COVER SHEET

1 6 3 6 7 1

SEC Registration Number

A Y A L A L A N D   L O G I S T I C S   H O L D I N G S   C O R P.

(Company's Full Name)

3 R D   F L O O R   G L O R I E T T A   5

A Y A L A   C E N T E R   M A K A T I   C I T Y

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

MS. FRANCIS M. MONTOJO

(Contact Person)

8884-1106

(Company Telephone Number)

1 2	3 1	SEC Form 17-A	0 4	1 9
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended : **31 December 2023**

2. SEC Identification Number : **163671** 3. BIR Tax Identification No.: **000-804-342-000**

4. Exact name of registrant : **AYALALAND LOGISTICS HOLDINGS CORP.**

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

6. (SEC Use Only)
   Industry Classification Code:

7. **3rd Floor Glorietta 5, Ayala Center, Makati City** **1224**
   Address of principal office Postal Code

8. **(632) 8884-1106**
   Registrant's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
    (As of 31 March 2024)

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	**6,301,591,987 shares**
Consolidated Loans Payable	**P2.47 billion**

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

    Yes [**X**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Name of Stock Exchange : **Philippine Stock Exchange**
    Number and Class of Securities Listed : **4,902,401,923 Common Shares**
    (as of 31 March 2024)

12. Check whether the registrant:

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: **P3,525,402,382.80**
    (as of 31 March 2024)

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

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

    Yes [ ]   No [ ]   **Not Applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the documents are incorporated:

    Not Applicable

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

a. *Business Development*

AyalaLand Logistics Holdings Corp. (Company/Issuer), a 70.90%-owned subsidiary of Ayala Land, Inc. (ALI), is an investment holding company and is focused on the development of world-class industrial parks, warehouses, cold storage facilities, and commercial centers through its subsidiaries. In 2022, the Company ventured into the establishment of data center facilities. The Company has the following operating subsidiaries:

- Laguna Technopark, Inc.
- Unity Realty & Development Corporation
- LCI Commercial Ventures, Inc.
- Ecozone Power Management, Inc.
- Orion Land Inc.
- Tutuban Properties, Inc.
- Orion Property Development, Inc.
- A-FLOW Land I Corp.

b. *Business of Issuer*

(i) Principal Products and Services

Laguna Technopark, Inc. (LTI)

- LTI is engaged in the business of real estate development. To date, LTI owns and operates industrial parks that cater to light and medium, non-polluting enterprises from both global and local markets, namely: Laguna Technopark, Cavite Technopark, Laguindingan Technopark, and Batangas Technopark.

  LTI is likewise into the construction and operation of standard factory buildings or warehouses located in multiple sites in Laguna, Cavite, and Pampanga, spanning approximately 155,000 square meters (sqm.) of warehouse gross leasable area (GLA).

Unity Realty & Development Corporation (URDC)

- In July 2019, the Company acquired 100% of the shares of URDC, a real estate holding company. URDC owns Pampanga Technopark, which has a total GLA of 270 hectares located in Mabalacat City, Pampanga. Additionally, URDC commenced construction of a warehouse and a cold storage facility within the property.

LCI Commercial Ventures, Inc. (LCVI)

- LCVI, a wholly-owned subsidiary of Orion Property Development, Inc. (OPDI), owns and operates warehouse facilities in a 14-hectare property in Calamba, Laguna. At full redevelopment, warehouse GLA in the property will reach 98,000 sqm.

*Ecozone Power Management, Inc. (EPMI)**

- EPMI, a wholly-owned subsidiary of LTI, previously engaged in retail electricity supply (RES) until it shifted its focus on the industrial real estate business. It now manages cold storage facilities, operating under the ALogis Artico brand, with a total of 10,300 pallet positions with sites located in Biňan, Laguna and Mandaue, Cebu. Moreover, EPMI is also into the operations of a standard factory building located in Santo Tomas, Batangas with warehouse GLA of 64,000 sqm. It is also constructing a cold storage facility in Santo Tomas, Batangas.

