

15 November 2024

Philippine Dealing & Exchange Corp.

29th Floor, BDO Equitable Tower

8751 Paseo de Roxas

Makati City 1226

Attention: **Atty. Suzy Claire R. Selleza**
Head - Issuer Compliance and Disclosure Department

Securities and Exchange Commission

The SEC Headquarters, 7907 Makati Avenue

Salcedo Village, Bel-Air, Makati City 1209

Attention: **Atty. Oliver O. Leonardo**
Director - Markets and Securities Regulation Department

Dear Mesdames and Gentlemen:

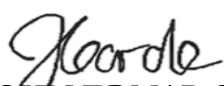
In compliance with PDEx Rule 7.9.3 and the Implementing Rules and Regulations of the Securities and Regulation Code, we enclose a copy of Cebu Landmasters, Inc.'s ("CLP" or the "Company") disclosure filing to The Philippine Stock Exchange, Inc.

We trust that this submission meets your requirements. If you have questions and/or clarifications, please feel free to contact the undersigned. Thank you.

Very truly yours,

CEBU LANDMASTERS, INC.

By:


ATTY. JOHN EDMAR G. GARDE
Legal Counsel and Compliance Senior Manager

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
Sep 30, 2024
2. SEC Identification Number
CS200321240
3. BIR Tax Identification No.
227-599-320-000
4. Exact name of issuer as specified in its charter
CEBU LANDMASTERS, INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
10TH FLOOR, PARK CENTRALE TOWER, JOSE MA. DEL MAR ST., CEBU I.T. PARK,
BRGY. APAS, CEBU CITY, PHILIPPINES
Postal Code
6000
8. Issuer's telephone number, including area code
0322314870
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	3,465,201,467
PREFERRED SHARES	4,280,340

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE - COMMON SHARES & PREFERRED SHARES
12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Cebu Landmasters, Inc.

CLI

PSE Disclosure Form 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Sep 30, 2024
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2024	Dec 31, 2023
Current Assets	58,802,203,191	54,423,422,829
Total Assets	106,759,420,441	102,086,288,914
Current Liabilities	29,482,522,500	34,999,214,802
Total Liabilities	74,458,823,573	76,289,532,378
Retained Earnings/(Deficit)	13,580,345,513	11,965,673,153
Stockholders' Equity	32,300,596,868	25,796,756,536
Stockholders' Equity - Parent	22,346,414,634	16,451,402,273
Book Value per Share	5.21	4.75

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	2,867,115,012	3,857,009,953	14,347,631,917	13,275,254,789
Gross Expense	1,670,082,883	1,903,518,445	9,140,625,677	7,926,360,529
Non-Operating Income	6,792,119	6,489,814	15,819,124	7,915,785
Non-Operating Expense	290,982,324	542,461,760	1,341,762,500	1,563,930,825
Income/(Loss) Before Tax	912,841,924	1,417,519,562	3,881,062,864	3,792,879,220
Income Tax Expense	214,748,129	377,051,921	967,724,594	959,837,888
Net Income/(Loss) After Tax	698,093,796	1,040,467,641	2,913,338,270	2,833,041,332
Net Income Attributable to Parent Equity Holder	621,119,956	809,116,017	2,323,260,299	2,179,748,901
Earnings/(Loss) Per Share (Basic)	0.16	0.23	0.65	0.63
Earnings/(Loss) Per Share (Diluted)	0.16	0.23	0.65	0.63

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.92	0.75
Earnings/(Loss) Per Share (Diluted)	0.92	0.75

Other Relevant Information

The amendment is made to correct a clerical error (quarterly period ended date) in the previous disclosure form.

Filed on behalf by:

Name	Atty. John Edmar Garde
Designation	Legal Counsel & Compliance Senior Manager

COVER SHEET

C	S	2	0	0	3	2	1	2	4	0
SEC REGISTRATION NUMBER										

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(Company Name)

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

Atty. John Edmar G. Garde
Contact Person

(032) 231 - 4870
Company Telephone Number

1	2
Month	

3	1
Day	

17-Q
Form Type

0	6
Month	

0	4
Day	

Regular Stockholders' Meeting

--

Secondary License Type, If Applicable

Dept. Requiring this Doc		

Amended Articles Number/Section

22
Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number								

LCU

Document I.D.								

Cashier

SEC Number: CS200321240

File Number: _____

CEBU LANDMASTERS, INC.

(Company's Full Name)

**10TH FLOOR, PARK CENTRALE, B2 L3,
JOSE MA. DEL MAR ST.,
CEBU IT PARK, APAS, CEBU CITY**

(Company Address)

(032) 231-4870

(Telephone Number)

September 30, 2024

(Quarter Ended)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended September 30, 2024
2. Commission Identification Number CS200321240
3. BIR Tax Identification No. 227-599-320
4. Exact name of issuer as specified in its charter: CEBU LANDMASTERS, INC
5. Province, Country or other jurisdiction of incorporation or organization:
CEBU CITY, CEBU, PHILIPPINES
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of the issuer's principal office and postal code:
10TH FLOOR, PARK CENTRALE, B2 L3, JOSE MA. DEL MAR ST.,
CEBU IT PARK, APAS, CEBU CITY
Postal code: 6000
9. Issuer's telephone number, including area code: (032) 231-4870
10. Former name, former address, former fiscal year: Not applicable
11. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares issued and outstanding
COMMON SHARES	3,465,201,467
PREFERRED SHARES	4,280,340

Stock Exchange: Philippine Stock Exchange

Securities listed: Common shares
Preferred shares

12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes ☒ No ☐
 - (b) has been subject to such filing requirements for the past 90 days:
Yes ☒ No ☐

I. MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

CLI is the leading residential developer in Visayas and Mindanao. The Company's story commenced with a vision to provide quality homes for everyday Filipinos. Jose R. Soberano III founded CLI and incorporated the Company on September 26, 2003. On June 2, 2017, the Company was listed on the PSE with "CLI" as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share. CLI's initial public offering was instrumental in this growth, as it raised ₱2.15 billion worth of fresh capital from investors – boosting its expansion in new locations and fueling its various projects.

As of September 30, 2024, CLI has a total of 124 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 17 key cities in the VisMin region.

In 2024, an independent study by Colliers International reaffirmed CLI's leading position in the VisMin residential market. The study identified CLI as the top residential developer in the region, having the largest market share among real estate firms. With a 19% overall residential share in net take-up value, CLI continues to grow market share in key VisMin cities, indicating increasing consumer confidence and recognition in the market.

This success was further validated at the PropertyGuru Philippines Property Awards, where CLI was named Best Developer in Mindanao for the fourth consecutive year, among other notable awards and commendations from various institutions. The company's commitment to high governance standards was also acknowledged with a 2 Golden Arrow award from the Institute of Corporate Directors for the second year running, further reinforcing CLI's reputation for sound corporate governance.

CLI's vision extends beyond the present accomplishments. The Company remains steadfast in its pursuit of expansion and innovation. CLI's robust growth strategies aim to further solidify its market leadership, foster strategic partnerships, and explore new avenues for sustainable development and community enhancement.

COMPANY MILESTONES

In the first nine months of 2024, Cebu Landmasters launched four projects with a total value of PHP 8.23 billion. Among these, Casa Mira Homes Butuan, valued at PHP 2.6 billion, marked CLI's initial expansion into Butuan, with a significant portion of the inventory being sold within the first month of launch, and as of now, 84% of the total stock has been sold since the launch date. Additionally, the Velmiro Heights Davao project, comprising 362 units, sold out in just two days, generating PHP 2.7 billion in sales. These achievements contributed to CLI reaching a 96% sell-out status across all projects at various stages of development, with total reservation sales amounting to PHP 18.6 billion to date.

Additionally, during the first nine months of 2024, CLI expanded its hospitality portfolio with the grand opening of three new hotels: lyf Cebu City at Base Line Center with 159 rooms, The Pad Co-Living in Banilad High Street with 258 rooms, and Citadines Bacolod with 200 rooms. These additions will complement Citadines Cebu City, which is operating 180 rooms, in CLI's strategy in growing its hotel portfolio. CLI is currently constructing six additional hotels to further enhance its revenue from the hospitality sector.

Moreover, CLI announced its first international partnership earlier this year, collaborating with NTT UD Asia Pte. Ltd.-- a Japanese company known for its mixed use residential and commercial developments – to establish CLI NUD Ventures, Inc. As part of this collaboration, CLI sold a lot for PHP 2 billion to CLI NUD Ventures, Inc., for the development of a premier-grade condominium at Cebu IT Park. Their inaugural project, valued at PHP 6.4 billion, is expected to launch in the last quarter of 2024. The first tower of this development will feature over 500 premium residential units, marking a significant milestone in CLI's expansion journey.

Furthermore, CLI has spent PHP 9.43 billion in capital expenditures, with the majority 72.5% allocated for residential development, 12.6% for investment properties, and the remaining portion for existing lot payments.

As of September 30, 2024, Cebu Landmasters, Inc. (CLI) reported a total land bank of 87.6 hectares valued at PHP 10 billion, including the expansion site in General Santos City. During the year, CLI developed 26.8 hectares, primarily for the Casa Mira Butuan and Velmiro Heights projects. The company is actively negotiating the acquisition of properties in Luzon for its initial expansion into that market. In the third quarter, CLI plans to purchase a total of 47.7 hectares in Luzon and the Visayas.

On April 12, 2024, the company successfully raised PHP 4.28 billion through the sale of Series A-1 and Series A-2 preferred shares. The shares were listed on the Philippine Stock Exchange (PSE) under the ticker symbols CLIA1 and CLIA2. The offering was 1.43 times oversubscribed relative to its firm offer amount, with dividend rates set at 7.59% for Series A-1, which has a four-year term, and 8.25% for Series A-2, which has a seven-year term.

Due to Cebu Landmasters' continued strong financial performance, the Board of Directors declared a regular dividend of PHP 0.15 per share and a special dividend of PHP 0.03 per share on March 18, 2024. These dividends were distributed to shareholders of record as of April 17, 2024, with payment made on May 3, 2024.

COMPANY MILESTONES FOR THE PERIOD ENDED DECEMBER 31, 2023

In 2023, CLI launched a total of ten projects valued at ₱18.7 billion in 2023. Part of the launch is the introduction of the Mirani brand addressing the needs of the lower-income segment, offering residences priced at around ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences in Davao with almost

546 of its units being sold out, amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Homes Davao, which is now 95% sold out. Velmiro Heights – Consolacion Ph1, another CLI's mid-market product located in Northern Cebu was launched last December 2023. Velmiro Heights Consolacion Ph1, will have 378 units composed of a series of single detached models with lot areas ranging from 100 to 197 sq.m. The project sold 93% within days of being introduced to the market, indicating strong demand for such a project. Other project launches include Casa Mira Towers Mandaue T1, Mandtra T2, CMT Palawan T4, CMT Bacolod T4 and Costa Mira Panglao T3. This substantial fresh inventory, coupled with the continued high demand for the established Casa Mira brand, propelled CLI to achieve a record-breaking sales of ₱20.6 billion, up by 14% versus the same period in 2022.

Davao projects accounted for the majority of the sales with 40% of the total sales, Cebu with 30%, Bohol with 12%, Bacolod with 9% and Palawan with 7% while Dumaguete, Iloilo, Ormoc, and CDO contributed the remainder of the total sales.

In terms of market segment, Casa Mira - Economic brand led the market with 45% of total sales, primarily from Casa Mira Davao, Casa Mira Danao, and Casa Mira Towers in Palawan and Bacolod. To date, CLI has already sold out 93% of its inventory across all projects in various phases of development.

The Company has invested ₱12.89 billion in capital projects as of December 2023, 81.7% of which went towards project development, and 6% spent for land acquisition, CLI is expanding in Mindanao by most recently purchasing 21 has. in General Santos City, increasing its landbank to 107 has. with a total value of ₱9.70 billion. With this acquisition, CLI is serving the region's robust and consistent housing demand, being present in 16 key VisMin cities.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This JV is geared towards the development of premium-grade residential towers in the heart of Cebu City.

The Company expands its hospitality portfolio with the launch of The Pad and lyf Cebu in the final quarter of 2023. The opening of lyf Cebu with 159 rooms brings CLI's operational hotel count to three, following the launch of The Pad Co-Living with 258 rooms and Citadines Cebu City in 2019 with 180 rooms. Like the latter, lyf Cebu City is also operated by international hospitality group The Ascott Limited. This strengthens CLI's hospitality portfolio while signaling the company's confidence in VisMin's growing tourism sector.

In 2023, CLI also received various recognitions starting with the 5-Star BERDE Certification which was officially turned over by the Philippine Green Building Council, led by their CEO, Mr. Chris de la Cruz. Latitude Corporate Center is the FIRST 5-Star BERDE Certified Office Building in Cebu City, with its iconic design masterfully crafted for great businesses.

Furthermore, BCI Asia Philippines once again recognized the Company as one of the Top 10 Developers in the Philippines for 2023, making this the sixth year in a row that it has won. This acknowledgment reinforces the Company's dedication to delivering creative and sustainable developments.

The 2023 Asia-Pacific Stevie Awards have also recognized CLI as one of the Bronze Stevie Winners for Innovative Achievement in Corporate Social Responsibility. This distinction represents the Company's unwavering dedication to sustainability and exceptional efforts in improving the environment and society at large.

Lastly, on September 28, 2023, CLI was awarded 2 Golden Arrows by the Institute of Corporate Directors ("ICD"). Companies with exemplary corporate governance were honored in the 2023 ACGS and CGS Golden Arrow Recognition, carried out by the ICD at Okada Manila Hotel.

CLI's unwavering commitment to innovation and excellence underscores its continual strides towards becoming the premier developer in VisMin. Through dedicated efforts in refining strategies, embracing technological advancements, and fostering a culture of excellence, CLI remains resolutely positioned at the forefront of the region's development landscape. This dedication to surpassing benchmarks and setting new industry standards is ingrained in its ethos, driving its pursuit of becoming the unequivocal leader in the VisMin region's real estate development industry.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

January 1 to September 30, 2024 vs January 1 to September 30, 2023

Cebu Landmasters Inc. demonstrated a steady topline in the first nine months of 2024, with consolidated revenue increasing by 9% to ₱14.11 billion from ₱12.93 billion in the same period last year. This growth was driven by lot sales and expansion across all business segments, highlighting robust market demand. Consequently, the company sustained its earnings momentum with net income to parent, rising from ₱2.18 billion to ₱2.32 billion - reflecting a 7% normalized growth year-on-year in alignment with the updated PFRS.

REVENUES

Real estate sales

Real estate sales recorded a significant 9% year-over-year increase in revenue to ₱13.80 billion from ₱12.70 billion. A key contributor to this growth is the lot sale and higher construction progress with more units that qualified for revenue recognition.

In terms of location, Cebu still is the strongest contributor of revenue which accounted for 45% of its overall figure. Mindanao and Visayas (ex-Cebu) contributed 30% and 23%, respectively. The increase in share in revenue outside Cebu were driven by new projects such as Casa Mira Homes Davao, Mindara Residences, East

Village Residences, Casa Mira Towers Bacolod, Casa Mira Towers Palawan and Costa Mira Beach Panglao.

Revenue per Market segment reported the following performance:

Premier Masters (Premier market) reported revenue of ₱2.22 billion, reflecting a decrease of 44% year-on-year from ₱3.93 billion. This decrease can be attributed to significant revenue qualifications in the previous year related to Costa Mira Beachtown Mactan, One Paragon Place, and One Astra, which are scheduled for turnover this year.

