**227,671**						**227,671**
Receivable from buyers	–	–	–	–	–	–	–
Others	**13,736**	–	–	–	–	–	**13,736**
Short-term deposits	–	–	**91,566**	–	–	–	**91,566**
	13,766,011	**272,301**	**91,566**	–	–	–	**14,129,878**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	**6,458**	–	–	–	–	**6,458**
Unquoted	–	**9,077**	–	–	–	–	**9,077**
	–	**15,535**	–	–	–	–	**15,535**
Total financial assets	**13,766,011**	**287,836**	**91,566**	–	–	–	**14,145,413**
Contract assets	–	**1,696,313**	**5,088,940**	**589,423**	**261,863**	**2,143,132**	**9,779,671**
	₱13,766,011	**₱1,984,149**	**₱5,180,506**	**₱589,423**	**₱261,863**	**₱2,143,132**	**₱23,925,084**

	2022						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,897,439	₱–	₱–	₱–	₱–	₱–	₱2,897,439
Cash equivalents	–	307,700	–	–	–	–	307,700
Contracts receivable							
Contracts receivable	1,898,753	–	–	–	–	–	1,898,753
Receivables from government and financial institutions	222,032	–	–	–	–	–	222,032
Investment and advances in associates and subsidiaries		–	–	–	–	–	–
Advances to associates and subsidiaries	5,445,233	–	–	–	–	–	5,445,233
Other receivables		–	–	–	–	–	–
Receivable from tenants-net	582,995	–	–	–	–	–	582,995
Due from related parties	128,182	–	–	–	–	–	128,182
Investment in Bonds	150,000						150,000
Receivable from homeowners' associations-net	286,148	–	–	–	–	–	286,148
Receivable from buyers	–	–	–	–	–	–	–
Others	48,314	–	–	–	–	–	48,314
Short-term deposits	–	–	74,821	–	–	–	74,821
	11,659,096	307,700	74,821	–	–	–	12,041,617
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,458	–	–	–	–	6,458
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,535	–	–	–	–	15,535
Total financial assets	11,659,096	323,235	74,821	–	–	–	12,057,152
Contract assets	–	1,691,678	5,075,033	1,613,176	739,746	1,363,323	10,482,956
	₱11,659,096	₱2,014,913	₱5,149,854	₱1,613,176	₱739,746	₱1,363,323	₱22,540,108

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Parent Company's policy that buyers who wish to avail of the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 7, the Parent Company has a mortgage insurance contract with HGC for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Parent Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using the vintage model to measure expected credit losses. The probability of default rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Parent Company's contract receivables and contract assets using a provision matrix:

		2023				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱11,617,500**	**₱520,811**	**₱1,695,400**	**₱3,894,429**	**₱4,520,571**	**₱986,289**

		2022				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱12,603,741	₱496,215	₱1,798,591	₱4,251,894	₱4,986,835	₱1,070,206

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and financial assets at FVOCI, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Parent Company's experience, the said assets are highly collectible or collectible on demand. The Parent Company holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Parent Company can repossess the collateralized properties and resell them at the prevailing market price.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2023 and 2022, the analysis of contracts receivables that were past due follows:

			Past due			
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2023	**₱384,811**	**₱171,577**	**₱250,029**	**₱106,180**	**₱669,888**	**₱1,582,485**
2022	₱414,693	₱256,212	₱185,816	₱178,485	₱871,643	₱1,906,849

There is no concentration risk on the Parent Company's financial assets as of December 31, 2023 and 2022.

Interest Rate Risk
The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's loans from various financial institutions. To manage interest rate risk, the Parent Company renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Parent Company believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Parent Company's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2023	**+200**	**(₱254,268)**
	-200	**254,268**
2022	+200	(81,171)
	-200	81,171

The assumed change in rate is based on the currently observable market environment. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2023 and 2022.

The following table sets out the carrying amount, by maturity, of the Parent Company's long-term debts that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2023	**₱4,156,667**	**₱-**	**₱-**	**₱1,000,000**	**₱50,000**	**₱5,206,667**
As of December 31, 2022	3,083,333	291,667	-	₱-		₱3,375,000

30. Commitments and Contingencies

Contingencies
The Parent Company is involved in various legal actions, claims, and contingencies incidental to the ordinary course of the business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on its financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Capital Commitments and Obligations
The Parent Company has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱3,328.0 million and ₱2,164.5 million as of December 31, 2023 and 2022, respectively. These will be recognized as liabilities in the Parent Company's financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱200.0 million. As of December 31, 2023, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the parent company statement of financial position (see Note 15).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the parent company financial statements (see Note 12).

31. Registration with PEZA

On February 13, 2002, the Parent Company was registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (the "Ecozone") to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

32. Registration with BOI

The Parent Company registered New Leaf Phases 1A and 1B as New Developers of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226), whose validity ended on March 19, 2023. Hence, no outstanding projects have been registered with the BOI as of December 31, 2023.

33. **Notes to Statements of Cash Flows**

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2023			
	January 1, 2023	**Cash flows**	**Noncash movement**	**December 31, 2023**
		(In Thousands)		
Loans payable	**₱28,510,166**	**(₱1,085,379)**	**₱7,798**	**₱27,432,585**
Bonds payable	**35,133,029**	**2,395,400**	**(59,912)**	**37,468,517**
Accrued interest	**313,203**	**(3,123,873)**	**2,898,029**	**87,359**
Dividends payable*	**21,413**	**(875,871)**	**875,871**	**21,413**
Lease liabilities	**4,624,851**	**(332,040)**	**712,162**	**5,004,973**
	₱68,602,662	**(₱3,021,763)**	**₱4,433,948**	**₱70,014,847**

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 16).*

	2022			
	January 1, 2022	Cash flows	Noncash movement	December 31, 2022
		(In Thousands)		
Loans payable	₱27,638,065	₱861,061	₱11,040	₱28,510,166
Bonds payable	30,301,877	4,900,000	(68,848)	35,133,029
Accrued interest	258,937	(2,799,612)	2,853,878	313,203
Dividends payable*	19,000	(1,140,526)	1,142,939	21,413
Lease liabilities	4,517,270	(272,588)	380,169	4,624,851
	₱62,735,149	₱1,548,335	₱4,319,178	₱68,602,662

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 16).*

The Parent Company's noncash activities are as follows:

a. Additions to both right-of-use assets and lease liabilities amounting to ₱278.20 million in 2023 (nil in 2022; see Notes 12 and 14).

b. Purchases of investment properties. property and equipment and BTO rights which remain unpaid amounted to ₱1,445.62 million, ₱7.61 million and ₱274.43 million, respectively, as of December 31, 2023 and ₱1,849.49 million, ₱9.49 million and nil , respectively, of December 31, 2022 (see Notes 9, 12, 13 and 15).

c. The Parent Company has remaining unpaid cash dividend amounting to ₱21.41 million and ₱21.41 million as of December 31, 2023 and 2022, respectively (see Note 26).

34. **Subsequent Events**

On January 30, 2024, the Parent Company and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. This is a non-adjusting subsequent event and does not impact the Parent's financial position and performance as of and for the year ended December 31, 2023.

Filinvest Land, Inc.
2023 Sustainability Report

About this Report

This sustainability report is Filinvest Land Inc.'s (FLI) financial and ESG disclosures covering the calendar period ending December 31, 2023.

This report may contain forward-looking statements which are based on current assessments and subject to a number of uncertainties and risks that could affect the results of operations. FLI believes that expectations reflected in these statements are reasonable but gives no guarantee of future performance, action, or events.

The ESG disclosures in this report are made in compliance with the provisions of the sustainability reporting guidelines for publicly listed companies under the Securities and Exchange Commission Memorandum Circular No. 4 issued in 2019 (SEC MC 2019-004). The disclosures also make use of the reporting principles and guidelines of the Global Reporting Initiative (GRI) Standards for reference.

Feedback or inquiries about this annual and sustainability report may be forwarded to ir@filinvestland.com.

SUSTAINABILITY REPORT

Fast Forward, as Ideas on Sustainability Evolve

The best ESG practices of yesterday are now business-as-usual today. Pioneering sustainability features of Filinvest Land Inc.'s (FLI) developments that support its Dreams Built Green motto have already proven the original business case on which investment in various solutions were conceptualized and justified.

As ideas on what sustainability is and how it should be practiced continue to evolve, FLI will continue to replicate and expand the current notable accomplishments and furthermore, develop innovative solutions to deliver more shared value for its stakeholders. The focus on corporate social responsibility has shifted from philanthropy towards doing things the right way, and nowadays the challenge is to find alignments of business and social benefits, while managing sustainability risks that threaten both business and society. There is no direction but forward, fast forward.

Scope, Materiality and Stakeholder Engagement

This ESG report covers all operating assets and ongoing projects in the FLI portfolio as of December 2023. This includes business segments such as residential, office, retail, commercial/industrial, co-living and townships. It also incorporates relevant ESG information from the operations of the assets of Filinvest REIT (FILRT) and joint venture subsidiaries such as Philippine District Cooling System Development Corp. which serves real estate assets located in Alabang. Operational control is the basis for the inclusion of the ESG performance of FLI subsidiaries. Some ESG data of FLI affiliates which are under the control of other entities are excluded, to align with the adopted 'operational control' consolidation approach.