  **The Securities and Exchange Commission approved the change in its corporate name to ALogis Artico, Inc. on 30 January 2024.*

Orion Land Inc. (OLI)

- OLI is engaged in the business of property development and leasing. It owns South Park Center, a commercial complex consisting of a 5-storey mall and a 6-storey corporate office building located in

Alabang, Muntinlupa.

Tutuban Properties, Inc. (TPI)

- TPI, a wholly-owned subsidiary of OLI, holds the lease and development rights of over a 20-hectare property in Divisoria. On the property sits the Tutuban Center, an integrated wholesale and retail complex, located in Tondo, Manila.

Orion Property Development, Inc. (OPDI)

- OPDI, a wholly-owned subsidiary of OLI, handles property development. Its present landholdings include properties in Batangas and Laguna.

A-FLOW Land I Corp.

- Incorporated in 2022, this is a 60%-owned company engaged in leasing. It currently owns a 5-hectare property in Mamplasan, Laguna.

Update on Subsidiary-

- *FLT Prime Insurance Corporation (FPIC)*

FPIC, a 78.77%-owned subsidiary of ALLHC, was incorporated in 1977, and engaged in non-life insurance business. With the shift to real estate as the core business of the ALLHC Group, FPIC requested the Insurance Commission (IC) for termination of its servicing license and the appointment of an overseer, which was approved by the IC on 4 January 2021. In September 2022, the stockholders of FPIC approved and authorized the dissolution and liquidation of the company by 31 December 2023.

Based on the Company's Consolidated Statement of Income (Loss) for the past year, the contributions of the above subsidiaries (on a per type of business basis) to the Company's consolidated Net Income are as follows:

Parent Company (holding company)	-	(15.11%)
Real estate and development -		97.11%
Retail Electricity Supply-		(1.06%)
Storage Service-		7.26%
Others-		11.80%

Total		100%

(ii) Percentage of Sales Contributed by Foreign Sales

The Company and its subsidiaries offer their products to the domestic and foreign market. In 2023, sales of industrial lots and lease of warehouses were mainly to the domestic market.

(iii) Distribution Methods

The Company's industrial real estate products are marketed to a range of individual and corporate property buyers and lessees.

ALLHC has its own in-house sales team for its industrial and commercial lots for sale, and in-house leasing team for its dry warehouse and cold storage facilities for lease. ALLHC also taps external brokers and agents to complement these sales and leasing teams.

(iv) New Products or Services

There were no new products introduced in 2023.

(v) Competition

The Company competes with other investment holding companies in the Philippines in terms of investment prospects. The Company's core businesses continue to compete in their respective industries. However, competition is kept mainly on a domestic level. The competition of the Company's present core businesses are as follows:

1. OLI which operates mall and offices in South Park Center faces competition from other mall and office lessors.
2. TPI operates Tutuban Center in Manila and competes with retailers and other malls, shops in Divisoria and Manila area.
3. LTI and URDC compete with other industrial park developers and warehouse lessors.
4. LCVI faces competition from other warehouse lessors.
5. OPDI faces competition with other real estate developers.
6. EPMI faces competition with cold storage facilities operators and other warehouse lessors.

(vi) Purchases of Raw Materials and Supplies

The Company's supplies are purchased on a competitive basis from accredited local suppliers.

(vii) Customers

ALLHC has a broad market base for its numerous product lines and is not dependent on a single customer or group of customers.

For malls leasing, customers include wholesalers, retailers, and mall shoppers. For office leasing, a number of locators occupy available spaces to date. For industrial parks, standard factory buildings and cold storage facilities, customers are both domestic and foreign locators. OPDI's customers are lot buyers.