Garden Series (Mid-market), posted a revenue of ₱4.32 billion from ₱3.63 billion. The 19% growth was driven by The East Village, CLI's first residential project within the Davao Global Township (DGT), along with the addition of new towers and Mandra Residences

Casa Mira Series (Economic market) generated revenue from ₱5.06 billion to ₱5.09 billion, reflecting a 1% increase. This growth is driven by Casa Mira Homes Davao, Casa Mira Homes Danao, Casa Mira Towers Palawan, Casa Mira Towers Bacolod, and Casa Mira Towers Mandaue.

The Company expects to grow real estate revenue contribution from projects newly launched during the period.

Leasing

The company experienced a significant growth in rental revenues, reaching ₱113.55 million, representing a 47% year-on-year increase from ₱77.32 million. This growth can be attributed primarily to new retail tenants and increased occupancy revenue from already completed projects. Notably, by the end of the 3rd quarter of 2024, CLI has substantially expanded its Gross Leasable Area to 40,575 square meters, marking a notable 13% rise from the previous quarter's 35,772 square meters. This expansion is a direct result of the successful completion and turnover of Banilad Highstreet and Drive-Thru spaces in Davao Global Township, currently boasting full lease rates of 100%. Additionally, the completion of DGT Pavilion and DGT Retail Pads has contributed an additional GLA of over 4,000 sq.m. These developments stand as pivotal contributors to CLI's upward trajectory and burgeoning success in the market.

Hotel operations

The strengthening of the hospitality industry in VisMin presents a significant opportunity for CLI. CLI is effectively tapping into this growth as it expands its footprint in the VisMin tourism industry with the opening of the 200-room Citadines Bacolod City. The company's first hotel outside Cebu City and the largest international hotel in Bacolod.

With the opening of Citadines Bacolod City, CLI now boasts four operational hotels: Citadines Cebu City, lyf Cebu City at Base Line Center, The Pad Co-Living in Banilad High Street, and the new Citadines Bacolod City. This expansion brings the company's total number of operational rooms to 530. Notably, hotel operations have

seen a significant boost, with revenue rising to ₱148.82 million, up from ₱98.17 million in the same period last year, representing a 52% increase driven by these new openings.

CLI is also set to complete Citadines Paragon Davao with 263 rooms and Radisson Red with 144 rooms by the end of 2024 . Furthermore, with 6 more hotels under construction, CLI is strategically positioning itself to further capitalize on the burgeoning opportunities within the hospitality sector.

Management Fee

This included the project management fee that CLI charges for being the project manager on joint venture projects and the property management fee for CLI Property Management (CLIPMI) services provided to CLI's completed projects. During the year, the parent company's project management revenue reached ₱46 Million, these are fees charged to CLI's joint venture companies for managing the development of the project.

COST AND EXPENSES

Cost of sales and services

In line with the growth in revenue performance, the company's cost of sales for the six months ending September 30, 2024, was reported at ₱6.72 billion, 11% year-over-year increase from ₱6.03 billion of the same period last year.

Operating Expenses

Total operating expenses during the period amounted to ₱2.43 billion, a 28% y-o-y increase from ₱1.89 billion of the same period in 2023. The increase was mainly driven by commissions and incentives which grew by 9% to ₱808 million in line with the increase in revenue from real estate sales and robust sales performance during the period.

The company carefully balanced its debt mix of 65% fixed and 35% floating rates. Due to this, CLI is able to maintain its competitive rate of 6.76% despite an increase in benchmark rates. The stated rate, while being higher than the previous year, is nonetheless competitive when compared to current capital raising rates charged in the sector.

In October 7, 2022, CLI listed its first tranche of ₱15 billion bonds worth ₱5 Billion with the following tenors:

- Series A with a tenor of 3.5 years with a fixed rate of 6.4222%
- Series B with a tenor of 5.5 years with a fixed rate of 6.9884%
- Series C with a tenor of 7 years with a fixed rate of 7.3649%

The proceeds from the Bonds raised will extend the debt maturity of the company and lock in rates to address any interest rate risk brought about by the challenging macro environment.

Recently, CLI successfully listed its follow-on offering of PHP 4.28 billion from Series A preferred shares. Proceeds from this offering will primarily be used to support the company's expansion plans.

NIAT ATTRIBUTABLE TO NON-CONTROLLING INTEREST (NCI)

For the period ending September 30, 2024, NIAT attributable to NCI saw a decrease from ₱653 million in 9M 2023 to ₱590 million. This decrease is due to the majority of revenue-generating projects being CLI projects.

ADOPTION OF PFRS 15

The period as of September 30, 2024 as well as the adjusted September 30, 2023 financial performances adopts the new PFRS 15 “Revenue from Contracts with Customers” on Sale of residential Properties under Pre-Completion Contracts. The new standard requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Otherwise, there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract.

Furthermore, the new standard provides guidance with the accounting treatment for borrowing costs. The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

To ensure a fair comparison, it's crucial to use adjusted figures when analyzing financial performance before and after the adoption of new PFRS. This approach allows for a like-for-like comparison, adjusting for the substantial changes brought about by the new standard and ensuring accurate and meaningful analysis of financial results.

REVIEW ON THE COMPANY'S FINANCIAL CONDITION

As of September 30, 2024, vs December 31, 2023

CLI's balance sheet remains steady and healthy to support construction and expansion plans. As of September 30, 2024, CLI reported total assets of ₱107 billion, an increase of 5% from ₱102 billion as of December 31, 2023 driven by progress in construction from sold units.

ASSETS

168% increase in Cash and Cash equivalents

Mainly from the proceeds obtained from loan availments and higher takeouts.

415% increase in Receivables (including non-current portion)

Increased from ₱2.25 billion to ₱11.59 billion as a result of recently completed projects

8% decrease in Contract assets (including non-current portion)

from ₱45.09 billion to ₱41.28 billion primarily due to completed installment contracts

22% decrease in Real Estate Inventory

from ₱18.69 billion to ₱14.54 billion due to decreased Land dev Cost & Raw land

6% increase in Due from related parties

Due to transactions paid by CLI (Parent) on behalf of its related parties from ₱48.60 million to ₱51.38 million

24% increase in Prepayments and other current assets

from ₱6.43 billion to ₱7.95 billion significantly due to increased prepaid commissions

18% increase in Property and Equipment

from ₱7.24 billion to ₱8.57 billion significantly due to CLI's expanding developments

2% decrease in Right of use asset

from ₱1.13 billion to ₱1.12 billion due to amortization of high-value leasehold rights

5% decrease in Investment Properties

from ₱18.33 billion to ₱17.34 billion due to reclassifications of some capital asset accounts

30% decrease in non-current assets

from ₱1.79 billion to ₱1.25 billion due to commissions paid in advance for future periods are now moving into the current period (increased current prepaid commissions)

LIABILITIES

4% increase in interest-bearing loans and borrowings (including non-current portion)

from ₱47.14 billion to ₱48.99 billion reflects stability, coupled with the strategic

decision to raise funds through preferred shares to support ongoing and future project developments.

16% decrease in Trade Payables (including non-current portion)

from ₱22.97 billion to ₱20.82 billion due to accruals made on unbilled costs to match with revenue recognized.

19% decrease in Contract Liabilities

from ₱593.34 million to ₱481.97 million due to an increase in collections from buyers

311% increase in Income Tax Payable

from ₱2.21 million to ₱9.08 million due to the accrual of income tax due for the period.

1% increased Deferred tax liabilities - net

from ₱4.32 billion to ₱4.37 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

13% increase in Parent Company's Retained Earnings

Due to the net income recognized during the period.

I. KEY PERFORMANCE INDICATORS

The Cebu Landmasters Inc. (CLI or the "Company") uses a range of financial and operational key performance indicators ("KPIs") to help measure and manage its performance. These KPIs reflect the Company's continuous focus on efficiency, cost control and profitability across all its operations. Management considers the following as KPIs:

	YTD September 30, 2024	YTD September 30, 2023 (As Restated)¹¹
Gross Profit Margin ¹	52%	53%
Net Income Margin ²	21%	22%
EBITDA ³	₱5.25 billion	₱5.52 billion
EBITDA Margin ⁴	37%	43%
Interest Coverage Ratio ⁵	6.30	4.28
	As of September 30, 2024	As of December 31, 2023
Return on Assets ⁶	5%	5%
Return on Equity (Parent) ⁷	21%	21%
Current Ratio ⁸	1.99	1.55
Net Debt to Equity Ratio ⁹	1.44	1.79

1. *Gross Profit Margin is gross profit as a percentage of revenues using the adjusted figures from 2023.*
2. *Net Income Margin is consolidated net income as a percentage of revenues using the adjusted figures from 2023.*
3. *EBITDA is defined as earnings before interest, tax, depreciation and amortization from continuing operations, and before exceptional items.*
4. *EBITDA margin is EBITDA as a percentage of revenues*
5. *Interest coverage ratio is computed by dividing EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization) plus cash balance, to the interest during the period.*
6. *Return on Average Assets is net income as a percentage of the average assets as at year-end and assets as at end of the immediately preceding year.*
7. *Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year. For 2023, this is based on the restated net income for the year using PFRS 15; For 2024, this is based on annualized net income of the nine-month period ending September 30, 2024*
8. *Current Ratio is current assets divided by current liabilities*
9. *Net Debt-to-Equity Ratio is interest bearing debt less cash and cash equivalents over total equity*
10. *Debt to Equity is interest bearing debt over total equity*
11. *YTD September 30, 2023 financial performances adopts the new PFRS 15*

9M 2023 net income includes a one-time recognition of other income related to transfer charges for real estate sales, attributed to take-out and title processing. After taking-out this one-time recognition of other income, the EBITDA Margin for the previous year stands at 42%, while the Net Income Margin is 21%.

The Company's gross profit margin is dependent on the mix of revenue during the period. During the first nine months of 2024, 35% of the Company's topline was attributable to Casa Mira Projects which had a higher Gross Profit Margin compared to the other segments. Additionally, recurring projects showed a remarkable revenue recovery, these projects have Gross Profit Margins with over 50%. Meanwhile, Net Income Margin remains stable at 21%.

Cebu Landmasters continue to implement cost efficiency measures that enabled the company to post stable and healthy margins despite the challenging market environment.

For the period ended September 30, 2024, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 23%. Net Debt to Equity ratio improved to 1.44x significantly due to. The Company's current ratio projects ample liquidity at 1.90x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the high-inflation environment. As a result, CLI's financial position remains liquid and strong.

KPIS SUBJECT OF LOAN COVENANTS

The notes facility agreements to which CLI is a party require that it should maintain the following financial ratios, with testing to be done by the Facility Agent annually based on CLI's year-end audited consolidated financial statements:

- a. a Debt-to-Equity Ratio not exceeding 2.5:1;
- b. a Current Ratio of 1:1; and
- c. Interest Coverage Ratio of at least 3:1.

"Debt-to-Equity Ratio" means the result obtained by dividing (i) the amount of interest-bearing liabilities of the Issuer by (ii) total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer; provided, that if the Issuer issues preferred shares which are (1) either redeemable at fixed date, or redeemable at the option of the holder of the preferred shares, and (2) the Issuer is obliged to make payments in the form of either interest or dividends, or the

terms and conditions of the issuance of preferred shares oblige the Issuer to distribute a specific percentage of profits, then such preferred shares shall be categorized as liabilities falling under (i) hereof, otherwise, it shall be classified as part of Equity when computing the Debt-to-Equity Ratio. "Equity" means, at any date and as shown in the latest consolidated audited balance sheet of the Issuer, the aggregate of outstanding capital stock, additional paid-in capital, equity reserve and retained earnings.

"Current Ratio" means the proportion of Current Assets to Current Liabilities and is determined by dividing Current Assets by Current Liabilities. "Current Assets" means, at any date, the aggregate current assets as shown in the latest consolidated balance sheet of the Issuer (as at such date), prepared in compliance with accounting principles generally accepted in the Philippines as set forth in PFRS. "Current Liabilities" means, at any date, the aggregate current liabilities as shown in the latest consolidated balance sheet of the Issuer (as at such date), prepared in compliance with accounting principles generally accepted in the Philippines as set forth in PFRS.

For purposes of the covenant on Interest Coverage Ratio, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year. "EBITDA" means, during the relevant period, the net earnings of the Issuer before deducting net interest expense, income tax, depreciation, and amortization, as determined in accordance with PFRS and based on the Issuer's consolidated audited financial statements.

II. OTHER INFORMATION

ITEM 1 3rd QUARTER 2024 DEVELOPMENTS

A. New Projects or Investments in another line of business or corporation. None

B. Composition of Board of Directors

Name	Position
Jose R. Soberano III	Chairman of the Board, CEO and President
Ma. Rosario B. Soberano	Director, Treasurer and Executive Vice-President
Jose Franco B. Soberano	Director, Chief Operating Officer and Executive Vice-President
Joanna Marie B. Soberano-Bergundthal	Director, Vice President for Marketing, Assistant Treasurer
Beauregard Grant L. Cheng	Director, Chief Financial Officer
Stephen A. Tan	Non-Executive Director
Rufino Luis Manotok	Independent Director
Ma. Aurora D. Geotina-Garcia	Independent Director
Atty. Ma. Jasmine S. Oporto	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

On March 18, 2024, the Board declared a regular and special cash dividends amounting to ₱0.15 per share and ₱0.03 per share, totaling ₱624 million to common shareholders on record as of April 17, 2024 and was paid on May 3, 2024

On June 14, 2024, the Board of Directors declared cash dividends for Series A1 and Series A2 preferred shares, amounting to ₱18.96 and ₱20.63 per share, respectively for shareholders on record as of July 2, 2024. The payment was made on July 12, 2024.

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

As of September 30, 2024, the Company holds ownership interests in the following subsidiaries and associates:

<u>Entity</u>	<u>Effective Percentage of Ownership</u>	
	<u>2024</u>	<u>2023</u>
<i>Subsidiaries</i>		
CLI Premier Hotels Int'l. Inc. (CPH)	100	100
Cebu Landmasters Property Management, Inc. (CPM)	100	100
A.S. Fortuna Property Ventures, Inc. (ASF)	100	100
CLI Hotels and Resorts, Inc. (CHR)	100	100
CLI-LITE Panglao Inc. (CLI-LITE)	88	88
Ming-mori Development Corporation (MDC)	78	78
Sugbo Prime Estates (SPE)	64	64
BL CBP Ventures, Inc. (BL Ventures)	50	50
Yuson Excellence Soberano, Inc. (YES)	50	50
Yuson Huang Excellence Soberano, Inc. (YHES)	50	50
YHEST Realty and Development Corporation (YHEST)	50	50
CCLI Premier Hotels, Inc. (CCLI)	50	50
Cebu Homegrown Developers, Inc. (CHDI)	50	50
YHES Premier Hotels Inc. (YHESPH)	50	50
Cebu BL-Ramos Ventures, Inc. (CBLRV)	50	50
GGTT Realty Corporation (GGTT)	50	50
Mivesa Garden Residences, Inc. (MGR)	45	45
El Camino Developers Cebu, Inc. (El Camino)	35	35
<i>Associates</i>		
CLI NUD Ventures, Inc. (NUD)	60	-
Iloilo Global City Corporation (IGCC)	43	43

Icom Air Corporation (ICOM)	33	33
Magspeak Nature Park, Inc. (Magspeak)	25	25

CLI Premier Hotels Int'l. Inc. a wholly owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company's future hotel developments. The commercial operations started on September 14, 2019. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

Cebu Landmasters Property Management, Inc., a wholly owned subsidiary of the Company, was incorporated on April 20, 2017 to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. The commercial operations started on September 1, 2017. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

A.S. Fortuna Property Ventures, Inc. was incorporated as a joint venture on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential and office development and a boutique mall. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary as of December 31, 2017. Its principal office is located at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

CLI Hotels and Resorts, Inc. was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group's various hotel projects. Its principal place of business is located in Cebu City. As at December 31, 2022, CHR has yet to start commercial operations.

CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located at Cebu City.