Through interactions with key stakeholders such as the FLI's employees, buyers, tenants, supply chain partners and shareholders, a set of risk and sustainability topics that are material to both business and stakeholders were mapped out and, together with the Filinvest Group sustainability framework and regulatory disclosure requirements of the SEC regulator, became the basis for reporting on EESG accomplishments.

Economic	Social	Environmental	Governance
Direct and indirect jobs generated Business opportunities for support service providers and vendors Addressing tenants' business requirements, including their sustainability goals Post-COVID and macroeconomic trends' impact on the office leasing industry	Philippine housing backlog Housing affordability Occupational health and safety Workforce mobility Employee total rewards and benefits Flexible work arrangements Human capital development and talent connection Disaster resilient communities Water security	Resource efficiency Energy conservation and efficiency Water conservation and efficiency Pollution and compliance Municipal and hazardous wastes management Carbon footprint of real estate industry Green building design and green communities	Regulatory compliance Emerging regulations Transparency Good governance Related party transactions

Engagement channels with key stakeholders of FLI are established where concerns and feedback are gathered, discussed and addressed.

Stakeholder	Concerns	Engagement channels and responses
Home Buyers	Affordability Project delivery timeliness Quality execution	Housing brands aligned with buyers' financial capabilities Online Service Desk Project updates
Lessees / Tenants	Location and lease rates	Annual survey form to gather feedback

	Support facilities and utilities Enabling environment to attain their own sustainability commitments	Property maintenance programs Monthly touchpoints with tenants on EESG performance review
Employees	Occupational Health and Safety Workload and Benefits Employee Engagement Career Development and Growth	Employee benefits review Safety trainings and audits Employee engagement programs Training programs on core, leadership, and functional competencies
Supply Chain, Service Providers	Indirect jobs generation Accreditation Transaction and payments efficiency	Service Level Agreements on functions that support the core business Accreditation process Online payment scheme
Shareholders, Investors, Lenders	Share price stability and growth Reliable cash flows and dividends New assets infusion in REIT Good governance and transparent disclosures (incl. EESG)	Structured disclosures Analyst briefings Press releases Prompt response to queries on financial and non-financial performance
Local and National Government Agencies	Taxes Compliance Good Governance	Timely regulatory filings and permit renewals Assignment of compliance officers Impact assessment on new laws and regulations and appropriate revision of policies and procedures Sustained PEZA accreditation Participation in public consultations on new government policies

	Disaster Readiness and Response	Coordination on disaster preparedness / shared drills
The Physical Environment	Climate change mitigation & adaptation	Consistent compliance with all environmental regulations and permit conditions
	Energy efficiency	District cooling system for energy efficiency Renewable electricity supply partnerships
	Water security Waste management	Wastewater treatment and reuse
	Green designs	Building and neighborhood green certifications, e.g. EDGE, LEED Partnerships on circular economy solutions

SUSTAINABILITY FRAMEWORK

FLI's sustainability commitments align with that of the Filinvest Group's. Three key focus areas summarize the key commitments that address shareholder and stakeholder issues to ensure the company continues to generate value in its many forms, in the long term.

Under the GREEN pillar, three sub-focus areas have been identified which resonate directly with FLI's Dreams Built Green tagline. **Green Designs for Sustainable Communities** has been the philosophy for FLI projects, and **Circular Economy** principles also guide property management operations. Further, the commitment to attain **Net Zero** pushes for the realization of a low carbon economy which hopefully stops the long-term effects of climate change that currently pose a threat to the entire country and the Filinvest communities.

Under the INCLUSIVE pillar, FLI's main shared value proposition of **Serving the Underserved** is the provision of affordable houses to many families that dream of owning a home. In recognition that the growth and sustainability of a business is dependent on strong human capital, the commitment for

Nurturing Talent (Opportunities for Job Development and Growth) ensures a pipeline of capable and energized men and women who will fulfill the company's mission into the future, and with no glass ceilings based on gender, age, ethnicity, religion, or social background. **Engaging Communities** ensures that FLI's stakeholders will always be heard, and their concerns addressed, in pursuit of managing risks and attaining shared sustainability goals.

Under the RESILIENT pillar, there is a particular focus of Filinvest on establishing and enhancing the resiliency of both **Assets and Operations,** especially in light of disruptive risk events that the country is vulnerable to. Of course, still at the heart of resiliency is again the human factor, thus **Agility** of the organization and its people in facing both risks and opportunities is a continuing concern and improvements will always be responsive towards current and emerging megatrends that govern the world.

GREEN	INCLUSIVE	RESILIENT
Green Designs for Sustainable Communities We commit to developing green communities and infrastructure that feature designs that minimize negative impact and enhance positive impact, not only on the physical environment but also on people and communities.	**Serving the Unserved and Underserved** We commit to finding new solutions to address the pain points of the unserved and underserved segments of society through innovations in delivering products and services.	**Resilient Assets** We commit to retrofit existing assets and acquire or develop future assets to be resilient against all types of physical risk events such as climate-related or geological phenomena and manmade disruptions.
Closed Loops and Circular Economy We commit to maximize all opportunities in contributing to a circular economy where material resources are utilized in an efficient manner and kept useful for a long time, wastes are minimized and made useful, and natural systems are regenerated.	**Nurturing Talent – Equal Opportunities for Jobs, Development and Growth** We commit to strengthening our human capital that will support our business growth aspirations, by nurturing capabilities and bringing out the best in our talents irrespective of background.	**Resilient Operations** We commit to strengthening our capabilities in business continuity across the group, ensuring that our people are resilient to be able to serve customers well during disruptions, response capabilities across FLI are integrated, and operations protocols developed and regularly tested.

Net Zero	Engaging Communities	Agile Organization
We commit to achieving net zero emissions in our value chain in the best practical way and at the soonest, in alignment with the country's development strategy, climate change targets and timelines.	We commit to listening to and engaging with all relevant stakeholders where we operate, so that we can work together to attain common goals.	We commit to always look ahead and continually transform and strengthen our human capital, technical practices, business processes, culture and leadership so that the company is ready to address current and emerging global and local risks and opportunities that have an impact on our long-term ability to create and deliver value for our stakeholders.

ENVIRONMENTAL PERFORMANCE

Filinvest Land's environmental sustainability practices in the past decade have been a significant part of the DNA of the business. It is not just an aspiration, but a philosophy ingrained across each project life cycle, beginning with design work based on green building principles all the way to property operations where performance is constantly compared to prevailing benchmarks. Throughout the value chain, the motto of 'Dreams Built Green' prevails. But the work never stops. There is always an imperative for continuing improvement. The best practices of yesterday are the business-as-usual of today. Sustainability issues keep evolving. If Filinvest is to retain its position as a champion for sustainability, it must be at the forefront of what's next. There is no way but forward. Fast forward.

Green Buildings for Sustainable Communities

Filinvest Land's main contribution to the conglomerate's Green commitment is to build sustainable communities that use the principles of green design and people centricity. Key environmental considerations such as energy conservation, water conservation, biodiversity and resource efficiency are guided both by the drive to realize savings as well as minimizing negative impacts on the physical environment. These translate to better material specifications, construction methodologies and the provision of cost-efficient electromechanical elements.

A key manifestation and confirmation of Filinvest's success in environmentally sustainable design is through the review of third parties and securing certifications on prevailing green standards, such as Leadership in Energy and Environmental Design (LEED), WELL Building Standard, Excellence in Design for Greater Efficiencies (EDGE) developed by the International Finance Corporation, or Building for Ecologically Responsive Design Excellence (BERDE), the national voluntary green building rating system in the Philippines.

The following is a list of green building certifications secured by Filinvest Land developments. In 2023, Filinvest REIT, of which FLI is the Sponsor, succeeded in obtaining EDGE Level One certifications for six pre-existing office buildings. A seventh building, Filinvest One, secured an EDGE Level Two (Advanced) certification on its first attempt, making it Net Zero-ready, eligible for EDGE Level Three (Zero Carbon) after a year.

Green Building Certifications

Project/Building	Green Certifications
Axis Tower One	LEEDv3 for Core and Shell
Axis Tower Two	LEEDv3 for Core and Shell & WELL*
Axis Tower Three	LEEDv3 for Core and Shell*
Axis Tower Four	LEEDv3 for Core and Shell*
Activa - Mixed-Use	LEEDv3 Gold for Core and Shell

IT Park - Building 1	LEEDv3 Gold for Core and Shell
IT Park - Building 2	LEEDv3 for Core and Shell
One Filinvest	LEEDv3 for Core and Shell
Vector One	EDGE Level 1
Vector Two	EDGE Level 1
Vector Three	LEEDv3 Gold for Core and Shell
Filinvest One	EDGE Level 2 – Advanced
Filinvest Two	EDGE Level 1
Filinvest Three	EDGE Level 1
Plaza A	EDGE Level 1
Plaza D	EDGE Level 1

*Pre-certifications

The buildings that secured EDGE certifications have third party-verified savings in energy, water, and embodied carbon materials.