(viii) Transactions with and/or Dependence on Related Parties

The Company has limited transactions and/or dependence on its shareholders and/or related parties in view of existing laws on disclosure and/or requirement for prior approval of appropriate government agencies. Transactions with related parties are usually in the form of intercompany loans and advances, construction contracts, marketing, leasing, management and administrative service agreements in the ordinary course of business.

(ix) Franchise

The Company's products are not covered by any franchise.

(x) Government Approvals for Principal Services

EPMI holds a license to operate as Retail Electricity Supplier until 19 March 2027 from the Energy Regulatory Commission. However, EPMI has changed its primary purpose into ownership and management of cold storage and dry warehouses.

(xi) Effect of Existing or Probable Governmental Regulations

Governmental regulations which affected or were expected to affect the operations or business of ALLHC and some subsidiaries are as follows:

(a) Government approval of any increase in the prices of electricity and water may have an adverse impact on the operations as it will directly increase utilities and overhead expenses (including common usage service area expenses).
(b) The Philippine Economic Zone Authority (PEZA) accreditation and Board of Investments tax incentives may attract potential locators in the industrial parks and standard factory buildings of the Group.

(xii) Research and Development Activities

The Company has no research and development activities.

(xiii) Costs and Effects of Compliance with Environmental Laws

Operations may be affected by the implementation of R.A. 8749 (Philippine Clean Air Act of 1999) and other environmental laws. The Group ensures that the development of industrial parks, standard factory buildings and cold storage facilities comply with the requirements of the Department of Environment and Natural Resources and related agencies. As part of the sustainability efforts, the Group has started to shift to the use of renewable sources of energy for its operations in its malls and cold logistics facilities.

(xiv) Employees

As of 31 December 2023, the employees of ALLHC were as follows:

Executives*	-	0
Managers	-	19
Supervisors	-	3
Staff	-	26
Total		48

* The executives of ALLHC are employees of ALI.

The Company has no workers' union.

As of 31 March 2024, the total number of ALLHC employees is 47.

(xv) Risks

In 2023, the Company identified the following as top 3 risks faced by the Company and its subsidiaries: (i) Project Execution and Timely Delivery Risk, (ii) Risk of Marginalization by Competitors, and (iii) Financial Risk.

Project Execution and Timely Delivery Risk refer to macroeconomic and geopolitical challenges which bring about rising cost of materials prices, manpower scarcity which result in more pressure on project costs, quality standards and delivery commitments. To mitigate this risk, the Company implements pre-construction initiatives and aggressive catch-up plans, conducts on-the-spot checks and audits to ensure diligent project monitoring, enhances procurement by improving contracts by providing safeguards against delays, improves the quality review process to strengthen quality consciousness among employees and contractors, and engages third-party contractor to conduct audits on engineering and safety and regulatory compliance of operating units.

Marginalization is due to the growth of the industrial and real estate logistics sector and heightened competition. As the Company expanded its product portfolio, the level of competition also increased resulting to potential loss of market share. As counter-measures, the Company continuously monitors the price competitiveness of its developments and the quality of its customer service, improves project delivery and product quality, growing new businesses for market differentiation, and reviews the merchant mix in the malls and introduces new leasing formats and non-traditional concepts.

Financial risks refer to having adequate financial capacity to support business operations and expansion projects in the short and long term and to weather economic downturns, including cash flow and funding challenges due to unfavorable business performance, collection difficulties as well as pre-termination and non-renewal of leases. To mitigate such risk, the Company ensures judicious management of the Company's spend and cash flows to maintain liquidity, implementing robust collection processes to manage aging of receivables and managing debt levels and maintaining solid credit rating.

ALLHC continued to track other key risks by conducting risk assessments with its strategic business units. Other identified key risks are: (1) organizational, (2) government and political, (3) partnerships and alliances, (4) regulatory, (5) cybersecurity, (6) major health, safety and security, and (7) environmental.

For more information on ALLHC's risk management, please refer to the 2023 Integrated Report accessible at the Company's website, www.ayalalandlogistics.com.