Ming-mori Development Corporation was incorporated on August 1, 2013 to undertake and execute land reclamation projects, submit bids and accept awards for reclamation projects, and manage, hold and sell reclaimed land and other real property. MDC is the private consortium that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves

the development of the Minglanilla TechnoBusiness Hub, a 100-hectare techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has subscribed to 20% in Ming-Mori Development Corporation.

SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.

BL CBP Ventures, Inc. was incorporated on February 3, 2016 to develop Latitude Corporate Center, a 24-storey office development at the Cebu Business Park. BL CBP Ventures, Inc. was a joint venture of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.

Yuson Excellence Soberano, Inc. was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a joint venture between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences. It will also engage in real estate brokering to facilitate the marketing and sale of the joint venture developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave. in Davao City.

Yuson Huang Excellence Soberano, Inc. was incorporated on November 10, 2017 to develop the Paragon Davao Riverside Davao. The development will become a mixed-use real estate which will include a residential, retail, hotel and convention center. YHES Inc., is a joint venture of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

YHEST Realty and Development, Inc. was incorporated on August 10, 2018 to develop the Davao Global Township. YHEST Realty and Development is a joint venture between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

CCLI Premier Hotels, Inc. was incorporated on November 12, 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The Citadines hotel is planned to be managed by Ascott. The principal place of business of CCLI is located at the 2nd floor MesaVirre showroom in Bacolod City.

Cebu Homegrown Developers, Inc., a joint venture of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex in Mandaue City, Cebu. The Company has a 50% stake in CHDI.

YHES Premier Hotels Inc. was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. THE SPH has not yet started its commercial operations.

Cebu BL-Ramos Ventures, Inc. was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.

GGTT Realty Corporation was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City. On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company. As of December 31, 2020, the transaction was accounted for by the Group as- an asset acquisition. In the first quarter of 2021, GGTT has started commercial operations, hence, was constituted as an acquisition of a business.

Mivesa Garden Residences, Inc. was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property. Its principal office is located at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.

EL Camino Developers Cebu, Inc. was incorporated on August 15, 2016 to develop a 1.17-hectare property inside the Cebu IT Park. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.

CLI NUD was incorporated on April 5, 2024 as an undertaking among CLI and NTT for the development of a condominium project in Cebu City. The principal place of business of is located at Cebu City;

Iloilo Global City Corporation (IGCC) was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business also is located in Iloilo City.

Icom Air Corporation was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders to import

aircraft(s) and operate a transportation business in the Philippines. ICOM's principal place of business is located in Iloilo City.

Magspeak Nature Park, Inc. was incorporated on October 21, 2011 to acquire, lease and develop lands into nature and ecotourism parks in Balamban Cebu, and to manage and operate the same. CLI holds a 25% stake in Magspeak.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

The Board of Directors of Cebu Landmasters, Inc. ("Company" or "CLI") during its Special Board meeting on October 6, 2021 has approved the Executive Stock Option Plan (ESOP) for qualified officers of CLI. This is a type of performance incentive, where options are granted to purchase the shares of the Company at a discount.

The shares that may be exercised from these options will be sourced from the treasury shares of the Company or from publicly traded shares. The objectives of the plan are a) to Attract, retain, and motivate talented and key employees; b) Encourage employees to align individual performance with Company objectives; and c) Reward employee performance with stockholdings in proportion to their contribution to the Company.

Each level has a predetermined number of shares exercisable per year with a four-year vesting period. The exercise price is the higher of Php 2.25 or current market price with a 15% discount. The current market price is computed as the average of the closing price for the last five trading days.

Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least 6 months from the exercise date.

Voting and dividend rights vests upon the issuance of the shares to the employees.

In April 12, 2022, CLI granted exercise of 3,349,000 and 470 CLI shares to beneficiaries/participants under CLI Executive Stock Option Plan sourced from the treasury shares of the Company at the market price of 2.98 and 3.00 respectively.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable

H. Other information, material events or happenings that may have affected or may affect market price of security.

None

I. Transferring of assets, except in the normal course of business.

None

III. OTHER NOTES FOR THE THIRD QUARTER OF 2024 OPERATIONS AND FINANCIALS

J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

None

K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

None

L. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

None

M. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

N. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None

O. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

None

P. Changes in Contingent Liabilities or contingent assets since the last annual balance sheet date.

None

Q. Other material events or transactions during the interim period.

None

R. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None

S. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

T. Material commitments for capital expenditures, general purpose and expected sources of funds

For the first nine months 2024, a total of ₱9.43Bn was spent, with the majority, or 72.5% for project development.

U. Known trends, events or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/ income from continuing operations.

None

V. Significant elements of income or loss that did not arise from continuing operations

None

W. Causes for any material change/s from period to period in one or more line items of the financial statements.

None

X. Seasonal aspects that had a material effect on the financial condition or results of operations.

None

Y. Disclosures not made under SEC Form 17C

None

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ISSUER

CEBU LANDMASTERS, INC.

PRINCIPAL ACCOUNTING OFFICER


Beauregard Grant L. Cheng
Chief Finance Officer

DATE

November 13, 2024

SUBSCRIBED AND SWORN to before me, a notary public for and in the City of Mandaue, Cebu this NOV 13 2024, *Beauregard Grant Cheng* who is personally known to me and who signed the above *SEC Form 17-Q Quarterly Report* in my presence and swore as to said document that he understood the contents thereof and the same is his free and voluntary act and deed as well as the corporation represented therein.

Witness my hand and seal on the date and place above mentioned.

Doc. No. : 520 ;

Page No.: 105 ;

Book No.: 3 ;

Series of : 2024 ;


ATTY. ALEN JOEL B. PITA
Notary Public for the City of Mandaue and in the
Municipalities of Consolacion, Liloan, Compostela, and Cordova
Notarial Commission No. 20 21-23 | December 31, 2024
Roll of Attorneys No. 72443
PTR No. 1238821; 01-09-2024; Cebu
IBP No. 366632 ; 01-04-2024; Cebu

**STATEMENT OF MANAGEMENT APPROVAL
OF FINANCIAL STATEMENTS**

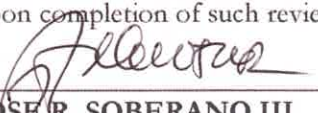
The management of Cebu Landmasters, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, including the schedules attached herein, for the three months ended September 30, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

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

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

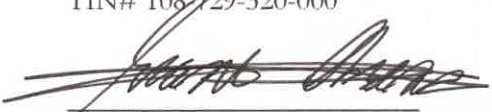
The Board of Directors reviews and approves the condensed consolidated interim financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has reviewed the condensed consolidated interim financial statements of the Group in accordance with Philippine Standards on Review Engagements, and have rendered their report to the stockholders, upon completion of such review.


JOSE R. SOBERANO III

Chairman of the Board and Chief Executive Officer

TIN# 108-729-320-000


BEAUREGARD GRANT L. CHENG

Chief Financial Officer

TIN#205-557-510-000

Signed this ____ day of ____

SUBSCRIBED AND SWORN to before me this NOV 12 2024 at Cebu City, affiants exhibiting to me their respective Tax Identification Nos.

Doc. No. 182;

Page No. 28;

Book No. 11;

Series of 2024




ATTY. EDELINE O. COSICOL

Notary Public

Notarial Commission No. 040-23, Cebu City

Valid until December 31, 2024

Roll of Attorneys No. 82445

MCLE Compliance No. VIII-0000258, issued on 08-30-2022

PTR No. 1233820; 01-03-2024; Cebu

IBP No. 385698; 01-02-2024; Cebu Chapter

19th Flr. Park Centrale Tower, J.M. Del Mar St.,

Cebu I.T. Park, Anas, Cebu City

10th Floor, Park Centrale, J.M. del Mar St., Cebu I.T. Park, Apas, Cebu City
Tel. No. (032) 231 - 4914 & (032) 231 - 4870 or Telefax (032) 231 - 5073

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(Amounts in Philippine Pesos)

		September 30 2024	December 31 2023
	Notes	Unaudited	Audited
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 2,447,932,245	P 913,841,206
Receivables - net	5	9,607,944,620	2,093,139,231
Contract assets - net	17	24,200,439,959	26,225,182,718
Real estate inventories	6	14,542,325,343	18,693,496,246
Deposits on land for future development	7	-	15,000,000
Due from related parties	24	51,378,201	48,596,767
Prepayments and other current assets	8	7,952,182,823	6,434,166,661
Total Current Assets		58,802,203,191	54,423,422,829
NON-CURRENT ASSETS			
Receivables - net	5	1,981,878,006	156,093,837
Contract assets - net	17	17,075,822,117	18,868,803,692
Investments in associates	9	635,482,160	142,489,432
Property and equipment - net	10	8,565,929,911	7,241,895,672
Right-of-use assets	11	1,105,529,298	1,129,605,407
Investment properties - net	12	17,337,940,633	18,334,014,653
Other non-current assets - net	13	1,254,635,125	1,789,963,392
Total Non-current Assets		47,957,217,250	47,662,866,085
TOTAL ASSETS		P 106,759,420,441	P 102,086,288,914
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	P 9,830,011,600	11,567,153,371
Trade and other payables	16	19,124,252,834	22,780,790,598
Contract liabilities	17	291,860,725	449,338,207
Customers' deposits	17	190,109,736	144,003,765
Lease liabilities	11	37,209,838	55,717,884
Income tax payable		9,077,767	2,210,977
Total Current Liabilities		29,482,522,500	34,999,214,802
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	34,202,179,491	30,621,692,365
Bonds payable	15	4,960,509,174	4,947,822,521
Trade and other payables	16	199,631,126	185,420,132
Lease liabilities	11	1,238,279,626	1,207,138,171
Post-employment defined benefit obligation		10,395,914	10,395,914
Deferred tax liabilities - net		4,365,305,742	4,317,848,473
Total Non-current Liabilities		44,976,301,073	41,290,317,576
Total Liabilities		74,458,823,573	76,289,532,378
EQUITY			
Equity attributable to shareholders of Parent Company	25	22,346,414,633	16,451,402,273
Non-controlling interest		9,954,182,235	9,345,354,263
Total Equity		32,300,596,868	25,796,756,536
TOTAL LIABILITIES AND EQUITY		P 106,759,420,441	P 102,086,288,914

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023
(Amounts in Philippine Pesos)

	Notes	July to Sept 2024 Unaudited	Jan to Sept 2024 Unaudited	July to Sept 2023 Restated	Jan to Sept 2023 Restated	July to Sept 2023 Reported	Jan to Sept 2023 Reported
REVENUES	17						
Sale of real estates		P 2,444,642,772	P 12,460,053,274	P 3,304,906,411	P 11,309,694,050	P 3,694,887,583	P 12,704,382,963
Interest income from real estate sales		234,334,330	1,344,037,680	389,981,172	1,394,688,913	-	-
Hotel operations		62,585,967	148,824,305	41,510,501	98,169,696	41,510,501	98,169,696
Rental		42,631,305	113,550,314	27,316,827	77,320,899	27,316,827	77,320,899
Management fees		<u>15,034,944</u>	<u>45,861,487</u>	<u>15,633,928</u>	<u>46,478,655</u>	<u>15,633,928</u>	<u>46,478,655</u>
		2,799,229,318	14,112,327,060	3,779,348,839	12,926,352,213	3,779,348,839	12,926,352,213
COST OF SALES AND SERVICES	18	(<u>862,169,175</u>)	(<u>6,715,251,867</u>)	(<u>1,295,244,122</u>)	(<u>6,033,530,769</u>)	(<u>1,811,388,042</u>)	(<u>6,790,429,813</u>)
GROSS PROFIT		1,937,060,143	7,397,075,193	2,484,104,717	6,892,821,444	1,967,960,797	6,135,922,400
OPERATING EXPENSES	19	(<u>807,913,710</u>)	(<u>2,425,373,811</u>)	(<u>608,274,322</u>)	(<u>1,892,829,759</u>)	(<u>608,274,322</u>)	(<u>1,892,829,759</u>)
OTHER OPERATING INCOME	20	<u>67,885,694</u>	<u>235,304,857</u>	<u>77,661,114</u>	<u>348,902,576</u>	<u>77,661,114</u>	<u>348,902,576</u>
OPERATING PROFIT		1,197,032,127	5,207,006,239	1,953,491,509	5,348,894,261	1,437,347,589	4,591,995,217
FINANCE COSTS	21	(<u>291,058,382</u>)	(<u>1,331,404,470</u>)	(<u>540,773,198</u>)	(<u>1,554,047,686</u>)	(<u>194,085,339</u>)	(<u>536,793,057</u>)
FINANCE INCOME		6,792,119	15,819,124	6,489,814	7,915,785	6,489,814	7,915,785.00
SHARE IN NET LOSS OF ASSOCIATES	9	(<u>272,163</u>)	(<u>8,464,236</u>)	(<u>249,781</u>)	(<u>5,803,037</u>)	(<u>249,781</u>)	(<u>5,803,037</u>)
IMPAIRMENT LOSS ON FINANCIAL ASSETS		-	-	-	(<u>405,079</u>)	-	(<u>405,079</u>)
OTHER LOSSES	20	<u>348,221</u>	(<u>1,893,794</u>)	(<u>1,438,782</u>)	(<u>3,675,024</u>)	(<u>1,438,782</u>)	(<u>3,675,024</u>)
PROFIT BEFORE TAX		912,841,922	3,881,062,863	1,417,519,562	3,792,879,220	1,248,063,501	4,053,234,805
TAX EXPENSE	25	(<u>214,748,128</u>)	(<u>967,724,593</u>)	(<u>377,051,921</u>)	(<u>959,837,888</u>)	(<u>334,905,458</u>)	(<u>1,025,144,337</u>)
NET PROFIT		<u>P 698,093,794</u>	<u>P 2,913,338,270</u>	<u>P 1,040,467,641</u>	<u>P 2,833,041,332</u>	<u>P 913,158,043</u>	<u>P 3,028,090,468</u>
Net profit attributable to:							
Parent Company's shareholders		P 621,119,954	P 2,323,260,299	P 809,116,017	P 2,179,748,901	P 709,108,310	P 2,391,775,055
Non-controlling interests		<u>76,973,840</u>	<u>590,077,971</u>	<u>231,351,624</u>	<u>653,292,431</u>	<u>204,049,733</u>	<u>636,315,413</u>
		<u>P 698,093,794</u>	<u>P 2,913,338,270</u>	<u>P 1,040,467,641</u>	<u>P 2,833,041,332</u>	<u>P 913,158,043</u>	<u>P 3,028,090,468</u>
Earnings per Share:	26						
Basic and diluted		P <u>0.21</u>	P <u>0.67</u>	P <u>0.23</u>	P <u>0.63</u>	P <u>0.20</u>	P <u>0.69</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2024, AND SEPTEMBER 30, 2023
(Amounts in Philippine Pesos)

	Jul to Sep 2024 (Unaudited)	Jan to Sep 2024 (Unaudited)	Jan to Sep 2023 Restated	Jan to Sep 2023 Restated	Jan to Sep 2023 Restated	Jan to Sep 2023 Reported
NET PROFIT	P 698,093,794	P 2,913,338,270	P 1,040,467,641	P 2,833,041,332	P 913,158,043	P 3,028,090,468
OTHER COMPREHENSIVE INCOME (LOSS)						
Item that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-
Gain (loss) on remeasurements of post-employment defined benefit plan	-	-	-	-	-	-
Tax income (expense)	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	P 698,093,794	P 2,913,338,270	P 1,040,467,641	P 2,833,041,332	P 913,158,043	P 3,028,090,468
Total comprehensive income attributable to:						
Parent Company's shareholders	P 621,119,954	P 2,323,260,299	P 809,116,017	P 2,179,748,901	P 709,108,310	P 2,391,775,055
Non-controlling interests	P 76,973,840	P 590,077,971	P 231,351,624	P 653,292,431	P 204,049,733	P 636,315,413
	P 698,093,794	P 2,913,338,270	P 1,040,467,641	P 2,833,041,332	P 913,158,043	P 3,028,090,468