Building	**EDGE* Certificate**	**Energy Savings**	**Water Savings**	**Less Embodied Carbon in Materials**	**Gross Floor Area (m^2)**
Filinvest One	Level Two (EDGE Advanced)	48%	38%	50%	137,556
Filinvest Two	Level One	24%	51%	38%	
Filinvest Three	Level One	25%	49%	36%	
Vector One	Level One	25%	29%	66%	
Vector Two	Level One	29%	29%	65%	
Plaza A	Level One	25%	42%	65%	
Plaza D	Level One	25%	33%	61%	

* *EDGE Level 1 – requires 20% or more savings in energy, water, and embodied carbon in materials. EDGE Level 2 – requires 40% or more on-site energy savings. EDGE Zero Carbon – 100% renewables onsite or offsite, at least 1 year after EDGE Advanced Level certification with 75% occupancy.*

Filinvest is on its way to being tagged as an EDGE Champion when it has more than 200,000 square meters certified under EDGE.

Fast Forward Towards Net Zero

Many Filinvest office tenants have adopted their own sustainability goals, and a most common focus area is the commitment to Net Zero by 2050. Part of their medium-term goals is to reduce their carbon footprints, particularly on Scope 2 which is the indirect emissions from purchased electricity. This gives Filinvest the opportunity to be an enabler in achieving those tenant goals, while posing a tenant flight risk at the same time if the enabling environment is not provided. The property managers have regular meetings with the tenants to report on ESG accomplishments and to gather feedback on what other sustainability focus areas to work on.

In response, Filinvest's office leasing business has been actively sourcing electricity from renewable sources. In 2023, eight buildings have been enjoying 100% renewables supply, increasing its RE consumption by 30% compared to 2022. Five more buildings are slated to connect to RE sources in the first quarter of 2024, increasing the RE-connected assets to 76% of the portfolio.

Festival Mall continues to enjoy power generated from its 2.8 megawatt rooftop solar installation, the biggest in Metro Manila to date, augmenting the electricity supply from the distribution utility.

Energy Consumption (GRI 302-1)	Unit	**2023**	**2022**	**2021**
Gasoline – property operations	L	115,538	0	147,666
Diesel – property operations	L	209,932	164,830	620,763
Diesel – construction projects	L	840,207	611,924	
Electricity (renewable) – common area	KWH	6,624,488	5,108,971	No disclosure
Electricity (renewable) – total area	KWH	23,462,168	20,634,302	No disclosure
Electricity (non-renewable) – common area	KWH	63,317,092	62,682,666	No disclosure
Electricity (non-renewable) - total area	KWH	139,172,317	134,352,881	No disclosure
Electricity (RE & non-RE) – common area	KWH	69,941,580	67,791,637	76,094,193
Electricity (RE & non-RE) -- total area	KWH	162,634,485	154,987,183	No disclosure
Electricity – construction projects (non-RE)	KWH	3,381,122	2,315,796	No disclosure
Total Electricity – property ops (common) & projects	KWH	73,322,702	70,107,433	No disclosure

Note: Renewables consumption by FILRT (purchased electricity from renewables) and Festival Mall (rooftop solar)

Greenhouse Gas Emissions (GRI 305-1, 305-2, 305-3, 305-6)	Unit	**2023**	**2022**	**2021**
Direct Emissions (Scope 1) – diesel and gasoline – property operations	Tonnes CO_2-e	837	446	2,022
Direct Emissions (Scope 1) – diesel – projects	Tonnes CO_2-e	2,274	1,656	No disclosure
Direct Emissions (Scope 1) – diesel – property operations & projects	Tonnes CO_2-e	2,842	2,102	No disclosure
Indirect Emissions (Scope 2) – purchased electricity, common areas only	Tonnes CO_2-e	45,094	44,643	51,642
Indirect Emissions (Scope 2) – purchased electricity, total area	Tonnes CO_2-e	99,119	No disclosure	No disclosure
Indirect Emissions (Scope 2) – purchased electricity, projects	Tonnes CO_2-e	2,408	1,649	No disclosure
Total GHG Emissions (Scope 1 & 2) – property operations, common area	Tonnes CO_2-e	45,931	45,088	No disclosure
Total GHG Emissions (Scope 1 & 2 –property operations, total area	Tonnes CO_2-e	99,956	96,132	No disclosure
Total GHG Emissions (Scope 1 & 2) – projects	Tonnes CO_2-e	4,682	3,305	No disclosure
Total GHG Emissions (Scope 1 & 2) –property operations (common areas) and projects	Tonnes CO_2-e	50,613	48,393	No disclosure
Total GHG Emissions (Scope 1 & 2) –property operations (total areas) and projects	Tonnes CO_2-e	104,637	99,437	No disclosure
Avoided GHG emissions	Tonnes CO2-e	16,710	14,696	No disclosure

Notes:

- Scope 2 applies only to the non-RE KWH consumption.
- .FILRT office buildings connected to the District Cooling System consumed 16,574,244 TRH, or 88.34% of the total DCS output of 18,762,043 TRH in 2023. DCS consumed 13,921,123 KWH of electricity, of which 12,297,812 KWH is indirectly attributable to FILRT. The corresponding GHG emissions of DCS in behalf of FILRT is a Scope 3 disclosure for FILRT, but covered as Scope 2 by FLI..
- Diesel EF: 2.706 kg CO_2 per liter
- Luzon-Visayas Grid EF: 0.7122 tons CO_2 per MWH

The total greenhouse gas emissions of FLI grew by 7.8% in 2023 due to the post-pandemic return of tenants in the malls and the uptick in projects execution. However, because of the growth in renewables capacity for the office leasing business, FLI's avoided greenhouse gas emissions increased by 14% compared to 2022.

While the journey to Net Zero will mainly be delivered through the shift towards renewable energy in the next two decades, the low hanging fruits are still based on energy efficiency. The District Cooling System (DCS) in Alabang, Filinvest Land's joint venture partnership with ENGIE, has for the past seven years contributed to energy and water savings associated with climate control of the FILRT buildings. Based on pre-DCS individual energy audits, it was estimated that the conversion to DCS will result in up to 40% of energy savings.

In compliance with the Department of Energy rules, energy audits are undertaken by the property managers and copies of the reports submitted to the DOE regulator.

From an environmental compliance perspective, there have been no significant non-compliance risk events in 2023 concerning property development and property operations.

More details of the environmental performance of FILRT's operations in 2023, covering energy, water, solid wastes, hazardous wastes and environmental compliance, can be found at the EESG Performance Index section of this report.

Other Environmental Highlights

- Festival Mall has partnered with Green Antz and BEST's bXtra to magnify FLI's commitment to transitioning to a Circular Economy.

- Segregated soft plastic wastes at the back-of-house are collected by Green Antz and used to produce concrete paving materials.

- bXtra installed pop-up kiosks at mall lobbies to encourage members of the public to drop their segregated cartons, papers, and plastics in exchange for environmental credits on a mobile app that can be used to pay utility bills or purchase goods with program partners. In 2023, a total of 6,320 kilograms of recyclables were collected by bXtra.

ECONOMIC PERFORMANCE

As a full-range property developer, Filinvest Land's business model involves many sources of capital on which the company builds its operations. Financial capital is only one type that the business relies on to create value which in itself is manifested in many forms.

Investors and lenders provide the company the funding required for capital expenditures and in turn they receive dividends and interest payments, respectively. Employees provide the necessary human capital to run and grow the business, and in turn they derive their livelihoods from the company's existence. Suppliers support the core business through the provision of goods and services, and in turn derive profits from such activities, while jobs are created across the supply chain. The natural environment provides the necessary ecosystem services that sustain business operations, and in turn it is in the company's best interest to preserve and enhance the physical environment. Governments provide the enabling environment for businesses to thrive, and governments benefit from the company's activities in the form of taxes that help drive the economy.

In the course of doing business, Filinvest Land creates economic value and shares this with its stakeholders who may also be viewed as value co-creators.

Economic Value Generated and Distributed (2023)

	Amount (PHP)
Direct Economic Value Generated (revenue)	**22,554,334,000**
Direct Economic Value Distributed:	
a. Operating costs	11,800,774,173
b. Employee wages and benefits	1,683,280,000
c. Payments to suppliers, and other operating costs	11,222,827,000
d. Dividends given to stockholders and interest payments to lenders	1,535,380,000
e. Taxes paid to government	576,492,000
f. Community social investments	1,000,000

Engaging our Local Supply Chain

Filinvest Land's operations are spread across the country, with majority of projects in Luzon but those in the Visayas and Mindanao are also significant. Aside from operational and cost efficiencies for the developer, the purchase orders awarded to local suppliers also have the benefit of supporting the local economy. In 2023, Filinvest Land Inc.'s awarded projects and purchase orders to local suppliers constituted 99.16% of the procurement budget, in the amount of 378 million pesos.

Ensuring Good Governance with Employees and Suppliers

In 2023, the Filinvest-wide Code of Business Conduct ad Ethics was reviewed and updated to include the latest corporate best practices as well as provisions in law that were recently enacted. Rollout of the policy to all employees is expected to carry over into the following year.

The current document incorporates the new Filinvest Groups' values, anti-corruption, insider trading, related party transactions, corporate gifts, conflict of interest and other governance best practices. Significant changes were on social media engagements, data privacy and safe spaces. The Code sets out standards for the day-to-day behavior of all employees, covering interactions with peers and external stakeholders such as suppliers, contractors, government officials and customers. The Code also includes provisions in managing issues or cases such that the process is fair, uniform, impartial, open-minded, and handled in a prudent and sensitive manner. This is also supported by the updating of the Employee Manual that will also be cascaded in 2024.