Item 2. Properties

The Company and certain subsidiaries hold office at a leased office space at the 3rd Floor Glorietta 5, Ayala Center, Makati City.

OLI's commercial buildings consist of a 5-storey shopping center and a 6-storey business processes outsourcing office (South Park Center) are located along National Road, Alabang, Muntinlupa City.

TPI is the lessor of retail spaces in Tutuban Center, which has a GLA of about 38,000 square meters, excluding leasehold spaces. Tutuban Center sits on about 8.5 hectares (has.) out of a 20-hectare property owned by the

Philippine National Railways (PNR) being leased by TPI (includes land use and air rights) until 4 September 2039.

LTI holds office at the 2nd Floor of its Administration Building 1 located at North Main Avenue, Laguna Technopark, Biñan, Laguna. LTI has standard factory buildings (SFBs) for lease in Biñan, Laguna; Naic, Cavite; and Porac, Pampanga. Its ongoing industrial park developments include the 166-hectare Cavite Technopark in Naic, Cavite, and the 62-hectare Laguindingan Technopark in Habini Bay, Laguindingan, Misamis Oriental.

EPMI has two cold storage facilities in Biñan, Laguna, with lot areas of 11,800-sqm. and 7,527-sqm., and one in Mandaue, Cebu, located on a 2,800-sqm. lot.

LCVI's warehouses are located on its 14-hectare property in Calamba, Laguna. Renovation works of warehouses in ALogis Calamba have been completed.

URDC owns Pampanga Technopark located in Mabalacat, Pampanga which spans 270 hectares.

OPDI has the following properties/projects: (a) about 31 hectares raw land in Kay-Anlog, Laguna ; (b) ridge area near Homelands Subdivision, with an area of 21,148 sqm.; (c) a 31,087-sqm. industrial lot in Calamba, Laguna; (d) a 23,301-sqm. industrial lot in Calamba, Laguna. The 7,418-sqm. property known as the MARFA area at the back of The Homelands and the 58,800-sqm. beach property in San Vicente, Palawan were sold in 2023.

The transfer of OPDI's real properties located in Sto. Tomas, Batangas, with an aggregate area of 6,648 sqm. to buyer is still in process. TPI Holdings Corp.* has a 1,095-sqm. property in Sto. Tomas, Batangas.

A-FLOW Land I Corp. holds title to a 5-hectare property in Mamplasan, Biňan, Laguna.

Item 3. Legal Proceedings

(i) *FLT Prime Insurance Corporation vs. Solid Guaranty, Inc.*
Civil Case No. 14-81 Makati RTC Branch 59)
CA G.R. CV No. 110458
SC G.R. No. 248094
For: Recovery of Sum of Money and Damages

Status: Supreme Court (SC) reversed and set aside the Decision of the Court of Appeals and remanded the case to the RTC for continuation of the trial. SC denied the Motion for Reconsideration filed by FPIC.

On 2 April 2014, a complaint for recovery of sum of money and damages was filed by FPIC against its reinsurer, Solid Guaranty, Inc. (SGI), in view of the latter's refusal to pay the amount of P10,721,938.50 representing SGI's 45% share in the final settlement amount paid by FPIC to its assured Top Forest Developers, Inc.

Defendant SGI filed its Answer with Counterclaim dated 21 May 2014. Defendant filed a MTD while FPIC filed a Motion for Summary Judgment.

On 26 July 2017, the court issued a Resolution which denied Defendant's MTD and granted FPIC's Motion, and judgment was rendered in favor of plaintiff FPIC and ordered defendant to pay the amount of P10,721,938.50 with interest for the delay at the rate of 13.71% per annum commencing on 7 January 2011 until fully paid, attorney's fees in the amount of P500,000.00, and costs of suit.

Defendant filed an appeal with the CA. The CA Special Third Division issued a Resolution dated 3 July 2019 which denied the MR for lack of merit. Defendant-appellant filed a Petition for Review (PR) to the SC.