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company										Non-controlling Interests (See Note 25)	Total
	Capital Stock (See Note 25)		Additional Paid-in Capital (See Note 25)	Treasury Stock (See Note 25)	Share Options Outstanding (See Note 25)	Revaluation Reserves (See Note 25)	Retained Earnings (See Note 25)			Total		
	Common	Preferred					Appropriated	Unappropriated	Total			
Balance at January 1, 2024	<u>3,623,451,997</u>	<u>-</u>	<u>1,608,917,974</u>	<u>(732,664,604)</u>	<u>4,311,977</u>	<u>(18,288,224)</u>	<u>6,914,803,006</u>	<u>5,050,870,147</u>	<u>11,965,673,153</u>	<u>16,451,402,273</u>	<u>9,345,354,263</u>	<u>25,796,756,536</u>
Transactions with owners												
Investments from non-controlling stockholders	-	-	4,276,059,660	-	-	-	-	-	-	4,276,059,660	32,500,000	4,308,559,660
Issuance of preferred shares	-	4,280,340	-	-	-	-	-	-	-	4,280,340	-	4,280,340
Cash dividends	-	-	-	-	-	-	-	(708,587,938)	(708,587,938)	(708,587,938)	(13,750,000)	(722,337,938)
	<u>-</u>	<u>4,280,340</u>	<u>4,276,059,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(708,587,938)</u>	<u>(708,587,938)</u>	<u>3,571,752,062</u>	<u>18,750,000</u>	<u>3,590,502,062</u>
Appropriation of retained earnings												
Reversal of appropriations during the year	-	-	-	-	-	-	(2,710,828,715)	2,710,828,715	-	-	-	-
Total comprehensive income for the year												
Net profit for the year	-	-	-	-	-	-	-	2,323,260,299	2,323,260,299	2,323,260,299	590,077,972	2,913,338,271
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,323,260,299</u>	<u>2,323,260,299</u>	<u>2,323,260,299</u>	<u>590,077,972</u>	<u>2,913,338,271</u>
Balance at September 30, 2024	<u>P 3,623,451,997</u>	<u>P 4,280,340</u>	<u>P 5,884,977,634</u>	<u>(P 732,664,604)</u>	<u>P 4,311,977</u>	<u>(P 18,288,224)</u>	<u>P 4,203,974,291</u>	<u>P 9,376,371,223</u>	<u>P 13,580,345,514</u>	<u>P 22,346,414,634</u>	<u>P 9,954,182,235</u>	<u>P 32,300,596,869</u>
Balance at January 1, 2023	<u>3,623,451,997</u>	<u>-</u>	<u>1,608,917,974</u>	<u>(732,664,604)</u>	<u>2,195,991</u>	<u>(13,910,501)</u>	<u>3,931,475,893</u>	<u>5,082,096,405</u>	<u>9,013,572,298</u>	<u>13,501,563,155</u>	<u>7,511,051,738</u>	<u>21,012,614,893</u>
Transactions with owners												
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	-	-	774,500,000	774,500,000
Cash dividends	-	-	-	-	-	-	-	(623,736,264)	(623,736,264)	(623,736,264)	(103,980,000)	(727,716,264)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(623,736,264)</u>	<u>(623,736,264)</u>	<u>(623,736,264)</u>	<u>(670,520,000)</u>	<u>(46,783,736)</u>
Appropriation of retained earnings												
Reversal of appropriations during the year	-	-	-	-	-	-	(3,117,454,606)	3,117,454,606	-	-	-	-
Total comprehensive income for the year												
Net profit for the year	-	-	-	-	-	-	-	2,391,775,055	2,391,775,055	2,391,775,055	636,315,413	3,028,090,468
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,391,775,055</u>	<u>2,391,775,055</u>	<u>2,391,775,055</u>	<u>636,315,413</u>	<u>3,028,090,468</u>
Balance at September 30, 2023	<u>P 3,623,451,997</u>	<u>-</u>	<u>P 1,608,917,974</u>	<u>(P 732,664,604)</u>	<u>P 2,195,991</u>	<u>(P 13,910,501)</u>	<u>P 814,021,287</u>	<u>P 9,967,589,802</u>	<u>P 10,781,611,089</u>	<u>P 15,269,601,946</u>	<u>P 8,817,887,151</u>	<u>P 24,087,489,097</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>September 30</u> <u>2024</u>	<u>September 30</u> <u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 3,881,062,863	P 4,053,234,805
Adjustments for:			
Interest expense on:			
Loans	21	1,186,676,773	371,043,572
Lease liabilities	11	61,626,716	59,845,987
Bonds	21	34,001,807	47,561,821
Amortized debt issuance cost		52,687,393	54,484,013
Depreciation and amortization	19	143,637,112	134,725,936
Interest income	4	(14,795,090)	(7,539,010)
Share in net losses of associates	9	8,464,236	5,803,037
Recognition of impairment loss on financial assets		-	405,079
Loss (gain) on sale of property and equipment	10	(1,355,383)	17,410
Operating profit before working capital changes		5,352,006,427	4,719,582,650
Decrease (increase) in receivables		(9,340,589,558)	1,271,025,545
Decrease (increase) in contract assets		3,817,724,334	(8,965,945,730)
Decrease in real estate inventories		5,451,613,589	2,597,015,298
Increase in prepayments and other current assets		(1,928,319,763)	(1,697,556,829)
Increase in deposits on land for future development		-	(349,502,459)
Decrease in other non-current assets		533,262,930	274,346,098
Increase (decrease) in trade and other payables		(605,186,575)	2,404,322,275
Decrease in contract liabilities		(157,477,482)	(118,372,861)
Increase in customers' deposits		46,105,971	27,494,051
Decrease in post-employment defined benefit obligation		-	(6,919,362)
Cash used in operations		3,169,139,874	155,488,676
Cash paid for taxes		(503,096,931)	(291,092,472)
Net Cash Generated (Used) in Operating Activities		2,666,042,943	(135,603,796)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment		(1,372,576,074)	(1,559,995,693)
Acquisitions of investment properties		(2,272,712,609)	(1,247,233,276)
Advances to related parties	24	-	(20,196,683)
Investments in associates	9	(501,456,965)	(5,000,000)
Interest received	4	14,795,090	7,539,010
Collections of advances to related parties	24	156,466	-
Proceeds from sale of property and equipment	10	1,381,391	489,706
Acquisitions of computer software	13	(3,447,006)	(1,417,562)
Net Cash Used in Investing Activities		(4,133,859,707)	(2,825,814,498)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of interest-bearing loans - net	14	12,797,563,507	9,491,374,309
Repayments of interest-bearing loans	14	(11,053,618,771)	(4,406,649,207)
Interest paid on interest-bearing loans		(2,109,627,121)	(1,953,472,371)
Cash dividends paid	25	(722,337,938)	(727,716,264)
Interest paid on lease liabilities	11	(54,169,347)	(50,531,750)
Additional investment from non-controlling shareholders	25	32,500,000	774,500,000
Interest paid on bonds		(168,742,526)	(253,113,789)
Proceeds from issuance of shares of stock		4,280,340,000	-
Net Cash From Financing Activities		3,001,907,803	2,874,390,928
NET DECREASE IN CASH AND CASH EQUIVALENTS		1,534,091,039	(87,027,366)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		913,841,206	1,434,559,762
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,447,932,245	P 1,347,532,396

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of AB Soberano Holdings Corp.)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 General

Cebu Landmasters, Inc. (the Parent Company or CLI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 26, 2003. CLI is presently engaged in real estate-related activities which include real estate development, sales, leasing and property management. The Parent Company's real estate portfolios include condominium and subdivision for residence, mixed-use properties, townships, hotels and resorts, offices, and co-living.

The Parent Company is a subsidiary of A B Soberano Holdings Corp. (ABS). ABS is a holding company and is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street, Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

On January 6, 2017, the Board of Directors (BOD) approved the Company's application for the registration of its common stocks with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The Company's shares were listed on the main board of the PSE on September 2, 2017 (see Note 27).

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests in the following subsidiaries and associates:

	Note	Effective Percentage of Ownership	
		2024	2023
<i>Subsidiaries</i>			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	100	100
Cebu Landmasters Property Management, Inc. (CPM)	(b)	100	100
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	100	100
CLI Hotels and Resorts Inc. (CHR)	(d)	100	100
CLI-LITE Panglao Inc. (CLI-LITE)	(e)	88	88
Ming-mori Development Corporation (MDC)	(f)	80	78
Sugbo Prime Estate, Inc. (SPE)	(g)	64	64
BL CBP Ventures, Inc. (BL Ventures)	(h)	50	50
Yuson Excellence Soberano, Inc. (YES)	(i)	50	50
Yuson Huang Excellence Soberano, Inc. (YHES)	(j)	50	50
YHEST Realty and Development Corporation (YHEST)	(k)	50	50

	Note	Effective Percentage of Ownership	
		2024	2023
CCLI Premier Hotels, Inc. (CCLI)	(l)	50	50
Cebu Homegrown Developers, Inc. (CHDI)	(m)	50	50
YHES Premier Hotel Inc. (YHESPH)	(n)	50	50
Cebu BL-Ramos Ventures, Inc. (CBLRV)	(o)	50	50
GGTT Realty Corporation (GGTT)	(p)	50	50
Mivesa Garden Residences, Inc. (MGR)	(q)	45	45
El Camino Developers Cebu, Inc. (El Camino)	(r)	35	35
<i>Associates</i>			
CLI NUD Ventures, Inc. (NUD)	(s)	60	-
Iloilo Global City Corporation (IGCC)	(t)	43	43
ICOM Air Corporation (ICOM)	(u)	33	33
Magspeak Nature Park Inc. (Magspeak)	(v)	25	25

CLI and its subsidiaries (collectively referred as “the Group”), and associates are all incorporated in the Philippines. The subsidiaries and associates, except CPH, CPM, CCLI, YHESPH and ICOM are in the same line of business with CLI. A brief description of these entities follows:

- (a) CPH was incorporated in 2016 as a wholly-owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business which started commercial operations on September 14, 2019. The principal place of business of CPH is located at Cebu City;
- (b) CPM was incorporated in 2017 as a wholly-owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPM is located at Cebu City;
- (c) ASF was incorporated in 2017 as a joint venture where CLI initially holds 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly-owned subsidiary as of December 31, 2017. The principal place of business of ASF is located at Cebu City;
- (d) CHR was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group’s various hotel projects. Its principal place of business is located in Cebu City.
- (e) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located at Cebu City;
- (f) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located at Cebu City.
- (g) SPE was formed in 2019 as a one-person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the

development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City;

- (h) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located at Cebu City;
- (i) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located at Davao City;
- (j) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located at Davao City;
- (k) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located at Davao City;
- (l) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at September 30, 2022, CCLI has yet to start commercial operations.
- (m) CHDI was incorporated on December 5, 2019 as an undertaking between CLI and Aboitiz Land, Inc. (Aboitiz Land). In September 2021,, Aboitiz Land sold its 50% ownership in CHDI to Ixidor Holdings, Inc. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which started commercial operations in 2021. Its principal place of business is in Cebu City.
- (n) YHESPH was incorporated on October 28, 2019 as a wholly-owned subsidiary of YHES that will engage in the hotel business. Its ultimate parent is CLI which owns 50% of YHES.
- (o) CBLRV was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.
- (p) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.
- (q) MGR was incorporated in 2017 as an undetaking by CLI and three other corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located at Cebu City;
- (r) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located at Cebu City;

- (s) CLI NUD was incorporated on April 5, 2024 as an undertaking among CLI and NTT for the development of a condominium project in Cebu City. The principal place of business of is located at Cebu City;
- (t) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business also is located in Iloilo City.
- (u) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2023, ICOM has yet to start its commercial operations.
- (v) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located at Cebu City.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Interim Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, Revenue from Contracts with Customers, affecting the real estate industry under following Memorandum Circulars (MC):

- In 2021, MC No. 2021-08, *Amendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 to clarify transitory provision*, provides real estate companies the accounting policy option of applying either the full retrospective

approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

- MC No. 3-2019, PIC Q&A Nos. 2018-12-H and 2018-14;
 - MC No. 4-2020, Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry; and,
 - MC 34-2020, Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023

SEC MC No. 08-2021, Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement. Discussed below and in the succeeding pages are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

- (i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

- (ii) PIC Q&A No. 2018-12-D, Concept of the significant financing component in the contract to sell and PIC Q&A No. 2020-04, Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the

completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the financial statement as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements or applied using modified retrospective approach.

The Group has decided to use full retrospective approach upon adoption.

(c) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, Presentation of Financial Statements. The Group presents consolidated statement of comprehensive income separate from the consolidated statement of profit or loss.

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

(d) Functional and Presentation Currency

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

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

2.2 Adoption Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice	
Statement 2 (Amendments)	:Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), Presentation of Financial Statements – Disclosure of Accounting Policies. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), Definition of Accounting Estimates. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iii) PAS 12 (Amendments), Deferred Tax Related to Assets and Liabilities from a Single Transaction. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective in 2023 that is not relevant to the Group

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, International Tax Reform – Pillar Two Model Rules, are not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PAS 1 (Amendments), Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), Presentation of Financial Statements – Non-current Liabilities with Covenants (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), Cash Flow Statements and PFRS 7 (Amendments), Financial Instruments: Disclosures – Supplier Finance Arrangements (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), Leases – Lease Liability in a Sale and Leaseback (effective from January 1, 2024)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated below, after the elimination of material intercompany transactions.

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

The Parent Company accounts for its investments in subsidiaries, associates and non-controlling interests as follows:

3. SEGMENT INFORMATION

3.1 Business Segments

The Group's operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

3.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

3.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation, if any.

3.4 Analysis of Segment Information

The tables in the next page present revenue and profit information regarding industry segments for the periods ended September 30, 2024 and 2023 and certain assets and liabilities information regarding segments as at September 30, 2024 and 2023:

	2024					
	Real Estate	Hotel Operations	Rental	Management Services	Elimination	Consolidated
REVENUES						
Sale to external customers	₱13,804,090,954	₱148,824,305	₱113,550,314	₱45,861,487	₱-	₱14,112,327,060
Intersegment sales	-	-	8,415,203	138,710,664	(147,125,867)	-
Total revenues	13,804,090,954	148,824,305	121,965,517	184,572,151	(147,125,867)	14,112,327,060
COSTS AND EXPENSES						
Costs of sales and services	6,551,286,178	68,597,105	65,195,892	30,172,692	-	6,715,251,867
Operating expenses	2,378,694,480	203,808,134	9,531,605	12,108,459	(178,768,867)	2,425,373,811
Total costs and expenses	8,929,980,658	272,405,239	74,727,497	42,281,151	(178,768,867)	9,140,625,678
Segment results	₱4,874,110,296	(₱123,580,934)	₱47,323,335	₱142,291,000	₱31,643,000	₱4,971,701,382
Other operating income						235,304,857
Finance income						15,819,124
Finance costs						(1,331,404,470)
Share in net loss of associates						(8,464,236)
Tax expense						(967,724,593)
Other losses						(1,893,794)
Net profit						₱2,913,338,270
ASSETS AND LIABILITIES						
Segment assets	₱97,416,480,112	₱3,557,050,898	₱17,115,265,399	₱145,674,030	(₱11,475,049,998)	₱106,759,420,441
Segment liabilities	₱68,015,224,041	₱3,139,435,742	₱76,716,906	₱104,061,864	(₱1,241,920,722)	₱70,093,517,831

	2023					
	Real Estate	Hotel Operations	Rental	Management Services	Elimination	Consolidated
REVENUES						
Sale to external customers	₱12,704,382,963	₱98,169,696	₱77,320,899	₱46,478,655	₱—	₱12,926,352,213
Intersegment sales	(250,714)	—	11,341,012	122,019,132	(133,109,430)	—
Total revenues	12,704,132,249	98,169,696	88,661,911	168,497,787	(133,109,430)	12,926,352,213
COSTS AND EXPENSES						
Costs of sales and services	6,664,776,551	38,835,701	64,888,144	21,929,417	—	6,790,429,813
Operating expenses	1,923,910,024	90,614,278	6,610,089	14,534,339	(142,838,971)	1,892,829,759
Impairment Loss	402,197	—	2,882	—	—	405,079
Total costs and expenses	8,589,088,772	129,449,979	71,501,115	36,463,756	(142,838,971)	8,683,664,651
Segment results	₱4,115,043,477	(₱31,280,283)	₱17,160,796	₱132,034,031	₱9,729,541	₱4,242,687,562
Other operating income						348,902,576
Share in net loss of associates						7,915,785
Finance costs						(536,793,057)
Finance income						(5,803,037)
Tax expense						(1,025,144,337)
Other losses						(3,675,024)
Net profit						₱3,028,090,468
ASSETS AND LIABILITIES						
Segment assets	₱85,151,801,347	₱2,862,336,227	₱17,878,040,923	₱81,600,585	(₱9,404,886,355)	₱96,568,892,777
Segment liabilities	₱66,983,139,772	₱2,510,522,058	₱55,705,079	₱65,135,742	(₱944,124,129)	₱68,670,378,522

The real estate segment is further analyzed based on their geographical location as shown in Note 17.1. Both rental and management services segments are located in Cebu City.