There were no incidents of fraud or misconduct in 2023 reported by any stakeholder that would have a significant effect on the Company's financial statements and overall operations. No directors or employees were removed from service or disciplined on grounds of corruption or fraud.

A more extensive discussion of corporate governance policies and practices are found in the Corporate Governance section of the Annual Report.

SOCIAL PERFORMANCE

Filinvest Land's key stakeholders on sustainability issues on social matters are primarily the customers, employees, and the communities where FLI operates. In living up to the purpose of the Filinvest Group, which is to enable Filipinos to achieve their dreams, the main contribution of FLI is to fulfill the dream of every family to having their own home.

Filinvest Land Helping Solve the Philippine Housing Backlog

According to the Department of Human Settlement and Urban Development, there is currently a 6.5 million housing backlog for informal settlers and low-income earners across the country.

Helping solve this longstanding social issue is Filinvest Land's response through its low-cost housing brands, Pabahay and Futura. In 2023, Filinvest Land completed 1,716 of socialized and affordable brands and turned them over to buyers, many of whom are first time homeowners. 11 projects covering 1,278 units were also launched during the year.

Human Capital at the Heart of Fulfilling the Mission

The ability of any organization to fulfill its mission to society is dependent on human capital readiness -- filling in critical roles when needed with competent, energized and engaged talents. Filinvest Land continues to build, develop, and nurture a strong, diverse and capable team that delivers excellent services to the customer and will fuel the growth engine as business opportunities arise.

As of end of 2023, Filinvest Land had a regular workforce of 1,796.

Employee breakdown by contract type	2023	2022	2021
Total employees	**1,796**	**1,639**	**1,515**
Executive	81	76	69
Manager	414	344	314
Supervisor	420	371	303
Rank and File	881	848	829

All full-time employees enjoy a comprehensive benefits package, which includes medical care, group life and accident insurance retirement benefits. In addition, paid leaves for vacation, illness, maternity, and paternity, change of civil status, birthday, bereavement, and calamity. In 2023, a home discount and assistance program was introduced for tenured employees. A car financing plan is also available for managers and up. The company also offers health maintenance coverage for regular employees, a loan fund which includes emergency loans to aid in the hospitalization of an employee or their family members or for immediate repair of an employee's home after a natural disaster or fire. There is also an educational loan to cover tuition fees for employee dependents.

Filinvest Land recognizes employees with 10, 15, 20, 25, 30 years of service to celebrate the appreciation of their hard work and dedication.

An employee handbook, in addition to other human resource policies, is communicated to all new employees to ensure that all aspects of employment, including fair hiring practices, compensation and dismissal, working hours, rest periods, anti-discrimination and employee welfare are well understood. The revisions to the existing Employee Handbook were worked on in 2023 and due for rollout in 2024.

Employee Growth Irrespective of Social Background

Filinvest Land aims to attract and retain the best employees, and keeps on looking for opportunities to improve the employee experience. Nurturing talents during the progress of their career is a company commitment, coupled with a deliberate policy of being gender blind and inclusivity, that is, one's progress is not limited by one's social background.

In alignment with the Shared Benefits corporate value of Filinvest, FLI supports employees' long-term career goals through upskilling, stretched roles and engagement channels. To ensure that employees are able to discharge their duties in alignment with personal and professional growth, the prescribed proficiency levels for every role's competency model (covering core, functional and leadership competencies) are assessed for gaps and interventions are identified with line managers. Interventions are not always in the form of classroom training or workshops, but in many cases through learning by doing and stretched targets with coaching and mentoring commitments of line managers.

Most training modules for employees of Filinvest Land are delivered through the Leadership and Development program of Human Resources, but some trainings, especially compliance, are driven by the line managers who serve as the corporate champion for select regulations. Filinvest also has given its employees unlimited access to hundreds of courses via LinkedIn Learning, an online open course provider.

Type of Training	Course Topic
Core competencies-focused	• One Tree, One Heart, One Filinvest regional launch events • One Filinvest Core Values Series (Customer Centricity, Change for the Better, Filinvest Family, Entrepreneurial Mindset, Shared Benefits & Trustworthiness) • Synergy Assembly • Decoding Your Customers • Objectives and Key Results Writing
Leadership-focused	• Leadership Fundamentals • Effective Leadership Styles • Re-defining a Leader's Role • Leadership That Unites • Employee Relations Functions of a Line Leader • Leading Others (for Supervisors and Assistant Managers)

	• The Evolution of Leadership and Purpose • The Craft of Writing Effectively • How To Master the Art of Leadership • The Middle Manager Show • Emotional Intelligence and Leadership • Managing Difficult People and Dealing with Conflict • Managing Generational Difference in the Workplace
Functional competencies-focused	• Incident Command System Executive Course • Internal Audit Continuing Learning Sessions • Operations Calibration • Refund Under Maceda Law • How to Manage Employee Sickness, Absences and Employee Return to Work • Boosting Work Productivity • 23 Essential Skills of Administrative Professionals • Mastering the Art of Public Speaking: How to Communicate with Confidence and Clarity • 23 Best Practices for Email Etiquette in the Workplace • Business Writing Skills: Writing more Effectively • Sales Management Simplified • Conducting Pre-Mortem Analysis • Calibration on Case Handling for OPS High Potentials • Turning a newbie salesman into a Top Producing Seller • Technical Workshop Series • QUALIFICATION and TURN OVER Process and Best Practices • Hindi Ako Creative: Designing Things Even if You are not Creative • Bits & Bites Learning Session - ChatGPT: Will it change the way we work?
Employee Empowerment-related	• New Employee Orientation • Introduction to Psychological First Aid • Diversity and Inclusion: Creating a Positive Culture at Work • Basic Rights and Benefits of Workers in the Private Sector • The Power of Success Attitudes: Become the Person Who Can Change During a Crisis • Gender Equality in the Workplace • From Tension to Tranquility: Expressive Arts in Stress Management at Work • Actionable Employee Retention Strategies for Keeping Your Best Talent • Spotting The Signs: A Basic Mental Health First Responder Seminar
Regulator-mandated	• Safe Spaces Act • Anti Money Laundering Act • Data Privacy Act • Anti-Bullying Act • CyberCrime Prevention • Occupational Health and Safety • Fire Safety

In 2023, the average training hours for employees increased by almost 20%, as the limitations on face-to-face training were reduced due to the post-pandemic recovery, and innovative ways of providing learning opportunities using online platforms were made available.

Average Training Hours provided to employees								
2023			**2022**			**2021**		
Total Average	Male	Female	Total Average	Male	Female	Total Average	Male	Female
42.77	40.36	44.02	19.48	17.79	21.12	3.09	3.54	2.78

All regular employees undergo a self- and manager-driven performance assessment where competency gaps are identified, and interventions incorporated into the talent's development plan. Performance reviews are undertaken every year and the past two years has seen some initiatives to improve the way objectives and key results are articulated, ensuring full alignment with corporate targets. In the short term, conglomerate-driven developments on setting objectives will be introduced to allow for greater collaboration among business units and enhance the sense of Filinvest identity among all employees.

At Filinvest Land, having people with diverse backgrounds in the team allows the teammates to appreciate diverse perspectives, approach problems from a more comprehensive point of view, and develop innovative solutions that address pain points and perhaps even create opportunities.

Filinvest Land traditionally always had a high proportion of women across all employment categories, comprising more than half of the workforce, showcases the commitment to gender blindness and inclusive hiring practices. The Board and senior leadership team also have women leaders who are treated no differently; 50% of the executives in FLI are composed of women. The policy of the company is that one's career progression is based on performance and competency only.

As of end 2023:

- **59.1**% of FLI employees are women.
- **50.6** % of FLI executives are women.

Health and Safety as Top Priority

Filinvest Land takes seriously the any and all threats associated with fire and life safety, and there is no tolerance for any lax attitudes on this type of threat. Capital expenditures on these matters are the first consideration in budget reviews.

Filinvest values the health and wellbeing of employees, contractors, and the general public, and are committed to providing these stakeholders with a safe, secure, and healthy working environment. The same high standards are expected of its business partners.

The Filinvest Group has a strong set of codified best practices established through the Safety Policy, Accident Prevention Program, OHS Program, Security, Environment, Health and Safety Policy and Code of Safe Practices. Fire and earthquake drills are conducted in coordination with local government units and their disaster reduction and response councils.

As a part of the continuing improvement in occupational health and safety reporting, beginning in 2023, Filinvest added the tracking of safe manhours of outsourced service providers. There were no fatalities in 2023 involving employees or the supply chain. A combined 35,501,606 of safe man-hours among employees and the contractors' workforce in FLI's headquarters, construction and property management operations was accomplished in 2023.

Occupational Health and Safety

	2023	**2022**	**2021**
Safe manhours (employees in property operations)	2,071,004	2,346,255	2,615,976
Safe manhours (employees in projects)	6,804,401	4,763,510	No disclosure
Safe manhours (service providers)	6,799,997	No disclosure	No disclosure
Safe manhours (contractors employees)	19,826,204	12,873,670	No disclosure
Work-related injuries	2	0	2
Work-related fatalities	0	0	0
Work-related illnesses	2	0	0

Protecting Privacy

Filinvest Land ensures that the personal information of customers, employees and other data subjects are safe and secure, in accordance with data protection, privacy and information security laws and regulations, particularly the Data Privacy Act of 2012 and issuances by the National Privacy Commission. There were no data breaches in 2023.