In its Resolution dated 11 November 2021, the SC granted the PR and reversed the CA Resolution dated 3 July 2019 and the RTC Decision dated 16 April 2019. The SC ruled that summary judgment is not proper in this case where the reinsurer consistently disputed the data and records used for valuation of the assured's claim. The SC ordered that the case be remanded to the RTC for continuation of trial and proper disposition of the case.

FPIC filed a Motion for Reconsideration (MR) dated 4 June 2022. The SC, in its Resolution dated 8 February 2023, denied the MR with finality. Case to be remanded to the trial court for continuation of trial. Implementation of the SC Resolution is ongoing.

**The Securities and Exchange Commission has approved the shortening of its corporate term on 27 April 2023.*

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

The following items will be submitted for approval of the stockholders:

a. Approval of the minutes of Annual Stockholders' Meeting (ASM) held on 19 April 2023 covering the following matters:
   (i) Approval of minutes of the 2022 annual stockholders' meeting;
   (ii) Annual Report for calendar year 2022 (including consolidated audited financial statements (FS) for the calendar year ended 31 December 2022);
   (iii) Ratification of all acts and resolutions of the Board of Directors and Management beginning 21 April 2022 until 19 April 2023;
   (iv) Election of directors (including the Independent Directors)
   (iv) Appointment of Isla Lipana & Co. as external auditor and fixing of its remuneration
   (vii) Other Matters (stockholders' queries)

   Copy of the 2023 ASM minutes was posted on the Company's website within five (5) business days from ASM date and may be accessed at https://www.ayalalandlogistics.com/wp-content/uploads/2023/04/ALLHC-Minutes-ASM-19Apr23.pdf.

   The minutes contain the following information:

   1. A description of the voting and vote tabulation procedures used in the meeting;
   2. A list of the directors, officers and the percentage of outstanding and voting shares of stockholders who attended and participated in the meeting;
   3. The matters discussed and resolutions reached;
   4. A record of the voting results for each agenda item;
   5. A list of the directors election and the votes received by each; and
   6. A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given.

b. Approval of the annual report of Management for the year ended 31 December 2023, including the Company's 2023 audited consolidated financial statements and supplementary schedules.

Except for above matters taken up during the annual stockholders' meeting, there was no other matter submitted to a vote of the security holders of the Company during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

a. Market Information

The Company's Common Shares are listed and principally traded in the PSE. The high and low sales prices* of the Company's securities for each quarter are indicated in the table below:

	High	Low
Calendar Year 2024		
1st Quarter (Jan.-Mar. 2024)	₱2.25	₱1.68
Calendar Year 2023		
1st Quarter (Jan.- Mar. 2023)	₱3.44	₱2.81
2nd Quarter (Apr.- June 2023)	2.97	2.45
3rd Quarter (Jul.- Sept. 2023)	3.04	1.44
4th Quarter (Oct.- Dec. 2023)	1.88	1.55
Calendar Year 2022		
1st Quarter (Jan.- Mar. 2022)	₱6.80	₱3.80
2nd Quarter (Apr.- June 2022)	5.09	3.10
3rd Quarter (Jul.- Sept. 2022)	3.85	2.85
4th Quarter (Oct.- Dec. 2022)	3.37	2.88

*provided by PSE Corporate Planning and Research Department/ PSE Market Information

Stock price as of latest practicable trading date of 11 April 2024 is P1.91 per share.

b. Holders

As of 31 March 2024, the Company has 734 stockholders. The following are the top 20 stockholders of the Company based on the records of the Company's Stock and Transfer Agent, Stock Transfer Service, Inc.:

	Name	Number of Shares	Percentage (%)
1	Ayala Land, Inc.	4,467,752,833	70.90
2	PCD Nominee Corporation (Filipino)	1,097,277,706	17.41
3	F. Yap Securities, Inc.	279,854,100	4.44
4	ESOWN Administrator 2019	103,098,980	1.64
5	PCD Nominee Corporation (non-Filipino)	96,956,117	1.54
6	Orion Land Inc.	49,444,216	0.78
7	YHS Holdings Corporation	22,900,000	0.36
8	Caridad Say	22,370,000	0.35
9	ESOWN Administrator 2018	20,435,600	0.32
10	SEC Account FAO: Various Customers of Guoco Securities (Philippines), Inc.	18,076,380	0.29
11	David C. Go	16,000,000	0.25
12	Victor Say	15,000,000	0.24
13	Vichelli Say	10,000,000	0.16
14	Coronet Property Holdings Corp.	6,000,000	0.10
15	Federal Homes, Inc.	5,492,000	0.09
16	PLLIM Investments, Inc.	4,600,000	0.07
17	Dao Heng Securities (Phils.), Inc.	4,015,000	0.06
18	Kristine Chai Gaisano	3,900,000	0.06
19	Felipe Yap	3,010,000	0.05
20	Double D Mdse. Corporation	2,527,000	0.04

c. Dividends

There were no dividend declarations for the years 2021 to 2023.

Dividend Policy

As provided in the By-laws, dividends shall be declared only from surplus profit and shall be payable at such times and in such amounts as the Board of Directors may determine. The dividends shall be payable in cash or in shares of stock from the unissued stock of the Company, or both as the Board may determine. No dividend shall be declared that will impair the capital of the Company.

Cash dividends are subject to the approval of the Board of Directors but no stockholder approval is required. For stock dividends, approval of the Board and the stockholders holding two-thirds of the capital stock of the Company are required.

d. Recent Sales of Unregistered Securities

The Company has not sold any unregistered securities within the past three fiscal years.

The Company issued common shares under its Employees Stock Ownership Plan (Tranche 2) in 2018 as stated in Item10 (c) below. The corresponding request for exemption from the registration requirement of the ESOWN Plan shares was filed with, and approved by, the SEC in October 2017. The SEC approved the exemption under Sec. 10.2 of the Securities Regulation Code (SRC) as the issuance of the shares was of limited character and limited only to the qualified employees of the issuer and registration was not necessary for interest of the public and protection of the investors. Listing of the shares under Tranche 2- First Availment was approved by the PSE in 2019. The application for listing of shares under Tranche 2-Second Availment has been filed and pending with the PSE.

In June 2019, the Company issued 1,225,370,620 shares to ALI pursuant to the Deed of Exchange executed in April 2018. The exchange of shares was with a stockholder exclusively.

In September 2019, the Company issued 49,444,216 shares from its unissued and unsubscribed shares to its subsidiary, Orion Land Inc. The sale was an exempt transaction under Sec. 10.1 (e) of the SRC as it was a sale of capital stock to its own stockholders exclusively, where no commission other remuneration is paid or given directly in connection with the sale of capital stock. The Company has applied for the listing of said shares with the PSE.

Item 6. Management's Discussion and Analysis or Plan of Operation

Review of 2023 Consolidated Results of Operations versus 2022

For the year ended 31 December 2023, AyalaLand Logistics Holdings Corp. ("ALLHC" or the "Group") registered consolidated revenues of P3.51 billion versus P4.21 billion the year prior, experiencing a 17% drop. Net income decreased by 37% to P636.1 million from P1.01 billion in 2022. The performance reflects lower booked industrial lot sales on account of ongoing development works for our industrial estates amidst improvements in warehouse, cold storage, and commercial leasing operations.

Earnings per share for the year ended 31 December 2023 was P0.10 which was 37% lower than P0.16 last year.

Business Segments

The breakdown of the revenues are as follows:

	Amount – P' million			
Segment	**2023**	**2022**	**2023 vs. 2022**	**Change**
Real estate sales	1,763.2	2,354.3	(591.1)	(25%)
Rental and storage services	1,746.8	1,579.1	167.7	11%
Sale of electricity	–	274.7	(274.7)	(100%)
Total	3,510.0	4,208.1	(698.1)	(17%)

Real estate sales. This segment pertains to sale of industrial lots and non-core assets. Industrial lot sales revenues stood at P1.55 billion, 34% lower compared to 2022's post of P2.35 billion. Sale of non-core assets amounted to P214.2 million in 2023.