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all the years presented.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	September 30, 2024	December 31, 2023
Cash on hand	₱10,695,780	₱4,365,735
Cash in banks	2,426,964,021	864,263,028
Short-term placements	10,272,444	45,212,443
	₱2,447,932,245	₱913,841,206

Cash in banks (savings and demand deposits) generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods and earn effective interest per annum as shown below.

	2024	2023
Term	14-107 days	35 to 60 days
Effective interest rate	4.50% to 5.63%	3% to 3.50%

Interest income earned from cash and cash equivalents amounted ₱14,795,090 and ₱7,539,010 on September 30, 2024 and 2023, respectively, are presented as Finance Income in the consolidated statements of Profit or Loss.

5. RECEIVABLES

This account includes the following:

	Notes	September 30, 2024	December 31, 2023
Contracts receivable			
Third parties		₱10,760,184,959	₱1,548,388,979
Related parties	24.2, 24.3	685,584	685,584
		10,760,870,543	1,549,074,563
Retention receivable		199,282,139	132,973,570
Receivable from contractors and suppliers		181,543,736	156,616,742
Management fee receivables		139,508,785	111,340,567
Rent receivable		95,411,331	71,548,690
Advances to officers and employees		48,723,323	37,927,664
Receivables from hotel operations		26,538,309	8,510,578
Receivable from insurance		7,399,036	77,373,832
Others		132,787,686	106,109,124
		11,592,064,888	2,251,475,330
Allowance for impairment		(2,242,262)	(2,242,262)
		₱11,589,822,626	₱2,249,233,068

Receivables are presented in the consolidated statements of financial position as follows.

	September 30, 2024	December 31, 2023
Current	₱9,607,944,620	₱2,093,139,231
Non-current	1,981,878,006	156,093,837
	₱11,589,822,626	₱2,249,233,068

Buyers of real estate properties are given one to four years to complete the equity amortization which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement by the buyers' chosen financing institution of the buyer's account within 12 months. Titles to real estate properties are transferred to the buyers once full payment has been made. Hence, contracts receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to ₱1,720,865 and ₱5,309,083 as at September 30, 2024 and December 31, 2023, respectively. Amortization of day one loss of noninterest-bearing contracts receivables amounted to ₱3,588,218 and ₱3,857,664 in September 30, 2024 and 2023 respectively and is presented as part of Finance Cost in the consolidated statement of profit or loss (see Note 21).

Shown below is the aging of contract receivables as of September 30, 2024.

	September 30, 2024
Not yet due	₱10,608,530,699
Less than 30 days	34,479,364
More than 30 days but less than 60 days	15,567,129
More than 60 days but less than 90 days	15,936,501
More than 90 days but less than 120 days	49,655,221
More than 120 days	36,701,629
	₱10,760,870,543

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Group.

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group. Advances to officers and employees are composed of advances subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and update the assessment at each reporting date based on the analysis by management. A reconciliation of the allowance for impairment at the beginning and end of September 30, 2024 and December 31, 2023 is shown in the next page:

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱2,242,262	₱1,809,469
Changes in expected credit losses	—	432,793
Receivables written off	—	—
Balance at end of year	₱2,242,262	₱2,242,262

6. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost:

	September 30, 2024	December 31, 2023
Condominium units	₱432,566,949	₱400,467,121
Subdivision units	410,348,044	470,257,538
	842,914,993	870,724,659
Construction-in-progress (CIP):		
Land development cost	4,619,038,040	1,627,403,713
Condominium building cost	5,430,931,047	11,216,886,132
Housing cost	906,894,640	4,200,650,987
	10,956,863,727	17,044,940,832
Raw land inventory	2,742,546,623	777,830,755
	₱14,542,325,343	₱18,693,496,246

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 18.

Land development costs pertain to the cost of land acquisition and site development costs of horizontal projects and other future site projects of the Group.

Condominium building costs consist of the cost of land and the cost to construct the units of the vertical projects of the Group. Housing costs pertain to the cost of house construction for the horizontal projects of the Group.

Raw land inventory consists of parcels of land owned by the Group in various locations. These are expected to be developed into saleable condominium or subdivision units.

Borrowing costs that are capitalized as part of real estate inventory amounted to nil and ₱1,184,125,858 in September 30, 2024 and 2023, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 14).

In September 30, 2024 and December 31, 2023, the Group reclassified certain investment properties to real estate inventories amounted to ₱1,118,537,997 and ₱1,219,095,095 (see Note 12).

As at September 30, 2024 and December 31, 2023, real estate inventories totaling to ₱8,430,944,323 and ₱7,794,550,414, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 14.1).

7. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Deposits on land for future development pertains to advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects. A reconciliation of the deposits on land for future development is presented below.

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱15,000,000	₱129,996,729
Additions	–	349,502,459
Transferred to raw land inventory	(15,000,000)	(464,499,188)
Balance at end of year	₱–	₱15,000,000

The deposits on land for future development are presented as current assets in the consolidated statements of financial position.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	September 30, 2024	December 31, 2023
Deferred commissions	₱2,582,061,669	₱1,645,513,898
Advances to subcontractors	2,396,251,110	1,979,370,709
Input VAT and deferred input VAT	1,925,154,781	1,555,489,960
Advances to suppliers	566,296,062	537,191,493
Short-term investments	313,814,857	200,838,362
Prepaid expenses	112,672,208	51,509,612
Prepaid taxes	44,327,698	454,631,300
Others	11,604,438	9,621,327
	₱7,952,182,823	₱6,434,166,661

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses that were paid on behalf of subcontractors. These are applied against the progress billings of subcontractors.

Deferred commissions pertain to sales commissions incurred and capitalized by the Group upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. In 2024 and 2023, the Group expensed deferred commissions of ₱807,860,537 and ₱742,532,603, respectively, based on the POC of its related real estate project and is presented as Commissions under Operating Expenses in the consolidated statements of profit or loss (see Note 19).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Group's compliance with the regulatory requirements for issuance of license to sell, and are restricted for use in the Group's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months.

Prepaid expenses include advance payment for insurance and rent.

9. INVESTMENTS IN ASSOCIATES

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2024 and 2023 is shown below.

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱142,489,432	₱133,559,576
Additional investments	501,456,965	21,500,000
Share in net losses during the year	(8,464,237)	(12,570,144)
Balance at end of year	₱635,482,160	₱142,489,432

Analyses of the carrying amounts of the Group's investments in associates as at September 30, 2024 and December 31, 2023 are shown below:

	2024				
	IGCC	ICOM	Magspeak	CNUD	Total
Cost					
Balance at beginning of year	₱8,500,000	₱130,300,934	₱30,735,096	₱—	₱169,536,030
Additional investments	—	10,000,000	—	491,456,965	501,456,965
Balance at end of year	8,500,000	140,300,934	30,735,096	491,456,965	670,992,995
Accumulated equity in net losses					
Balance at beginning of year	—	(23,225,906)	(3,820,692)	—	(27,046,598)
Equity in net losses during the year	—	—	(568,096)	(7,896,140)	(8,464,236)
Balance at end of year	—	(23,225,906)	(4,388,789)	(7,896,140)	(35,510,835)
Net carrying amount	₱8,500,000	₱117,075,028	₱26,346,307	₱483,560,825	₱635,482,160
2023					
Balance at beginning of year	₱—	₱122,300,934	₱25,735,096		₱148,036,030
Additional investments	8,500,000	8,000,000	5,000,000		21,500,000
Balance at end of year	8,500,000	130,300,934	30,735,096		169,536,030
Accumulated equity in net losses					
Balance at beginning of year	—	(11,638,159)	(2,838,295)		(14,476,454)
Equity in net losses during the year	—	(11,587,750)	(982,394)		(12,570,144)
Balance at end of year	—	(23,225,909)	(3,820,689)		(27,046,598)
Net carrying amount	₱8,500,000	₱107,075,025	₱26,914,407		₱142,489,432

Shares in net losses of associates totaling ₱8,464,236 and ₱5,803,037 were recognized in 2024 and 2023, respectively, in the consolidated statements of profit or loss. There were no dividends received from the Group's associates in 2024 and 2023.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2024 and 2023 are shown below.

	2024							
	Land	Building and Parking Units	Office Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost								
Balance at beginning of year	₱359,058,133	₱512,706,244	₱125,131,130	₱60,827,521	₱50,499,782	₱14,587,797	₱6,420,474,335	₱7,543,284,942
Additions	—	7,222,427	7,731,356	9,151,910	2,401,521	—	1,341,646,374	1,341,646,374
Disposals	—	—	(231,438)	(3,688,817)	—	—	—	(3,920,255)
Reclassification	—	36,659,280	—	—	(2,937,900)	—	(34,137,993)	(416,613)
Balance at end of year	359,058,133	556,587,951	132,631,048	66,290,614	49,963,403	14,587,797	7,727,982,716	8,907,101,662
Accumulated Depreciation and Amortization								
Balance at beginning of year	—	142,131,917	69,747,528	47,766,743	33,152,170	8,590,912	—	301,389,270
Depreciation and amortization	—	20,064,336	13,466,446	4,448,713	4,216,398	1,480,835	—	43,676,728
Disposals	—	—	(205,430)	(3,688,817)	—	—	—	(3,894,247)
Balance at end of year	—	162,196,253	83,008,544	48,526,639	37,368,568	10,071,747	—	341,171,751
Carrying Amount	₱359,058,133	₱394,391,698	₱49,622,504	₱17,763,975	₱12,594,835	₱4,516,050	₱7,727,982,716	₱8,565,929,911

	2023							
	Land	Building and Parking Units	Office Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost								
Balance at beginning of year	₱359,058,133	₱401,375,877	₱111,382,859	₱57,015,172	₱40,459,135	₱14,547,842	₱4,077,078,853	₱5,060,917,871
Additions	—	9,591,435	14,695,503	4,361,822	10,040,647	39,955	2,343,404,411	2,382,133,773
Disposals	—	—	(108,839)	(547,321)	—	—	—	(656,160)
Reclassification	—	101,738,932	(838,393)	(2,152)	—	—	(8,929)	100,889,458
Balance at end of year	359,058,133	512,706,244	125,131,130	60,827,521	50,499,782	14,587,797	6,420,474,335	7,543,284,942
Accumulated Depreciation and Amortization								
Balance at beginning of year	—	117,269,272	53,078,326	42,285,966	27,932,433	6,619,424	—	247,185,421
Depreciation and amortization	—	24,862,645	16,744,157	5,480,777	5,219,737	1,971,488	—	54,278,804
Disposals	—	—	(74,955)	—	—	—	—	(74,955)
Reclassification	—	—	—	—	—	—	—	—
Balance at end of year	—	142,131,917	69,747,528	47,766,743	33,152,170	8,590,912	—	301,389,270
Carrying Amount	₱359,058,133	₱370,574,327	₱55,383,602	₱13,060,778	₱17,347,612	₱5,956,930	₱6,420,474,335	₱7,241,895,672

Depreciation and amortization expenses on property and equipment is presented as part of Operating Expenses (see Note 19).

On September 30, 2024, the Group reclassified real estate inventory and investment property with carrying amount of ₱2,208,788 and ₱312,500, respectively, to Building and certain Furnitures and Fixtures were reclassified to related party as these properties will be used for administrative purposes.

In 2023, the Group reclassified real estate inventory and investment property with carrying amount of ₱13,080,557 and ₱502,646, respectively, to Building as these properties will be used for administrative purposes.

Borrowing costs that are capitalized as part of property and equipment amounted to ₱436,241,034 and ₱353,420,651 on September 30, 2024 and 2023, respectively, which represents the specific borrowing costs incurred on loans, corporate notes and bonds obtained to fund the construction projects (see Note 14 and 15).

On September 30, 2024, certain transportation equipment and office equipment with a total carrying amount of ₱26,008 of the Parent Company were sold for ₱1,381,391, thereby resulting in net gain on disposal amounting to ₱1,355,383. (see Note 20.2).

Certain land and construction in progress with an aggregate carrying amount of ₱8,025,281,000 and ₱6,404,580,614 as at September 30, 2024 and December 31, 2023, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 14.1).

As at September 30, 2024 and December 31, 2023, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to ₱127,757,338 and ₱119,631,379, respectively.

11. LEASES

The Group entered into lease contracts, as lessee, for leases of land and office spaces. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the consolidated statements of financial position as Right-of-use Assets and the corresponding obligation, as Lease Liabilities. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be canceled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term.

Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table in the next page describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2024 and 2023 consolidated statements of financial position:

	Number of right-of-use assets leased	Lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with termination options
September 30, 2024					
Land	4	21 to 39 years	-	-	-
Office space	2	2 to 4 years	1	-	1
December 31, 2023					
Land	4	21 to 39 years	-	-	-
Office space	2	2 to 4 years	1	-	1

11.1 Right-of-use Assets

The carrying amounts and movements of the Group's right-of-use assets as at September 30, 2024 and December 31, 2023 are shown below.

September 30, 2024

	Land	Office Space	Total
Cost			
Balance at beginning and end of period	₱1,263,032,633	₱15,877,921	₱1,278,910,554
Additions	5,176,040	–	5,176,040
	<u>1,268,208,673</u>	<u>15,877,921</u>	<u>1,284,086,594</u>
Accumulated amortization			
Balance at beginning of year	137,528,364	11,776,783	149,305,147
Amortization	26,873,611	2,378,538	29,252,149
Balance at end of period	<u>164,401,975</u>	<u>14,155,321</u>	<u>178,557,296</u>
Carrying amount at end of period	<u>₱1,103,806,698</u>	<u>₱1,722,600</u>	<u>₱1,105,529,298</u>

December 31, 2023

	Land	Office Space	Total
Cost			
Balance at beginning of year	₱1,262,756,727	₱15,877,921	₱1,278,634,648
Additions	275,906	–	275,906
Balance at end of period	<u>1,263,032,633</u>	<u>15,877,921</u>	<u>1,278,910,554</u>
Accumulated amortization			
Balance at beginning of year	102,160,939	8,424,304	110,585,243
Amortization	35,367,425	3,352,479	38,719,904
Balance at end of period	<u>137,528,364</u>	<u>11,776,783</u>	<u>149,305,147</u>
Carrying amount at end of period	<u>₱1,125,504,269</u>	<u>₱4,101,138</u>	<u>₱1,129,605,407</u>

The additional right-of-use assets in 2024 pertains to a 4.92-year lease contract intended for the use of land drainage line.