EESG Performance Metrics

A. ECONOMIC PERFORMANCE

<table>
<tr><td>Direct Economic Value Generated and Distributed
(GRI 201-1)</td><td>2023
(‘000 PHP)</td><td>2022
(‘000 PHP)</td><td>2021
(‘000 PHP)</td></tr>
<tr><td>Direct economic value generated (revenue)</td><td>22,554,334</td><td>19,944,346</td><td>17,738,919</td></tr>
<tr><td>Direct economic value distributed</td><td></td><td></td><td></td></tr>
<tr><td>a. Operating costs</td><td>11,800,774</td><td>15,696,130</td><td rowspan="6">14,762,392</td></tr>
<tr><td>b. Employee wages and benefits</td><td>1,683,280</td><td>1,398,808</td></tr>
<tr><td>c. Payments to suppliers and other operating costs</td><td>11,222,827</td><td>9,938,182</td></tr>
<tr><td>d. Dividends given to stockholders and interest payments to lenders (does not include principal debt payments)</td><td>1,535,380</td><td>5,741,968</td></tr>
<tr><td>e. Taxes paid to government</td><td>576,492</td><td>409,321</td></tr>
<tr><td>f. Community investments</td><td>1,000</td><td>350</td></tr>
</table>

Procurement Practices

Proportion of Spending on Local Suppliers (GRI 204-1)	**2022**	**2022**	**2021**
	(‘000 PHP)	(‘000 PHP)	(‘000 PHP)
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	99.16	98.11%	98.85%

Note: The geographic definition of ‘local’ is based on the region of the country where there are FLI operations.

Anti-corruption

Trainings on Anti-corruption Policies and Procedures (GRI 205-2)	**2023**	**2022**	**2021**
Percentage of employees who have received written communication about corporate anti-corruption policies and procedures	0%	0%	0%
Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures	0%	0%	0%

Percentage of directors and management who have received anti-corruption training	100%	100%	100%
Percentage of employees who have received anti-corruption training	100%	100%	100%

Incidents of corruption (GRI 205-3)	**2023**	**2022**	**2021**
Number of incidents in which directors were removed or disciplined for corruption	0	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	0
Number of incidents when contracts with business partners were terminated due to corruption	0	0	0

B. **ENVIRONMENTAL PERFORMANCE**

Resource Management

Energy Consumption (GRI 302-1)	Unit	**2023**	**2022**	**2021**
Gasoline – property operations	L	115,538	0	147,666
Diesel – property operations	L	209,932	164,830	620,763
Diesel – construction projects	L	840,207	611,924	
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Total Electricity – property ops (common) & projects	KWH	73,322,702	70,107,433	No disclosure

Note: Renewables consumption by FILRT (purchased electricity from renewables) and Festival Mall (rooftop solar)

Energy Consumption (GRI 302-1)	Unit	**2023**	**2022**	**2021**
Gasoline – property operations	GJ	3,951	0	5,050
Diesel – property operations	GJ	8,103	6,362	23,961
Diesel – construction projects	GJ	32,432	23,620	No disclosure
Electricity (renewable) – common area	GJ	23,848	18,392	No disclosure
Electricity (renewable) – total area	GJ	84,464	74,283	No disclosure
Electricity (non-renewable) – common area	GJ	227,942	225,658	No disclosure
Electricity (non-renewable) - total area	GJ	501,020	483,670	No disclosure

Electricity (RE & non-RE) – common area	GJ	251,790	244,050	273,939
Electricity (RE & non-RE) - total area	GJ	585,484	557,954	No disclosure
Electricity – construction projects (non-RE)	GJ	12,172	8,337	No disclosure
Total Electricity – property ops (common) & projects KWH	GJ	263,962	252,387	No disclosure

Energy Density conversion: Gasoline - 0.0342 GJ/L, Diesel –0.0386 GJ/L, Electricity – 0.0036 GJ/KWH

Water Consumption (GRI 303-5)	Unit	**2023**	**2022**	**2021**
Water used – total area	m^3	3,379,141	3,034,671	1,617,049
Water recycled and reused	m^3	95,648	48,120	38,674

Note: Water used covers property management (3,043,931 m^3) and construction projects (391,912m^3). 2021 disclosures did not include project-related consumption.

Materials Used (GRI 301-1)	Unit	**2023**	**2022**	**2021**
Materials Used – steel	Tonnes	12,707	17,314	11,606
Materials Used – cement	Tonnes	35,388	25,296	23,825
Recycled waste for construction	Tonnes	Nil	12	0
Percentage of recycled input materials used to manufacture the organization's primary products and services	%	<1%	<1%	No disclosure

Ecosystems and Biodiversity (GRI 304-1 & 304-3)	**2023**	**2022**	**2021**
Operational sites owned, leased in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Filinvest Land's developments are mostly located in highly populated areas where there is no immediate threat of human activity on biodiversity. The Timberland township is adjacent to but not within the boundaries or the buffer zone of the Upper Marikina Watershed Protected Landscape. The existing land bank also does not contain parcels of land within protected areas classified under the NIPAS Act.		
Habitats protected or restored	None		
IUCN Red List species and national conservation list species with habitats in areas affected by operations	None		

Environmental Impact Management

Greenhouse Gas Emissions (GRI 305-1, 305-2, 305-3, 305-6)	Unit	**2023**	**2022**	**2021**
Direct Emissions (Scope 1) – diesel and gasoline – property operations	Tonnes CO_2-e	837	446	2,022
Direct Emissions (Scope 1) – diesel – projects	Tonnes CO_2-e	2,274	1,656	No disclosure
Direct Emissions (Scope 1) – diesel – property operations & projects	Tonnes CO_2-e	2,842	2,102	No disclosure
Indirect Emissions (Scope 2) – purchased electricity, common areas only	Tonnes CO_2-e	45,094	44,643	51,642
Indirect Emissions (Scope 2) – purchased electricity, total area	Tonnes CO_2-e	99,119	No disclosure	No disclosure
Indirect Emissions (Scope 2) – purchased electricity, projects	Tonnes CO_2-e	2,408	1,649	No disclosure
Total GHG Emissions (Scope 1 & 2) – property operations, common area	Tonnes CO_2-e	45,931	45,088	No disclosure
Total GHG Emissions (Scope 1 & 2 –property operations, total area	Tonnes CO_2-e	99,956	96,132	No disclosure
Total GHG Emissions (Scope 1 & 2) – projects	Tonnes CO_2-e	4,682	3,305	No disclosure
Total GHG Emissions (Scope 1 & 2) –property operations (common areas) and projects	Tonnes CO_2-e	50,613	48,393	No disclosure
Total GHG Emissions (Scope 1 & 2) –property operations (total areas) and projects	Tonnes CO_2-e	104,637	99,437	No disclosure
Avoided GHG emissions	Tonnes CO2-e	16,710	14,696	No disclosure
Emissions of ozone-depleting substances (ODS)	Tonnes	No disclosure	No disclosure	No disclosure

Notes:

- Scope 2 applies only to the non-RE KWH consumption.
- FILRT buildings connected to the District Cooling System consumed 16,574,244 TRH, or 88.34% of the total DCS output of 18,762,043 TRH in 2023. DCS consumed 13,921,123 KWH of electricity, of which 12,297,812 KWH is indirectly attributable to FILRT. The corresponding GHG emissions of DCS in behalf of FILRT is a Scope 3 disclosure for FILRT, but covered as Scope 2 by FLI.
- Diesel EF: 2.706 kg CO_2 per liter
- Luzon-Visayas Grid EF: 0.7122 tons CO_2 per MWH

Air Pollutant Emissions (GRI 305-7)	Unit	**2023**	**2022**	**2021**
Nitrogen oxides (NOx)	Kg	Deemed immaterial. Standby gensets are operated only for a few minutes during preventive maintenance. There were no massive power failures in 2023 that necessitated the extended use of gensets in any of FLI's properties. The environmental regulator does not require testing and disclosure of air pollutant emissions if gensets are only run for periodic preventive maintenance.		
Sulfur oxides (SOx)	Kg			
Persistent Organic Pollutants (POP)	Kg			
Volatile organic compounds (VOC)	Kg			
Hazardous air pollutants (HAP)	Kg			

Solid Wastes Generation (GRI 306-3, 306-4, 306-5)	Unit	**2023**	**2022**	**2021**
Reusable	Tonnes	Data not available	0.29	0.24
Recyclable	Tonnes	256		74
Composted	Tonnes	639	0	0.77
Residuals (landfilled)	Tonnes	10,266	10,224	15,872
Total	Tonnes	11,161	10,224	15,872

Hazardous Wastes (GRI 306-4, 306-5)	Unit	**2023**	**2022**	**2021**
Hazardous wastes generated	Kg	292,924	13,792	8,672
Hazardous wastes transported and treated	Kg	5,950	0	0

Note: LED lighting conversion for office buildings was completed in 2022. There are no more busted fluorescent bulbs generated in any FILRT building. Hazwastes generated in 2023 are mostly used oil and used batteries due to the reduction of fluorescent bulbs in office properties. A significant amount of hazwastes were hauled out, held up by limitations in hauling during the pandemic years.

