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

SEC Registration Number

1	7	0	9	5	7					

C O M P A N Y   N A M E

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

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.*

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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.

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.

Financial Instruments *(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.

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 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.

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 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.