11.2 Lease Liabilities

Lease liabilities presented in the statements of financial position follow:

	September 30, 2024	December 31, 2023
Current	₱ 37,209,838	₱ 55,717,884
Non-current	1,238,279,626	1,207,138,171
	₱1,275,489,464	₱1,262,856,055

The Group is fully liable for the rentals on the remaining term of the lease of office space, including any interest, penalties, utility charges and damages for termination prior to expiration of the contract. The contracts of lease on land do not provide for any future lease termination and extension options. The lease liabilities are secured by the underlying assets.

11.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets has an aggregate amount of ₱28,513,486 and ₱27,122,973 for September 30, 2024 and 2023 respectively, and is presented as Rent under Operating Expenses in the consolidated statements of profit or loss (see Note 19).

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to ₱54,169,347 and ₱50,531,750 for the periods ended September 30, 2024 and 2023, respectively, including the interest expense in relation to the lease liabilities amounting to ₱61,626,716 and ₱59,845,987, respectively, for the same periods ended. This is presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statement of profit or loss (see Note 21).

12. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for development of properties, condominium units and retail buildings for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of September 30, 2024 and December 31, 2023 are shown below.

	2024					
	Land	Retail Building	Condominium Units	Parking Units	Construction in Progress	Total
Cost						
Balance at beginning of year	₱2,682,185,384	₱1,353,024,478	₱912,472,958	₱121,565,022	₱13,589,390,602	₱18,658,638,444
Additions	—	—	—	—	1,969,349,838	1,969,349,838
Reclassifications	—	(6,525,626)	—	—	(2,893,702,340)	(2,900,227,966)
Balance at end of year	2,682,185,384	1,346,498,852	912,472,958	121,565,022	12,665,038,100	17,727,760,316
Accumulated depreciation						
Balance at beginning of year	—	147,637,420	157,211,650	19,774,721	—	324,623,791
Depreciation	—	37,819,819	22,819,383	4,556,690	—	65,195,892
Balance at end of year	—	185,457,239	180,031,033	24,331,411	—	389,819,683
Carrying amount	₱2,682,185,384	₱1,161,041,613	₱732,441,925	₱97,233,611	₱12,665,038,100	₱17,337,940,633

	2023					
	Land	Retail Building	Condominium Units	Parking Units	Construction in Progress	Total
Cost						
Balance at beginning of year	₱2,682,185,384	₱1,312,033,280	₱910,086,051	₱122,067,668	₱12,961,598,553	₱17,987,970,936
Additions	—	—	—	—	1,891,405,985	1,891,405,985
Reclassifications	—	40,991,198	2,386,907	(502,646)	(1,263,613,936)	(1,220,738,477)
Balance at end of year	2,682,185,384	1,353,024,478	912,472,958	121,565,022	13,589,390,602	18,658,638,444
Accumulated depreciation						
Balance at beginning of year	—	98,114,489	126,885,260	13,673,654	—	238,673,403
Depreciation	—	49,522,931	30,326,390	6,101,067	—	85,950,388
Reclassification	—	—	—	—	—	—
Balance at end of year	—	147,637,420	157,211,650	19,774,721	—	324,623,791
Carrying amount	₱2,682,185,384	₱1,205,387,058	₱755,261,308	₱101,790,301	₱13,589,390,602	₱18,334,014,653

In September 30, 2024, the Group reclassified certain investment properties with aggregate carrying amounts of ₱1,118,537,997 and ₱312,500 to real estate inventories and property and equipment, respectively. In 2023, the Group reclassified certain investment properties with aggregate carrying amounts of ₱1,220,235,831 and ₱502,646 to real estate inventories and property and equipment, respectively (see Notes 6 and 10). These reclassifications were made as a result of the change in the use of the properties from being held for lease to being held for sale and for use in the operations.

Borrowing costs that are capitalized as part of investment property amounted to ₱969,713,930 and ₱204,563,353 in September, 2024 and 2023, respectively which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 14).

Income and expense from investment properties for the periods ended September 30, 2024 and 2023 are presented below.

	Notes	September 30, 2024	September 30, 2023
Rental income	17.1	₱113,550,314	₱77,320,899
Expenses:	18		
Depreciation		65,195,892	64,116,792
Real property taxes		—	771,352
		₱48,354,422	₱64,888,144

The depreciation and other expenses are included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2024 and 2023 (see Note 18).

Investment properties have a total fair value of ₱18,422,843,422 as at December 31, 2023, respectively, based on the appraisal done by an independent expert [see Note 29.3(c)]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Group's investment properties as at September 30, 2024.

Investment properties with a total carrying amount of ₱8,192,962,798 and ₱7,160,910,550 as at September 30, 2024 and December 31, 2023, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 14.1).

13. OTHER NON-CURRENT ASSETS

This account includes the following:

	September 30, 2024	December 31, 2023
Downpayment to subcontractors	₱540,406,800	₱550,104,738
Deferred Commissions	520,189,911	1,046,459,553
Refundable deposits	156,421,227	152,741,454
Computer software – net of accumulated amortization	23,249,657	25,314,992
Investment in equity securities	9,375,002	9,375,002
Deferred input VAT	4,624,926	4,624,926
Others	367,602	1,342,727
	₱1,254,635,125	₱1,789,963,392

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments, which are expected to be realized at the termination of the contract, to lessors and various payees. These are measured at amortized cost.

The total additions to computer software amounted to ₱3,447,006 and ₱1,914,986 in September 30, 2024 and December 31, 2023, respectively. The amortization expense on the computer software amounted to ₱5,512,342 and ₱4,267,587 in September 30, 2024 and 2023, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 19).

14. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the consolidated statements of financial position as follows:

	Notes	September 30, 2024	December 31, 2023
Current			
Bank loans	14.1	₱8,338,344,933	₱10,075,486,704
Corporate notes	14.2	1,491,666,667	1,491,666,667
		9,830,011,600	11,567,153,371
Non-current			
Bank loans	14.1	25,579,111,245	20,871,648,528
Corporate notes	14.2	8,623,068,246	9,750,043,837
		34,202,179,491	30,621,692,365
		₱44,032,191,091	₱42,188,845,736

14.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱30,947,135,232	₱22,727,744,834
Proceeds and drawdowns - net	12,797,563,506	12,943,572,215
Repayments	(9,908,083,057)	(4,674,289,221)
Reclassification	–	(154,500,000)
Amortization of debt issue costs	80,840,496	104,607,404
Balance at end of year	₱33,917,456,177	₱30,947,135,232

The unamortized debt issue cost as at September 30, 2024 and December 31, 2023 amounts to ₱169,062,322 and ₱163,081,681, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2024 and 2023 is shown in the next page.

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱163,081,681	₱107,967,127
Debt issue costs from new loans	86,821,137	159,721,958
Amortization of debt issue costs	(80,840,496)	(104,607,404)
Balance at end of year	₱169,062,322	₱163,081,681

The loans bear interest rates per annum ranging from 5.25% to 9.25% in 2024 and 5% to 8.04% in 2023. Certain loans are collateralized by the specific projects and developments and certain property and equipment for which the loans were obtained.

The cost of such projects aggregating to ₱24,649,188,121 and ₱21,360,041,578 as at September 30, 2024 and December 31, 2023, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 6, 10 and 12).

In 2024, the Group availed of new bank loans amounting to 12,797,563,506, net of debt issuance cost, which bear interest ranging from 5.25% to 9.25% and have maturity dates ranging from 2024 to 2034. Loans obtained in 2023 from various commercial banks amounting to ₱2,856,680,206, net of debt issuance cost, which bear interest ranging from 5.00% to 10.46% and have maturity dates ranging from 2024 to 2034.

The total interest incurred from the foregoing loans, amounted to ₱2,013,044,183 and ₱1,399,675,618 in September 30, 2024 and 2023, respectively, and of which ₱868,195,285 and ₱1,028,632,046 were capitalized as part of properties and equipment and investment property (see Notes 6, 10 and 12). The total amortization of debt issuance cost amounted to ₱80,840,496 and ₱69,685,244 in September 30, 2024 and 2023, respectively, and of which ₱30,526,776 and ₱17,562,619 were capitalized as part of properties and equipment and investment property (see Notes 6, 10 and 12). Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 3.54% to 9.25%.

14.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) totalling ₱13,000,000,000 and two short-dated notes (SDN) amounting to ₱2,000,000,000 and ₱3,000,000,000, respectively.

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱11,241,710,504	₱12,334,545,777
Repayments	(1,145,535,714)	(1,117,559,524)
Amortization of debt issue cost	18,560,123	24,724,251
Balance at end of year	₱10,114,734,913	₱11,241,710,504

The NFA is composed of the following tranches:

NFA	Date Executed	Tranche	Tenor	Principal Amount
LTCN	07/20/2018	Series A	Seven years	₱2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	1,500,000,000
	3/05/2020	Series D	Five years	1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	1,000,000,000
				<u>₱13,000,000,000</u>
SDN	10/25/2019	SDN 1	18 months from drawdown date	₱2,000,000,000
	04/30/2021	SDN 2	18 months from drawdown date	3,000,000,000

The Parent Company made the following drawdowns from the NFA.

Year	Tranche	Interest Rate	Maturity Dates	Amount
2021	SDN 2	3.88%	November 2022	<u>₱3,000,000,000</u>
2020	Series D	3.46%	September 2025	₱1,300,000,000
	Series E	3.54% - 4.66%	April 2027	5,700,000,000
	Series F	4.23% - 5.23%	March 2030	1,000,000,000
				<u>₱8,000,000,000</u>
2019	Series A	7.25%	January 2026	₱2,000,000,000
	SDN 1	4.75%	April 2021	2,000,000,000
				<u>₱4,000,000,000</u>
2018	Series A	7.25%	December 2025	₱500,000,000
	Series B	6.63%	August - September 2028	1,000,000,000
	Series C	6.75%	October - December 2028	1,500,000,000
				<u>₱3,000,000,000</u>

The debt issuance cost amortization in 2024 and 2023 amounted to ₱18,560,123 and ₱12,260,519, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

A reconciliation of the unamortized debt issue costs of corporate notes at the beginning and the end of 2024 and 2023 is shown below.

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱77,634,734	₱102,358,985
Amortization of debt issue costs	(18,560,123)	(24,724,251)
Balance at end of year	₱59,074,611	₱77,634,734

The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA amounted to ₱446,721,750 and ₱506,834,287 in September 30, 2024 and 2023, respectively, of which ₱404,893,876 and ₱506,834,287 was capitalized as part of properties and equipment and investment properties, respectively (see Notes 6 and 12). The total amortization of debt issuance cost amounted to ₱18,560,123 and ₱18,492,385 in September 30, 2024 and 2023, respectively, were capitalized as part of properties and equipment and investment property (see Notes 6 and 12).

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and (c) minimum interest coverage ratio of 3:1. As at September 30, 2024 and December 31, 2023, the Parent Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the consolidated statements of profit or loss, amounted to ₱1,236,990,492 and ₱423,166,197 in September 30, 2024 and 2023, respectively (see Note 21).

The accrued interest on these loans amounts to ₱583,039,081 and ₱262,413,071 as at September 30, 2024 and December 31, 2023, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

15. BONDS PAYABLE

On September 23, 2022, CLI registered with the SEC its debt securities program of ₱15,000,000,000 Fixed Rate Bonds which will be offered in one or more tranches within three (3) years.

On October 7, 2022, the Parent Company issued the first tranche of its fixed rate bonds amounting to ₱5,000,000,000 and was listed with the Philippine Dealing & Exchange Corp. (PDEX). The bonds have been rated “PRS Aa plus” with a stable outlook by PhilRatings and are comprised of the following tenors:

- Series A – maturity of 3.5 years and a coupon rate of 6.4222%;
- Series B – maturity of 5.5 years and a coupon rate of 6.9884%; and,
- Series C – maturity of 7 years and a coupon rate of 7.3649%.

An analysis of the movement in the balance of bonds payable is presented below.

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱4,947,822,521	₱4,930,582,631
Proceeds and drawdowns – net	–	–
Reclassification	–	359,145
Amortization of debt issue cost	12,686,653	16,880,745
Balance at end of year	₱4,960,509,174	₱4,947,822,521

In 2022, the Parent Company recognized bond issuance costs amounting to ₱73,372,369 in relation to the issuance of the first tranche of the bonds which has a carrying amount of ₱39,490,826 and ₱52,177,479 as at September 30, 2024 and December 31, 2023. The bond issuance cost amortization in 2024 and 2023 is amounted to ₱12,686,653 and ₱12,620,993, respectively.

The total interest incurred related to the bonds amounted to ₱166,867,609 and ₱254,205,350 in September 30, 2024 and 2023, respectively, of which ₱132,865,802 and ₱206,643,529 were capitalized as part of real estate inventories, properties and equipment and investment properties. The total amortization of debt issuance cost amounted to ₱12,686,653 and ₱12,620,993 in September 30, 2024 and 2023, respectively, of which ₱10,312,980 and ₱10,259,605 were capitalized as part of real estate inventories, properties and equipment and investment properties. The total interest expense as part of Finance Costs in the consolidated statements of profit or loss amounted to ₱36,375,480 and ₱49,923,209 in September 30, 2024 and 2023, respectively (see Note 21).

Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 3.54% to 9.25% and 6.89% to 7.64% in September 30, 2024 and December 31, 2023.

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and (c) minimum interest coverage ratio of 3:1. As at September 30, 2024, the Parent Company is compliant with the requirements.

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	September 30, 2024	December 31, 2023
Current:		
Unbilled construction costs	₱7,311,693,828	₱12,617,790,247
Trade payables	4,625,391,803	4,517,518,729
Sales commission payable	4,453,739,754	3,763,166,755
Retention payable	1,266,817,954	1,112,645,901
Accrued expenses	686,293,350	262,413,071
Output VAT	297,269,197	76,190,277
Government-related obligations	77,250,077	85,420,412
Advances from NCI	—	19,344,748
Payable to co-venturers	20,000,000	154,500,000
Other payables	385,796,871	326,300,458
	19,124,252,834	22,935,290,598
Non-current:		
Retention payable	141,540,119	141,540,119
Advanced rental	44,665,368	33,282,573
Other payables	13,425,639	10,597,440
	199,631,126	185,420,132
	₱19,323,883,960	₱23,120,710,730

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to the amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the consolidated statements of financial position.

Advances from NCI pertains to noninterest-bearing advances of certain subsidiaries from non-controlling shareholders.

Accrued expenses pertain to accruals for interest, contracted services, security services, professional fees and other recurring accruals in the Group's operations.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

17.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time.