Effluents (GRI 303-4)	Unit	**2023**	**2022**	**2021**
Wastewater generated – total area	m^3	2,043,877	1,032,858	No disclosure
Total volume of effluent discharge	m^3	1,639,274	984,738	1,862,887
Total volume of effluent reused	m^3	95,648	48,120	38,674
Percent of effluent recycled	m^3	4.68%	4.66%	2.07%

Notes:

- Wastewater generation attributable to FLI (incl. FILRT) property operations within Filinvest City are estimated as a fraction of the total influent measured in the centralized sewage treatment plant of the estate. This return factor changes from year to year. The same ratio applies to the estimation of effluent discharge and reuse. Recycled effluent is treated wastewater that is used internally in STP operations as well as irrigation of public spaces within Filinvest City.

Environmental Compliance	Unit	**2023**	**2022**	**2021**
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	PHP	0	0	0

C. **SOCIAL PERFORMANCE**

Employee Management

Employee Hiring and Benefits (GRI 401-1)	**2023**			**2022**			**2021**		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total number of regular employees	1796	734	1062	1,639	611	1,028	1,515	629	886
Voluntary attrition rate	25%			25%			19%		
Ratio of lowest paid employee against minimum wage	1.04			1.07			1.19		

Employee Training and Development

Employee Training and Development (GRI 404-1)	**2023**			**2022**			**2021**		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total training hours provided to employees	74,730	15,460	32,270	39,648	17,826	21,822	No disclosure		
Average training hours provided to employees	42.77	40.36	44.02	19.48	17.79	21.12	3.09	3.54	2.78

Labor Management Relations

Labor Management Relations	**2023**	**2022**	**2021**
% of employees covered by Collective Bargaining Agreements	0	0	0
Number of consultations conducted with employees concerning employee related policies	2	0	23

Diversity and Equal Opportunity

Diversity and Equal Opportunity (GRI 405-1)	2023			2022			2021		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
% of workers in the workforce by gender	100	41%	59%	100	37	63	100	31	59
Number of employees from indigenous communities and/or vulnerable sector	0			0			0		

Workplace Conditions and Occupational Health and Safety

Occupational Health and Safety (GRI 403-9, 403-10)	2023	2022	2021
Safe manhours (Filinvest employees – property operations & HQ)	2,071,004	2,346,255	2,615,976
Safe manhours (Filinvest employees – projects	6,804,401	4,763,510	No disclosure
Safe manhours (service providers)	6,799,997	No disclosure	No disclosure
Safe manhours (contractors)	19,826,204	12,873,670	2,615,976
Number of work-related injuries	2	0	0
Number of work-related fatalities	0	0	0
Number of work-related ill-health	2	0	0
Number of safety drills	838	26	No disclosure

Labor Standards and Human Rights

Labor Laws and Human Rights	2023	2022	2021
Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying in the workplace)	4	4	4
Number of legal actions or employee grievances involving forced or child labor	0	0	0

Note: These are policies and regulations adopted by FLI and its subsidiaries, as well as the FDC parent.

Relationship with Community

Significant Impacts on Local Communities (GRI 413-1)	2023	2022	2021
For operations affecting IPs, total number of Free and Informed Prior Consent (FPIC) consultations and Certification Preconditions (CPs) secured	FLI's operations are not located in any sites which have the presence of indigenous communities.		

Customer Management

Customer Satisfaction	2023	2022	2021
Customer Satisfaction Score	81%	76%	70%

Note: Filinvest Land undertakes customer satisfaction surveys annually.

Product/Service Health and Safety (GRI 416-2)	2023	2022	2021
Number of substantiated complaints on product or service health and safety	0	615	211
Number of complaints addressed	0	418	211

Marketing and Labeling (GRI 417-2, 417-3)	**2023**	**2022**	**2021**
Number of substantiated complaints on product or service health and safety	367	8	5
Number of complaints addressed	231	8	5

Customer Privacy (GRI 418-1)	**2023**	**2022**	**2021**
Number of substantiated complaints on customer privacy	0	0	0
Number of complaints addressed	0	0	0
Number of customers, users and account holders whose information is used for secondary purposes	0	0	0

Data Security and Privacy

Data Security (GRI 418-1)	**2023**	**2022**	**2021**
Number of data breaches, including leaks, thefts and loss of data	0	0	0

Content Index

Disclosures	Reporting location	Remarks/ explanation
Company details		
Name of Organization	About This Report	Filinvest Land, Inc.
Location of Headquarters		79 Epifanio de los Santos Ave, Mandaluyong City, Metro Manila 1550
Location of Operations		Philippines
Report Boundary: Legal entities included in this report		Filinvest Land, Inc.
Business Model		Property Development
Reporting Period		January 1 – December 31, 2023
Highest Ranking Person for this report		Head of Investor Relations

A. Economic disclosures		Reporting location	Remarks/ explanation
Economic Performance			
Direct Economic Value Generated and Distributed			
General Disclosures	Management Approach	Economic Performance EESG Performance Metrics – Economic Disclosures	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Direct economic value generated (Revenue)		
	Direct economic value distributed		
Climate-Related Risks and Opportunities			
General Disclosures	Governance	--	Sustainability Framework of FDC Parent (Filinvest Group).
	Strategy		
	Risk Management		
	Metrics and Targets		

A. Economic disclosures		Reporting location	Remarks/ explanation
Procurement Practices			
Proportion of Spending on Local Suppliers			
General Disclosures	Management Approach	Economic Performance	All major procurement is undertaken by SharePro, a shared services company that serves the Filinvest Group, spun off from Filinvest Land
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPI	Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		
Anti-Corruption			
Training on Anti-Corruption Policies and Procedures			
General Disclosures	Management Approach	Corporate Governance	More information can be found in the Corporate Governance disclosures in the Annual Report of FLI
	The Impact and Where it Occurs		
	Stakeholders Affected		
	Percentage of employees who have received written communication about corporate anti-corruption policies and procedures		
KPIs	Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures		
	Percentage of directors and management who have received anti-corruption training		
	Percentage of employees who have received anti-corruption training		

A. Economic disclosures		Reporting location	Remarks/ explanation
Incidents of Corruption			
General Disclosures	Management Approach	Corporate Governance & Economic Performance	More information can be found in the Corporate Governance disclosures in the Annual Report of FLI.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Number of incidents in which directors were removed or disciplined for corruption		
	Number of incidents in which employees were dismissed or disciplined for corruption		
	Number of incidents when contracts with business partners were terminated due to corruption		

B. Environment Disclosures		Reporting location	Remarks/ explanation
Resource Management			
Energy consumption within the organization and Reduction of Energy Consumption			
General Disclosures	Management Approach	Environmental Performance	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Energy consumption - by fuel type		
	Energy reduction - by fuel type		
Water consumption within the organization			
General Disclosures	Management Approach	Environmental Performance	Water consumed by FLI communities and office spaces are sourced from public water utilities where possible, but standby deep wells may be resorted to if the public services are unavailable or unreliable. When public utilities do not have sewerage infrastructure, FLI sets up its own wastewater infrastructure and is operated by the Filinvest Group's water utility operations subsidiary.
	The Impact and Where it Occurs		
	Stakeholders Affected		
	ESG Risks and Opportunities		
KPIs	Water consumption within the organization		
	Water withdrawal		
	Water consumption		
	Water recycled and reused		

B. Environment Disclosures		Reporting location	Remarks/ explanation
Materials Used by the Organization			
General Disclosures	Management Approach	Environmental Performance	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Materials used by weight or volume		The main materials used in construction of FLI projects are steel and cement. Water consumption of projects is also tracked.
	Percentage of recycled input materials used to manufacture the organization's primary products and services		
Ecosystems and Biodiversity			
General Disclosures	Management Approach	Environmental Performance	Filinvest's projects are not located in any biodiversity hotspots. All developments are granted Environmental Compliance Certificates by the DENR.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Operational sites owned, leased in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
	Habitats protected or restored		
	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
Environmental Impact Management			
Air Emissions - Green House Gasses (GHG)			
General Disclosures	Management Approach	Environmental Performance	Scope 1 emissions are due to the consumption of diesel for gensets installed on properties. Scope 2 emissions are due to electricity bought. Some FILRT assets buy 100% renewables via the Open Access scheme, and one mall has onsite solar power generation.
	The Impact and Where it Occurs		
	Stakeholders Affected		
	ESG Risks and Opportunities		
KPIs	Direct (Scope 1) GHG Emissions		
	Energy indirect (Scope 2) GHG Emissions		
	Emissions of ozone-depleting substances (ODS)	--	Not material.