Below is the revenue of its major product lines and in geographical areas for the period September 30, 2024:

	Cebu	Mindanao	Visayas	Luzon	Total
<i>Sale of real estate units</i>					
Over time	₱4,304,437,349	₱4,114,614,922	₱ 2,458,440,875	₱ 798,952,701	₱ 11,676,445,847
At a point in time	2,035,508,546	89,488,979	2,647,582		2,127,645,107
	6,339,945,895	4,204,103,901	2,461,088,457	798,952,701	13,804,090,954
<i>Hotel operations</i>					
Over time	123,882,009	–	–	24,942,296	148,824,305
<i>Lease of properties</i>					
Over time	113,286,051	264,263	–	–	113,550,314
<i>Render of management services</i>					
Over time	35,089,242	6,687,205	4,085,040	–	45,861,487
	₱6,612,203,197	₱4,211,055,369	₱ 2,465,173,497	₱ 823,894,997	₱ 14,112,327,060

Below is the revenue of its major product lines and in geographical areas for the period September 30, 2023:

	Cebu	Mindanao	Visayas	Luzon	Total
<i>Sale of real estate units</i>					
Over time	₱5,976,647,765	₱3,249,319,168	₱2,952,952,752	₱371,143,640	₱12,550,063,325
At a point in time	27,654,232	244,077	104,891,329	21,530,000	154,319,638
	6,004,301,997	3,249,563,245	3,057,844,081	392,673,640	12,704,382,963
<i>Hotel operations</i>					
Over time	98,169,696	–	–	–	98,169,696
<i>Lease of properties</i>					
Over time	77,320,898	–	–	–	77,320,898
<i>Render of management services</i>					
Over time	38,164,940	8,313,716	–	–	46,478,656
	₱6,217,957,531	₱3,257,876,961	₱3,057,844,081	₱392,673,640	₱12,926,352,213

The sale of real estate units includes a significant financing component in accordance with PFRS 15 (Note 2.b.ii).

17.2 Contract Balance

The breakdown of contract balances is as follows:

	September 30, 2024	December 31, 2023
Contract assets – net	₱41,276,262,076	₱45,093,986,410
Contract liabilities	(291,860,725)	(449,338,207)
Net	₱40,984,401,351	₱44,644,648,203

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. Its classification and presentation in the statement of financial position is based on the Group's estimate of project completion, hence, any change in estimated completion period affects transfers to contracts receivables. The Group assesses an ECL when the contract assets are initially recognized and updates

the assessment at each reporting date based on the analysis determined by management (see Note 28). The Group's contract assets as at September 30, 2024 and December 31, 2023 are presented in the consolidated statements of the financial position as follows:

	September 30, 2024	December 31, 2023
Current	₱24,200,439,959	₱26,225,182,718
Non-current	17,075,822,117	18,868,803,692
	₱41,276,262,076	₱45,093,986,410

Contract liabilities pertain to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have not yet met are accounted for as Customers' Deposits in the consolidated statements of financial position.

A summary of the Group's contract liabilities and customers' deposits is presented below.

	September 30, 2024	December 31, 2023
Contract liabilities	₱291,860,725	₱449,338,207
Customers' deposits	481,970,461	144,003,765
	₱773,831,186	₱593,341,972

Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

18. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below.

	September 30, 2024	September 30, 2023
Cost of real estate sales		
Contracted services	₱4,488,464,566	₱4,910,569,949
Land cost	1,683,210,510	911,890,520
Borrowing cost	–	669,890,137
Other costs	379,611,102	172,425,945
	6,551,286,178	6,664,776,551
Cost of rental services		
Depreciation	65,195,892	64,116,792
Real property taxes	–	771,352
	65,195,892	64,888,144
Cost of management services		
Salaries and wages	30,172,692	21,929,167
Materials and suppliers	–	250
	30,172,692	21,929,417

	September 30, 2024	September 30, 2023
Cost of hotel operations		
Materials and supplies	20,744,101	12,108,190
Salaries and wages	14,511,989	10,346,881
Advertising and Promotions	9,164,020	6,056,949
Utilities	8,368,858	4,896,173
Others	15,808,137	5,427,508
	68,597,105	38,835,701
	₱6,715,251,867	₱6,790,429,813

19. COSTS AND EXPENSES BY NATURE

Details of operating expenses by nature are shown below.

	Notes	September 30, 2024	September 30, 2023
Contracted services		₱4,659,075,996	₱5,041,549,960
Land cost	18	1,683,210,510	911,890,520
Commissions	8	807,860,537	742,532,603
Salaries and employee benefits		557,135,862	429,140,474
Taxes and licenses		517,758,413	204,836,880
Depreciation and amortization	10, 11, 12, 13	143,637,111	134,725,936
Advertising		90,528,690	75,543,835
Utilities		85,182,534	48,692,738
Hotel operations	18	68,597,105	38,835,701
Security services		48,975,349	34,065,478
Insurance		43,026,749	32,042,220
Repairs and maintenance		40,266,326	54,224,200
Transportation and travel		35,854,121	28,373,481
Association dues		31,849,803	29,216,251
Rent	27.2	28,513,486	27,122,973
Professional fees		23,354,152	17,325,049
Subscription and membership dues		21,349,376	12,651,735
Representation and entertainment		19,498,217	24,311,027
Supplies		15,381,470	14,944,808
Management fee		12,075,984	6,241,846
Donations		11,666,500	28,571,497
Communication		10,167,779	6,249,110
Move-in fee expenses		6,643,517	3,507,445
Trainings and seminars		2,597,241	1,340,587
Borrowing costs	18	–	669,890,137
Others		176,418,850	65,433,081
		₱9,140,625,678	₱8,683,259,572

The expenses are classified in the consolidated statements of profit or loss as follows:

	Note	September 30, 2024	September 30, 2023
Cost of sales and services	18	₱6,715,251,867	₱6,790,429,813
Operating expenses		2,425,373,811	1,892,829,759
		₱9,140,625,678	₱8,683,259,572

20. OTHER OPERATING INCOME AND OTHER LOSSES

20.1 Other Operating Income

This account is composed of the following:

	September 30, 2024	September 30, 2023
Refund from cancelled units	₱107,073,568	₱122,453,671
Water income	26,722,286	12,869,497
Documentation fee	18,879,465	22,305,745
Utilities charged to tenants	16,420,306	12,574,083
Administrative charges	12,581,761	9,831,266
Zonal value incremental tax	8,821,934	—
Move-in fees	8,802,940	16,003,264
Late payment penalties charged to customers	8,654,136	9,151,809
Sponsorships	6,139,916	11,835,300
Scrap sales	4,061,351	2,011,678
Parking fees	1,809,276	—
Gain on buy-back properties	1,627,441	—
Foreign exchange gains	1,316,455	2,098,750
Referral incentive	1,160,382	1,158,656
Insurance claims	—	5,357,143
Reversal of payables	—	115,283,578
Others	11,233,640	5,968,136
	₱235,304,857	₱348,902,576

Reversal of payables pertains to outstanding payables related to cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay. This also includes income from the write-off of long-outstanding buyer advances and unidentified deposits.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Administrative charges include standard fees charged to the buyers and non-refundable portion of the buyers' payment upon withdrawal from sale.

20.2 Other Losses – Net

	Note	September 30, 2024	September 30, 2023
Foreign exchange losses		₱2,210,300	₱3,204,108
Loss on sale of asset - net		3,030	17,410
Gain on sale of assets - net		(1,358,413)	–
Other loss		1,038,877	453,506
		₱1,893,794	₱3,675,024

21. FINANCE COSTS

This is comprised of the following:

	Notes	September 30, 2024	September 30, 2023
Interest expense on:			
Loans	14.1	₱1,186,676,773	₱371,043,572
Lease liabilities	11.4	61,626,716	59,845,987
Bonds	15	34,001,807	47,561,821
Day one loss (gain), net of amortization	5	(3,588,218)	3,857,664
Amortized debt issuance cost		52,687,392	54,484,013
		₱1,331,404,470	₱536,793,057

Interest expense on loans is the portion not capitalized as part of property and equipment and investment properties (see Notes 6,10 and 12).

22. EMPLOYEE BENEFITS**22.1 Salaries and Employee Benefits**

Expenses recognized for salaries and employee benefits amounts to ₱561,961,100 and ₱433,965,712 in September 2024 and 2023, respectively (see Note 19).

22.2 Post-Employment Benefit Plan*(a) Characteristics of the Defined Benefit Plan*

The Group maintains funded and non-contributory post-employment benefit plans that are being administered by trustee banks that are legally separated from the Group. The trustee banks manage the fund in coordination with the Group's top management who act in the best interest of the plan assets and are responsible for setting the investment policies. The post-employment plans cover all regular full-time employees. The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered

compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds.

Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

23. CURRENT AND DEFERRED TAXES

The Group was registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Group enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Group has 8 registered projects with BOI as at September 30, 2024 and December 31, 2023.

The components of tax expense relating to profit or loss and other comprehensive loss follow:

	September 30, 2024	September 30, 2023
<i>Reported in profit or loss:</i>		
Current income tax expense:		
RCIT at 25%	₱907,371,078	₱247,988,160
MCIT at 1%	1,014,165	383,301
Final income tax	790,475	1,482,458
	909,175,718	249,853,919
Deferred income tax expense relating to origination and reversal of temporary differences	58,691,417	775,290,418
	₱967,867,135	₱1,025,144,337

	September 30, 2024	September 30, 2023
<i>Reported in other comprehensive income:</i>		
Deferred tax expense relating to origination and reversal of a temporary difference on post-employment defined benefit plan	—	—

As of September 30, 2024, the Parent Company BLCBP, CPH, CCLI, YHES, YHEST, CHDI, SPE and CBLRV are subject to MCIT which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. Other components of the Group are not yet subject to MCIT as those have not operated beyond four taxable years. The Group reported MCIT amounting to ₱1,014,165 and ₱220,974 for the periods September 30, 2024 and 2023, respectively.

The Group opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction. Furthermore, it opted to claim itemized deductions in computing its income tax due for the quarters ended September 30, 2024 and 2023.

24. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, shareholders, the Group's key management personnel, its retirement fund and others as described in the consolidated financial statements. A summary of the Group's transactions and outstanding balances with related parties is presented below.

		Amount of Transaction		Outstanding Balance	
	Notes	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Ultimate Parent Company					
Sale of real estate	24.2	₱3,861,442	₱4,363,528	₱685,584	₱685,584
Cancellation	24.2	—	79,849,031	—	—
Entities under Common Ownership					
Net advances (collections)	24.1	5,130,738	10,835,561	51,367,508	46,236,770
Associates					
Net advances (collections)	24.1	(2,349,304)	1,958,865	10,693	2,359,997
Key Management Personnel					
Sale of real estate	24.3	6,907,985	—	—	—
Compensation		108,715,050	209,130,536	—	—

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at September 30, 2024 and December 31, 2023. The cash advances to and from related parties are noninterest-bearing, unsecured, due on demand and are expected to be settled in cash or offsetting of accounts within one year from end of the reporting period. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

24.1 Advances to Related Parties - net

The Group grants cash advances to (from) certain entities under common ownership. An analysis of such advances is presented below.

	Entities Under Common Ownership	Associate	Total
Balance at January 1, 2024	₱46,236,770	₱2,359,997	₱48,596,767
Additional advances (Collections)	5,130,738	(2,349,304)	2,781,434
Balance at September 30, 2024	₱51,367,508	₱10,693	₱51,378,201
Balance at January 1, 2023	₱35,401,209	₱401,132	₱35,802,341
Additional advances (collections)	10,835,561	1,958,865	12,794,426
Balance at December 31, 2023	₱46,236,770	₱2,359,997	₱48,596,767

24.2 Sale of Real Estate to Ultimate Parent Company

In 2023, 2022, and 2021, CLI sold condominium units to ABS. The outstanding balance related to these transactions are noninterest-bearing and due on demand, and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

In 2023, the Group cancelled the sale of a single floor at Baseline HQ made to ABS on December 2017.

24.3 Sale of Real Estate to Key Management Personnel

In 2022 and 2021, CLI sold condominium units to key management personnel. The outstanding balance related to these transactions are noninterest-bearing, collectible similarly to the sale of real estate units to customers, is presented as part of Contract receivables under the Receivables account in the 2022 consolidated statement of financial position (see Note 6). There is no similar transaction in 2024.

25. EQUITY

25.1 Capital Stock

Details of the authorized capital stock as at September 30, 2024 and December 31, 2023 are as follows:

	Shares		Amount	
	2024	2023	2024	2023
Common Shares – P1.00 par value				
Authorized	9,000,000,000	10,000,000,000	₱9,000,000,000	₱10,000,000,000
Preferred Shares (Series A) – P1.00 par value				
Authorized	1,000,000,000	1,000,000,000	₱1,000,000,000	₱100,000,000
Preferred Shares (Series B)– P0.10 par value				
Authorized	1,000,000,000	1,000,000,000	₱100,000,000	₱100,000,000
Issued				
Common Shares				
Balance at beginning and end of year	3,623,451,997	3,623,451,997	₱3,623,451,997	₱3,623,451,997
Preferred Shares - Series A1	2,063,360	–	2,063,360	–
Balance at beginning and end of period				
Preferred Shares – Series A2	2,216,980	–	2,216,980	–
Balance at beginning and end of period				
Balance at the end of year	3,627,732,337	3,623,451,997	3,627,732,337	3,623,451,997
Treasury Stock				
Balance at beginning of year	158,250,530	158,250,530	732,664,604	732,664,604
Reissued during the year	–	–	–	–
Balance at end of year	158,250,530	158,250,530	732,664,604	732,664,604
Issued and outstanding	3,465,201,467	3,465,201,467	₱2,895,067,733	₱2,890,787,393

On April 12, 2024, the Company issued perpetual, cumulative, non-voting, non-participating, non-convertible and redeemable Philippine Peso denominated Series “A” Preferred Shares categorized and offered in two subseries (Series A-1 and Series A-2). Issue price for Series A-1 and A-2 is at ₱1,000. Additional paid in capital resulting to such issuance amounts to ₱4,276,059,660 (see Note 25.2). The initial dividend rate of the shares shall be as follows: (a) in respect of the Series A-1 Preferred Shares, at the fixed rate of 7.5850% per annum of the Offer Price, and (b) for the Series A-2 Preferred Shares, at the fixed rate of 8.2500% per annum of the Offer Price.

There is no issued preferred stock as at December 31, 2023.

On April 25, 2023, the BOD approved the amendment of the Articles of Incorporation (AOI) of CLI to reallocate the authorized capital stock of P10,100,000,000 to be divided as follows:

- (a) 9,000,000,000 common shares with a par value of P1 per share;
- (b) 1,000,000,000 Series A preferred shares with a par value of P1 per share; and,
- (c) 1,000,000,000 Series B preferred shares with a par value of P0.10 per share.

The amendment to the AOI was later approved by the stockholders on September 1, 2023.

On October 18, 2023, the SEC officially accepted CLI's application for the amendment of its AOI, which was later approved on December 29, 2023.

The share price of the Parent Company's common stock closed at ₱2.66 and ₱2.47 per share on September 30, 2024 and December 29, 2023, respectively, the last trading days in the PSE.

The Group has no other listed securities as at September 30, 2024 and December 31, 2023.

25.2 Additional Paid-in Capital

Shown below is the breakdown of the additional paid-in capital:

	September 30, 2024	December 31, 2023
Paid-in subscription in excess of par value		
Preferred shares	₱4,276,659,660	₱—
Common shares	1,608,317,974	1,608,917,974
Issuance of stock options	4,311,977	4,311,977
Balance as at end of period	₱5,889,289,611	₱1,613,229,951

25.3 Treasury Shares

An analysis of treasury shares as of September 30, 2024 and December 31, 2023, respectively is shown below:

	Shares		Amount	
	2024	2023	2024	2023
Balance at beginning of year	158,250,530	158,250,530	₱732,664,604	₱732,664,604
Reissued during the year	—	—	—	—
Balance at end of year	158,250,530	158,250,530	₱732,664,604	₱732,664,604

On February 27, 2018, the BOD of the Parent Company approved a ₱250,000,000 budget for a share buy-back program and employee stock option plan. On March 2022, qualified employees started exercising their stock options.

On March 27, 2020, the BOD of the Parent Company approved an additional ₱500,000,000 stock buy-back program for its valuation plans over the next two years.

In 2022, the Parent Company issued to its qualified officers 3,349,470 common shares out of its treasury shares in relation to the ESOP.

As at September 30, 2024 and December 31, 2023, total reacquired shares totals 158,250,530, which amounts to ₱732,664,604 and presented as Treasury Stock in the consolidated statement of financial position. The common stock of the Parent Company that is held under nominee accounts totaled 1,285,302,905 shares as of December 31, 2023.

25.4 Employee Share Option

On October 6, 2021, the BOD of the Parent Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Parent Company at a price of ₱2.25 or current market price with a 15% discount, whichever is higher. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees.

Pursuant to this ESOP, on January 5, 2022, the Parent Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the Parent Company, with the following vesting period.

- The 1st 25% of the options granted can be exercised immediately upon the year of grant;
- The 2nd 25% of the options granted can be exercised one year after the options were granted;
- The 3rd 25% of the options granted can be exercised two years after the options were granted; and,
- The last 25% of the options granted can be exercised three years after the options were granted.

A total of 3,349,470 share options were exercised at a price of ₱2.40 per share in 2022 using the Parent Company treasury shares (see Note 25.2).

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Average option life	2.5 years
Average share price at grant date	P 2.86
Average exercise price at grant date	P 2.43
Average fair value at grant date	P 0.15
Average standard deviation of share price returns	20.17 %
Average dividend yield	14.95 %
Average risk-free investment rate	2.59 %

The underlying expected volatility was determined by reference to historical prices of the Parent Company's shares over a period of five years.

25.5 Revaluation Reserves

The components and reconciliation of items of other comprehensive loss presented in the consolidated statement of changes in equity at their aggregate amount under the Revaluation Reserves account are shown below.

	September 30, 2024	December 31, 2023
Balance at beginning of year	(P18,288,224)	(P13,910,501)
Other comprehensive income:		
Gain on remeasurement of post-employment defined benefit obligation	—	(5,836,964)
Tax expense	—	1,459,241
Balance as at end of period	(P18,288,224)	(P18,288,224)

25.6 Retained Earnings

(a) Cash Dividends

On March 15, 2022, the BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P519,780,220 to stockholders on record as of April 22, 2022 and were paid on May 17, 2022.

On March 20, 2023, the BOD declared regular and special cash dividends of P0.15 and P0.03 per share, respectively, totaling P623,736,265 to stockholders on record as of April 17, 2024. Such dividends were paid on April 28, 2023.

On March 18, 2024, the BOD declared regular and special cash dividends of P0.15 and P0.03 per share, respectively, totaling P623,736,264 to stockholders on record as of April 18, 2024. Such dividends were paid on May 3, 2024.

On June 14, 2024, the BOD declared cash dividends on Series A1 preferred shares and Series A2 preferred shares on record as of July 2, 2024 and was paid on July 12, 2024, summarize as follows:

Trading Symbol	Per Share	Shares	Amount
CLIA1	P18.96	2,063,360	P39,126,464
CLIA2	20.63	2,216,980	45,725,213
		4,280,340	P84,851,677

(b) Appropriations

On November 23, 2023 and December 6, 2022, the Parent Company's BOD approved the appropriation of P6,324,658,043 and P3,931,475,893, respectively, from its retained earnings for the construction of various real estate projects. The real estate projects are expected to be completed from dates ranging from the first quarter of 2023 until the second quarter of 2030.

The Parent Company released the appropriated retained earnings in 2023 amounting to ₱2,710,828,715 in 2024 and appropriated retained earnings in 2022 amounting to ₱3,341,330,930 in 2023 to unrestricted retained earnings after partial fulfillment of its intended purpose.

A portion of the Group's retained earnings, equivalent to the cost of treasury shares, is legally restricted in accordance with Section 40 of the Revised Corporation Code.

25.7 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at September 30, 2024 and December 31, 2023 and are as follows.

Subsidiaries	NCI Ownership %		NCI Equity in Subsidiaries	
	2024	2023	2024	2023
YHEST	50	50	₱4,560,241,123	₱4,361,054,926
CHDI	50	50	1,717,157,885	1,548,403,514
El Camino	65	65	1,316,457,838	1,086,949,888
YHES	50	50	881,990,333	907,960,322
CBLRV	50	50	487,979,906	416,435,594
GGTT	50	50	375,616,551	393,007,824
CLI-LITE	12	12	185,632,111	152,524,190
CCPH	50	50	141,199,263	158,489,937
YES	50	50	100,601,539	95,705,218
MDC	22	22	79,700,182	79,728,192
MGR	55	55	61,778,544	69,697,228
SPE	36	36	41,202,256	46,960,280
BL Ventures	50	50	4,624,704	28,437,150
			₱9,954,182,235	₱9,345,356,286

An analysis of the movement of NCI as at September 30, 2024 and December 31, 2023 follows:

	September 30, 2024	December 31, 2023
Balance at beginning of year	₱9,345,354,263	₱7,511,051,738
Share in net profit during the year	590,077,972	1,067,182,525
New and additional investments	32,500,000	879,500,000
Dividends	(13,750,000)	(112,380,000)
Balance as at end of period	₱9,954,182,235	₱9,345,354,263

The new and additional investments came from the non-controlling shareholders of CHDI and CCLI in 2024 and from the non-controlling shareholders of CHDI, CBLRV, CCLI and SPE in 2023.

The dividends came from MGR 2024 and from MGR, BL Ventures and YES in 2023.

26. EARNINGS PER SHARE

EPS is computed as follows:

	September 30, 2024	September 30, 2023
Income available to common stockholders	₱2,323,260,299	₱2,391,775,055
Divided by weighted average number of outstanding common stock	3,465,201,467	3,465,201,467
Basic and diluted EPS	₱0.67	₱0.49

There were no instruments that could potentially dilute basic earnings per share for the periods ended September 30, 2024 and 2023, hence, basic EPS is the same as diluted EPS.

27. COMMITMENTS AND CONTINGENCIES

27.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering certain condominium and parking units and retail building space (see Note 12). To manage its risks over these operating leases, the Group retains its legal title over the underlying assets and requires its lessee to pay security deposits at the start of the lease, which are forfeited in case a lessee pre-terminates without prior notice or before the expiry of the lease term without cause. The leases have terms ranging from one to 15 years, with renewal options, and include annual escalation from 5.00% to 10.00%. The future minimum lease receivables under these agreements are presented below.

	September 30, 2024	September 30, 2023
Within one year	₱144,468,592	₱70,651,002
After one year but not more than five years	478,823,452	208,268,279
More than five years	265,322,253	162,999,192
	₱888,614,297	₱441,918,473

Rental income amounted to ₱113,550,314 and ₱77,320,899 as at September 30, 2024 and 2023, respectively (see Note 17). None of the rental income in 2024 and 2023 are relating to variable lease payments.

27.2 Operating Lease Commitments – Group as Lessee

The Group entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases amounted to ₱28,513,486 and ₱27,122,973 for September 30, 2024 and 2023, respectively, and is shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Note 19).

As at September 30, 2024, the expected future rentals is expected to be more or less the same with the annual rent expense recognized because of the terms of the leases, which are less than 12 months.

27.3 Completion of Sold Units

The Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Group recognized a contract liability, which amounts to ₱291,860,725 and ₱449,338,207 as at September 30, 2024 and December 31, 2023, respectively, when it collects more than it is entitled to base on the stage of completion of the project development.

27.4 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements because the possible outflow of economic resource as a result of present obligations is considered improbable or remote or the amount to be provided cannot be measured reliably. As at September 30, 2024 and December 31, 2023, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 29. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

It does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described as follows:

28.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from its operating, investing and financing activities. It has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

28.2 Credit Risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Group maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Group transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) *Maximum exposure to credit risk*

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets) as summarized below.

	Notes	September 30, 2024	December 31, 2023
Cash and cash equivalents	4	₱2,447,932,245	₱913,841,206
Receivables ¹	5	11,541,099,303	2,211,305,404
Contract assets	17.2	41,276,262,076	45,093,986,410
Short-term investments	8	313,814,857	200,838,362
Due from related parties	24.1	51,378,201	48,596,767
Refundable deposits	13	156,421,227	152,741,454
		₱55,786,907,909	₱48,621,309,603

¹ Receivables excludes advances to officers and employees.

(b) *Credit quality*

The Group classifies cash in banks as high grade as these are deposited with reputable banks.

Other receivables (retention receivable, rent receivable, management fee receivable, receivable from hotel operations and others) and refundable deposits are considered to be unrated. For contracts receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Group.

	2024					
	Neither past due nor impaired		Unrated	Past due but not impaired	Individually impaired	Total
	High grade	Standard grade				
Cash	₱2,447,932,245	₱—	₱—	₱—	₱—	₱2,447,932,245
Receivables						
Contract	—	10,608,530,699	—	152,339,844	—	10,760,870,543
Other	—	—	777,986,498	—	2,242,262	780,228,760
Contract assets	—	41,276,262,076	—	—	—	41,276,262,076
Due from related parties	—	—	51,378,201	—	—	51,378,201
Short-term investments	313,814,857	—	—	—	—	313,814,857
Refundable deposits	—	—	156,421,227	—	—	156,421,227
	₱2,761,747,102	₱51,884,792,775	₱985,785,926	₱152,339,844	₱2,242,262	₱55,786,907,909

	2023					
	Neither past due nor impaired		Unrated	Past due but not impaired	Individually impaired	Total
	High grade	Standard grade				
Cash	₱913,841,206	₱—	₱—	₱—	₱—	₱913,841,206
Receivables						
Contract	—	1,178,231,296	—	370,843,267	—	1,549,074,563
Other	—	—	659,988,579	—	2,242,262	662,230,841
Contract assets	—	45,093,986,410	—	—	—	45,093,986,410
Short-term investments	200,838,362	—	—	—	—	200,838,362
Due from related parties	—	—	45,596,767	—	—	45,596,767
Refundable deposits	—	—	152,741,454	—	—	152,741,454
	₱1,114,679,568	₱46,272,217,706	₱858,326,800	₱370,843,267	₱2,242,262	₱48,618,309,603

28.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. It maintains cash to meet its liquidity. Excess cash are invested in short-term placements.

As at September 30, 2024 and December 31, 2023, the Group's financial liabilities have contractual maturities which are presented in the next page.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 years	More than 5 Years
September 30, 2024				
Interest-bearing loans	₱7,284,432,734	₱7,118,966,915	₱18,298,288,265	₱11,329,011,521
Bonds payable	–	–	4,009,930,000	990,070,000
Trade and other payables ¹	13,415,495,422	326,986,675	5,162,217,221	–
	₱20,699,928,156	₱7,445,953,590	₱27,470,435,486	₱12,319,081,521
December 31, 2023				
Interest-bearing loans	₱9,445,312,066	₱4,952,650,498	₱29,024,476,051	₱7,153,781,014
Bonds Payable	168,742,525	168,742,525	4,872,277,006	1,062,987,665
Trade and other payables ¹	18,062,302,871	274,654,434	4,801,971,020	–
	₱27,676,357,462	₱5,396,047,457	₱38,698,724,077	₱8,216,768,679

¹ Trade and other payables excludes government-related obligations, advance rentals and output VAT.

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below:

		2024		2023	
	Note	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortized cost					
Cash and cash equivalents	4	₱2,447,932,245	₱2,447,932,245	₱913,841,206	₱913,841,206
Receivables - net ¹	5	11,541,099,303	11,541,099,303	2,211,305,404	2,211,305,404
Due from related parties	24	51,378,201	51,378,201	48,596,767	48,596,767
Short-term investments	8	313,814,857	313,814,857	200,838,362	200,838,362
Refundable deposits	13	156,421,227	156,421,227	152,741,454	152,741,454
		₱14,510,645,833	₱14,510,645,833	₱3,527,323,193	₱3,527,323,193
Financial Liabilities at amortized cost					
Interest-bearing loans	14	₱44,030,699,435	₱44,030,699,435	₱42,188,845,736	₱43,660,634,271
Bonds payable	15	5,000,000,000	5,000,000,000	5,000,000,000	5,159,876,668
Trade and other payables ²	16	18,904,699,318	18,904,699,318	22,771,317,468	22,771,317,468
		₱67,935,398,753	₱67,935,398,753	₱69,960,163,204	₱71,591,828,407

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rent.

29.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross Amount			Related Amounts not set-off			
	Financial Assets	Financial Liabilities Set off	Net Amount	Financial Instruments	Cash Collateral Received	Net Amount	
September 30, 2024							
Cash and cash equivalents	₱2,447,932,245	₱—	₱2,447,932,245	₱2,437,236,465	₱—	₱10,695,780	
December 31, 2023							
Cash and cash equivalents	₱13,841,206	₱—	₱13,841,206	₱9,475,471	₱—	₱4,365,735	

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross Amount			Related Amounts not set-off			
	Financial Assets	Financial Liabilities Set off	Net Amount	Financial Instruments	Cash Collateral Received	Net Amount	
September 30, 2024							
Interest-bearing loans and borrowings	₱44,030,699,435	₱–	₱44,030,699,435	₱2,437,236,465	₱–	₱41,593,462,970	
December 31, 2023							
Interest-bearing loans and borrowings	₱42,188,845,736	₱–	₱42,188,845,736	₱909,475,471	₱–	₱41,279,370,265	

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., related parties and contractors) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

29.3 Fair Value Measurements and Disclosures

(a) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value in the 2024 and 2023 consolidated statements of financial position, but for which fair value is disclosed.

	2024			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	₱2,447,932,245	₱–	₱–	₱2,447,932,245
Receivables - net ¹	–	–	11,541,099,303	11,541,099,303
Due from related parties	–	–	51,378,201	51,378,201
Short-term investments	313,814,857	–	–	313,814,857
Refundable deposits	–	–	156,421,227	156,421,227
	₱2,761,747,102	₱–	₱11,748,898,731	₱14,510,645,833
Financial Liabilities				
Interest-bearing loans	₱–	₱–	₱44,030,699,435	₱44,030,699,435
Bond payable	–	–	5,000,000,000	5,000,000,000
Trade and other payables ²	–	–	18,904,699,318	18,904,699,318
	₱–	₱–	₱67,935,398,753	₱67,935,398,753

	2023			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	₱913,841,206	₱–	₱–	₱913,841,206
Receivables - net ¹	–	–	2,211,305,405	2,211,305,405
Due from related parties	–	–	48,596,767	48,596,767
Short-term investments	200,838,362	–	–	200,838,362
Refundable deposits	–	–	152,741,454	152,741,454
	₱1,114,679,568	₱–	₱2,412,643,626	₱3,527,323,194
Financial Liabilities				
Interest-bearing loans	₱–	₱–	₱43,660,634,271	₱43,660,634,271
Bonds payable	–	–	5,159,879,668	5,159,879,668
Trade and other payables ²	–	–	22,771,317,470	22,771,317,470
	₱–	₱–	₱71,591,831,409	₱71,591,831,409

¹ Receivables - net excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans, because of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Group has no non-financial assets measured at fair value as at September 30, 2024 and December 31, 2023. However, the fair values of its investment properties are required to be disclosed, as shown in Note 12 to the consolidated financial statements.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2023.

	Level 1	Level 2	Level 3	Total
Investment property	₱–	₱–	₱18,422,843,422	₱18,422,843,422

In 2023, the fair value of the Group's Investment Properties is determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant

locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(a) Fair Value Measurement for Land, Condominium Units and Retail Buildings

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under the Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(b) Fair Value Measurement for Improvements under Retail Buildings

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the year ended December 31, 2023.

30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	September 30, 2024	December 31, 2023
Total interest-bearing loans and borrowings and bonds payable	₱48,992,700,265	₱47,136,668,257
Total equity	32,300,596,868	25,796,756,536
Debt-to-equity ratio	1.52:1.00	1.83:1.00

The Group's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis. The Parent Company is required to maintain certain financial ratios in relation with its borrowings (see Note 14). The Group has complied with its covenant obligations as at September 30, 2024 and December 31, 2023.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.