<table>
<tr><th colspan="2">B. Environment Disclosures</th><th>Reporting location</th><th>Remarks/ explanation</th></tr>
<tr><td colspan="2">Air Pollutants</td><td></td><td></td></tr>
<tr><td rowspan="3">General Disclosures</td><td>Management Approach</td><td rowspan="10">Environmental Performance</td><td rowspan="10">Stationary gensets installed on properties are only used for short duration testing during maintenance calls. Emissions are tested in accordance with frequencies stipulated in the genset permit to operate issued by DENR. Quantities of air pollutants are deemed negligible as operations are not continuous.</td></tr>
<tr><td>The Impact and Where it Occurs</td></tr>
<tr><td>Stakeholders Affected</td></tr>
<tr><td rowspan="7">KPIs</td><td>Nitrogen oxides (NOx)</td></tr>
<tr><td>Sulfur oxides (SOx)</td></tr>
<tr><td>Persistent organic pollutants (POPs)</td></tr>
<tr><td>Volatile organic compounds (VOCs)</td></tr>
<tr><td>Hazardous air pollutants (HAPs)</td></tr>
<tr><td>Particulate matter (PM)</td></tr>
<tr><td></td></tr>
<tr><td>Solid Waste</td><td></td><td></td><td></td></tr>
<tr><td rowspan="3">General Disclosures</td><td>Management Approach</td><td rowspan="4">Environmental Performance</td><td rowspan="4">FLI employs accredited service providers for the hauling and disposal of solid wastes in instances where the LGU is unable to fulfill its duties under RA 9003. A partnership with a circular economy private entity was signed in 2023 to explore synergy opportunities.</td></tr>
<tr><td>The Impact and Where it Occurs</td></tr>
<tr><td>Stakeholders Affected</td></tr>
<tr><td>KPI</td><td>Total solid waste generated - by type</td></tr>
<tr><td colspan="2">Hazardous Waste</td><td></td><td></td></tr>
<tr><td rowspan="3">General Disclosures</td><td>Management Approach</td><td rowspan="5">Environmental Performance</td><td rowspan="5">FLI’s operating units have respective Hazwaste IDs with the DENR and chain of custody documentation is in place when DENR-accredited service providers are engaged to transport, treat and dispose of hazardous wastes.</td></tr>
<tr><td>The Impact and Where it Occurs</td></tr>
<tr><td>Stakeholders Affected</td></tr>
<tr><td rowspan="2">KPIs</td><td>Total weight of hazardous waste generated</td></tr>
<tr><td>Total weight of hazardous waste transported</td></tr>
</table>

B. Environment Disclosures		Reporting location	Remarks/ explanation
Effluents			
General Disclosures	Management Approach	Environmental Performance	FLI collects and treats wastewater in owned sewage treatment facilities where reliable sewerage services are not available from the local water utility.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total volume of water discharges		
	Percent of wastewater recycled		
Environmental Compliance			
Non-compliance with environmental laws and regulations			
General Disclosures	Management Approach	Environmental Performance	All of FLI's operating properties and pollution control officers have updated environmental permits and consistently comply with regulatory thresholds and reportorial requirements.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total amount of monetary fines for non-compliance with environmental laws and/or regulations		
	Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations		
	Number of cases resolved through a dispute resolution mechanism		

C. Social Disclosures		Reporting location	Remarks/ explanation
Employee Management			
Employee Hiring and Benefits			
General Disclosures	Management Approach	Social Performance	Filinvest's hiring philosophy is based on competency and merit, irrespective of gender, race, ethnicity, religion or social background.
	The Impact and Where it Occurs		
KPIs	Total number of employees		
	Attrition rate		
	Ratio of lowest paid employee against minimum wage	EESG Performance	
	List of employee benefits	Social Performance	

C. Social Disclosures		Reporting location	Remarks/ explanation
Employee Training and Development			
General Disclosures	Management Approach	Social Performance	All FLI employees are automatically granted access to the Filinvest Mentor online learning platform where courses are available. This augments the classroom-type trainings and mentorships provided employees.
	The Impact and Where it Occurs		
KPIs	Total training hours provided to employees (by male/female)		
	Average training hours provided to employees (by male/female)		
Labor Management Relations			
General Disclosures	Management Approach	Social Performance	As of the end of 2023, there is no CBA in Filinvest Land or any of its subsidiaries.
	The Impact and Where it Occurs		
KPIs	% of employees covered by Collective Bargaining Agreements		
	Number of consultations conducted with employees concerning employee-related policies		
Diversity and Equal Opportunity			
General Disclosures	Management Approach	Social Performance	Filinvest's policy for career progression is based on meritocracy and competency, and not on any other criteria.
	The Impact and Where it Occurs		
KPIs	% of female workers in the workforce		
	% of male workers in the workforce		
	Number of employees from indigenous communities and/or vulnerable sector		
Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety			
General Disclosures	Management Approach	Social Performance	A company-wide safety program is in place, complying with all DOLE requirements, incl. the creation of safety committees and the conduct of drills.
	The Impact and Where it Occurs		
KPIs	Safe Man-Hours		
	No. of work-related injuries		
	No. of work-related fatalities		
	No. of work-related ill-health		
	No. of safety drills		

C. Social Disclosures		Reporting location	Remarks/ explanation
Labor Laws and Human Rights			
General Disclosures	Management Approach	Social Performance	The Filinvest employee code of conduct has been communicated to all employees and is a required onboarding course.
	The Impact and Where it Occurs		
KPIs	Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace		
	No. of legal actions or employee grievances involving forced or child labor		
Supply Chain Management			
Supplier Accreditation and Screening			
General Disclosures	Management Approach	Economic Performance	Supply Chain Management under SharePro has a vendor accreditation program in place which is linked to the business code of conduct of the company.
	The Impact and Where it Occurs		
KPIs	Supplier Accreditation Policy		
	Sustainability Topics Considered When Selecting/Screening Suppliers		
Relationship with Community			
Significant Impacts on Local Communities			
General Disclosures	Management Approach	Social Performance	Filinvest projects are not located in areas where there is a certificate of ancestral domain title. There are operating units that do engage indigenous peoples in the course of everyday operations, e.g. within Clark Mimosa where Aetas are part of the workforce of business partners.
KPIs	Operations with significant impacts on local communities (by location, vulnerable group/indigenous people (IPs))		
	Mitigating measures (if negative) or enhancement measures (if positive)		
	For operations affecting IPs, total number of Free and Prior Informed Consent (FPIC) consultations and Certification Preconditions (CPs) secured		
Customer Management			
Customer Satisfaction			
General Disclosures	Management Approach	Social Performance	Filinvest Land undertakes annual customer satisfaction surveys.
	The Impact and Where it Occurs		
KPI	Customer Satisfaction Score(s)		

<table>
<tr><th colspan="2">C. Social Disclosures</th><th>Reporting location</th><th>Remarks/ explanation</th></tr>
<tr><td colspan="2">Health and Safety</td><td></td><td></td></tr>
<tr><td rowspan="2">General Disclosures</td><td>Management Approach</td><td rowspan="6">Social Performance</td><td rowspan="6">Filinvest’s Health and Safety practices are guided by existing regulations.</td></tr>
<tr><td>The Impact and Where it Occurs</td></tr>
<tr><td rowspan="2">KPIs</td><td>Number of substantiated complaints on product or service health and safety</td></tr>
<tr><td>Number of complaints addressed</td></tr>
<tr><td colspan="2">Marketing and Labelling</td></tr>
<tr><td rowspan="2">General Disclosures</td><td>Management Approach</td></tr>
<tr><td>The Impact and Where it Occurs</td><td></td><td></td></tr>
<tr><td rowspan="2">KPIs</td><td>Number of substantiated complaints on marketing and labelling</td><td></td><td></td></tr>
<tr><td>Number of complaints addressed</td><td></td><td></td></tr>
<tr><td colspan="2">Customer Privacy</td><td></td><td></td></tr>
<tr><td rowspan="2">General Disclosures</td><td>Management Approach</td><td rowspan="5">Social Performance</td><td rowspan="5">All data of FLI are governed by the Data Privacy Act’s provisions and has an Information Security program in place. There have been no reported data breaches or losses in 2023.</td></tr>
<tr><td>The Impact and Where it Occurs</td></tr>
<tr><td rowspan="3">KPIs</td><td>Number of substantiated complaints on customer privacy</td></tr>
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<tr><td>Number of customers, users and account holders whose information is used for secondary purposes</td></tr>
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<tr><td>KPI</td><td>No. of data breaches, including leaks, thefts and losses of data</td></tr>
</table>

FILINVEST
LAND, INCORPORATED

79 EDSA, Highway Hills, Mandaluyong City
Metro Manila 1000, Philippines
Trunk Line: (632) 7918-8188
Customer hotline: (632) 8588-1688
www. filinvestland.com

September 28, 2022

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza6th
Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Ms. Alexandra Tom Wong
OIC, Disclosure Department

Subject: Final Report on the Disbursement of Proceeds from the Initial Public Offering ("IPO") of Filinvest REIT Corp. ("FILRT")

Dear Ms. Tom Wong,

We are pleased to submit our Final Report on the Application of Proceeds for the IPO of FILRT , duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On August 12, 2021, Filinvest Land, Inc received net proceeds from the IPO of FILRT amounting to Twelve Billion Two Hundred Sixty Four Million Nineteen Thousand Three Hundred Thirty Nine Pesos (Php12,264,019,339).

As of August 11, 2022, FLI already disbursed the total net proceeds amounting to Twelve Billion Two Hundred Sixty Four Million Nineteen Thousand Three Hundred Thirty Nine Pesos (Php12,264,019,339).

The details of the disbursements are as follows:

Gross Proceeds from IPO	Php	12,583,246,445
Purchase of shares during the stabilization period	-	2,281,800
Underwriters and IPO-related fees	-	316,945,306
Net Proceeds received		12,264,019,339
Disbursements for Transaction Costs, Aug. 12- Sept. 30	-	132,542,601
Disbursements for Transaction Costs, Oct. 1- Dec. 31	-	1,571,600
Available for Reinvestment		12,129,905,138
Disbursements for Reinvestment Aug 12- Sept 30	-	1,566,787,667
Disbursements for Reinvestment Oct 1-Dec. 31	-	872,622,139
Disbursements for Reinvestment Jan.1- March 31, 2022	-	2,016,678,604
Disbursements for Reinvestment April 1-June 30, 2022	-	2,725,572,490
Disbursements for Reinvestment July 1-August 11, 2022	-	4,948,244,238
Balance of IPO Proceeds as of August 11, 2022		0

Thank you.

Very truly yours,

ANA VENUS A. MEJIA
Chief Finance Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

CITY OF MANDALUYONG) S.S.

I certify that on SEP 2 8 2022, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

	Competent Evidence of Identity	Date / Place Issued
Filinvest Land, Inc. *Represented by:* **Ana Venus Mejia**	TIN:	

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc. No. 325;
Page No. 66;
Book No. 30;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

ANNEX A- Disbursements for the period July 1, 2022 to August 11, 2022

Project Name	Disbursing Entity	July 1, 2022-Aug. 11, 2022
Axis Three	Filinvest Land, Inc.	6,012,172
Axis Four	Filinvest Land, Inc.	640,399
Cebu Tower 3	Filinvest Land, Inc.	74,097,795
Cebu Tower 4	Filinvest Land, Inc.	75,685,665
Marina Town	Filinvest Land, Inc.	16,075,999
Columna	Filinvest Land, Inc.	9,355,918
387 Gil Puyat	Filinvest Cyberparks Inc	19,883,453
4Workplus	Filinvest Clark Mimosa Inc	4,107,727
7 Workplus	Filinvest Clark Mimosa Inc	1,399,801
The Crib Clark	Filinvest Clark Mimosa Inc	70,247,339
PDDC	Phil. DCS Development Corp.	177,408
Filinvest Innovation Park	Filinvest BCDA Clark Inc.	26,347,543
Marina Town Mall	Filinvest Land, Inc.	40,448,458
Clark Lifestyle Mall	Filinvest Clark Mimosa Inc	139,815,812
Panglao Oasis	Filinvest Land, Inc.	80,653,940
Alta Spatial	Filinvest Land, Inc.	58,716,265
Verde Spatial	Filinvest Land, Inc.	14,925,915
Bali Oasis	Filinvest Land, Inc.	22,282,320
Belize Oasis	Filinvest Land, Inc.	27,907,521
Raw Land	Filinvest Land, Inc.	17,242,043
Dreambuilders capex	Filinvest Land, Inc.	348,014,356
Futura East	Filinvest Land, Inc.	281,108,503
The Levels 2	Filinvest Land, Inc.	324,873,755

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Studio Towers	Filinvest Land, Inc.	94,370,290
Activa- Residential	Filinvest Land, Inc.	255,018,115
Activa - Offices	Filinvest Land, Inc.	95,670,383
One Filinvest	Filinvest Land, Inc.	422,300,388
Studio 7	Filinvest Land, Inc.	153,941,286
Futura Centro	Filinvest Land, Inc.	174,101,942
Sorrento Oasis	Filinvest Land, Inc.	155,760,833
Asiana Oasis	Filinvest Land, Inc.	7,145,354
Claremont	Filinvest Land, Inc.	157,524,758
Maldives Oasis	Filinvest Land, Inc.	150,351,401
New Leaf	Filinvest Land, Inc.	171,018,715
Ciudad de Calamba	Filinvest Land, Inc.	321,963,183
Centro Spatial Davao	Filinvest Land, Inc.	215,980,687
Fora Dagupan	Filinvest Land, Inc.	168,013,945
Marina Spatial Dumaguete	Filinvest Land, Inc.	124,741,978
New Fields	Filinvest Land, Inc.	200,468,808
Savannah Fields	Filinvest Land, Inc.	138,492,662
Alta Vida	Filinvest Land, Inc.	23,036,888
Anila Park	Filinvest Land, Inc.	49,622,112
Eight Spatial Davao	Filinvest Land, Inc.	74,033,034
Teresa	Filinvest Land, Inc.	94,700,011
The Leaf	Filinvest Land, Inc.	39,967,358
TOTAL		**4,948,244,238**

SGV
Building a better working world

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AGREED-UPON PROCEDURES REPORT ON FINAL REPORT ON USE OF PROCEEDS FROM THE LISTING OF FILINVEST REIT CORP.

Ms. Ana Venus A. Mejia
Executive Vice President and Chief Finance Officer
Filinvest Land, Inc.
Filinvest Building, 79 EDSA, Highway Hills
Mandaluyong City 1550, Metro Manila

Purpose of this Agreed-upon Procedures Report

We have performed the procedures which were agreed to by Filinvest Land, Inc. (the "Company") solely to assist you in complying with the requirements of the Philippine Stock Exchange ("PSE") in relation to the Final Report on the use of proceeds from the initial public offering ("IPO") of the shares of Filinvest REIT Corp. ("FILRT") on August 12, 2022. This report covers additional disbursements for the period from July 1, 2022 to August 11, 2022 ("Subject Matter"). Accordingly, this may not be suitable for another purpose.

Restriction on Use

This agreed-upon procedures report ("AUP Report") is intended solely for the information and use of the Company and the PSE and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We are not required to be independent for the purpose of this engagement. We are the independent auditor of the Company and complied with the independence requirements of the Code of Ethics that apply in context of the financial statement audit.

Our firm applies Philippine Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in the terms of engagement dated April 13, 2022, on the Subject Matter.

1. We obtained the Final Report on Use of Proceeds from the IPO of FILRT for the period from August 12, 2021 to August 11, 2022 (the "Final Report") and checked the mathematical accuracy of the Final Report. No exceptions were noted.

2. We compared the "Disbursements for Reinvestment July 1, 2022 to August 11, 2022" in the Final Report to the list of disbursements for the period from July 1, 2022 to August 11, 2022 (the "Disbursement Schedule") and noted the amounts to be in agreement. Further, we noted that of the total disbursements reported for the period from July 1, 2022 to August 11, 2022 in the Disbursement Schedule, Php3,453.41 million and Php362.90 million pertain to disbursements made prior to July 1, 2022 and after August 11, 2022, respectively.

3. We compared the Disbursements Schedule with the schedule of Planned use of IPO proceeds as documented in the Amended Sponsor Reinvestment Plan dated July 22, 2022 (the "Amended Sponsor Reinvestment Plan") and noted that the projects in the Disbursement Schedule are included in the Amended Sponsor Reinvestment Plan and disbursements for each project are within the amount allocated in the Amended Sponsor Reinvestment Plan except for 21 projects as summarized in Appendix I.

4. We traced disbursements exceeding Php50 million to supporting documents such as bank statements and collection receipts. Differences in the amount per Disbursement Schedule samples selected and the related collection receipts pertain to withholding taxes.

Explanatory paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

The agreed-upon procedures do not constitute an audit or a review of financial statements or part thereof, the objective of which is the expression of an opinion or conclusion on the financial statements or part thereof.

We undertake no responsibility to update this AUP Report for events and circumstances occurring after the AUP Report is issued.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner

September 28, 2022
Manila, Philippines

Appendix I – Projects which exceeded the allocation based on the Amended Sponsor Reinvestment Plan (in millions):

Project	Budget	Total Disbursements Aug 12, 2021 - Aug 11, 2022	Excess over Allocated Budget
Cebu Tower 4	Php230.00	Php255.27	(Php25.27)
Filinvest Innovation Park	21.00	26.35	(5.35)
Clark Lifestyle Mall	442.00	481.35	(39.35)
Futura East	200.00	281.11	(81.11)
The Levels 2	215.00	324.87	(109.87)
Activa- Residential	300.00	350.69	(50.69)
One Filinvest	237.00	422.30	(185.30)
Studio 7	100.00	153.94	(53.94)
Futura Centro	100.00	174.10	(74.10)
Sorrento Oasis	100.00	155.76	(55.76)
Claremont	132.00	157.52	(25.52)
Maldives Oasis	100.00	150.35	(50.35)
New Leaf	58.00	171.02	(113.02)
Ciudad de Calamba	58.00	321.96	(263.96)
Centro Spatial Davao	170.00	215.98	(45.98)
Fora Dagupan	80.00	168.01	(88.01)
Marina Spatial Dumaguete	120.00	124.74	(4.74)
New Fields	136.00	200.47	(64.47)
Savannah Fields	110.00	138.49	(28.49)
Eight Spatial Davao	49.00	74.03	(25.03)
Teresa	55.00	94.70	(39.70)
Total	**Php3,013.00**	**Php4,443.03**	**(Php1,430.03)**

SUBSCRIBED AND SWORN TO before me this 28th day of September 2022 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Philippine Passport No. , as competent evidence of her identity, bearing her photograph and signature, issued by the Department of Foreign Affairs

Doc. No. 343 ;
Page No. 70 ;
Book No. 30 ;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
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