Rental and storage services. This segment covers operations of the following:

Commercial leasing. The combined revenues of Tutuban Center and South Park Center amounted to P646.1 million which was 19% higher than P544.1 million revenues last year due to the improved mall occupancies and mall rentals, increased foot traffic, and steady office leasing revenues. Recoveries amounting to P225.9 million and P266.0 million were also recognized as part of revenues in 2023 and 2022, respectively. The Group ended with 95K square meters (sqm.) of gross leasable area (GLA).

Warehouse leasing. Revenues rose by 2% to P659.1 million in 2023 from P648.5 million with the contribution of additional gross leasable area from ALogis Naic. Total warehouse GLA grew by 2% to 314k sqm from 309k in 2022.

Cold storage. In 2021, the Group entered the cold storage market. Cold storage revenues in 2023 posted P176.4 million which was 46% higher than the P120.5 million in 2022 from the full year contribution of ALogis Artico Mandaue. The Group ended the year with a total pallet position count of 10,300.

Others. Revenues generated from land leased to the data center business and other services amounted to P39.3 million in 2023.

Sale of electricity. This pertains to retail electricity supply (RES) service to industrial park locators and external commercial customers. No revenues were recognized in 2023 given all RES contracts have been assigned to focus on real estate logistics business.

Expenses

Consolidated costs of real estate and services costs from rental and sale of electricity amounted to P2,324.0 million in 2023 compared to P2,643.7 million in 2022, or 12% lower, due to decrease in lot sales and discontinuation of RES service in 2023. Operating expenses of P224.4 million incurred in 2022 were 29% higher compared to P174.1 million in 2022.

Project and Capital Expenditures

The Group spent P3.9 billion in capital expenditures to support the completion of new projects and aggressive expansion, of which P2.2 billion was spent for land development, P1.2 billion for building improvements, and P0.5 billion for land acquisition.

Financial Condition

Total Assets of the Group stood at P28.62 billion as of 31 December 2023, 12% higher than 25.64 billion as of 31 December 2022, due to increase in installment receivables, land acquisitions and development, improvements in warehouse facilities, and additional investments in joint venture.

Total liabilities increased by 18% to P14.71 billion compared to P12.42 billion last year due to intercompany borrowings and payables related to capital expenditures.

Total Equity registered at P13.91 billion was 5% higher than the equity of P13.22 billion last year mainly due to the impact of net income during the year and an increase in non-controlling interest.

Financing Through Loans

As of 31 December 2023, the Group had outstanding loans from financial institution amounting to P2.47 billion.

Prospects for the future

The Group is committed to build a national footprint through key presence all over the country. As part of its short-term plans, the Group targets to continuously grow its warehouse leasable area, expand its cold storage business, and diversify its products.

Key Variable and Other Qualitative and Quantitative Factors

Ratio	Formula	31-Dec-2023	31-Dec-2022
Current Ratio	Current Assets Current Liabilities	1.14: 1 9,737,010 / 8,558,036	1.33: 1 8,917,453 / 6,693,534
Debt to Equity Ratio	Total Liabilities Equity	1.06: 1 14,714,920 / 13,907,209	0.94: 1 12,419,531 / 13,221,972
Net Debt to Equity Ratio	Net Liabilities Equity	0.90: 1 12,508,837 / 13,907,209	0.75: 1 9,979,395 / 13,221,972
Capital Adequacy Ratio	Equity Total Assets	0.49 13,907,209 / 28,622,129	0.52 13,221,972 / 25,641,503
Book Value per Share	Equity Total # of Shares	2.21 13,907,209 / 6,301,592	2.10 13,221,972 / 6,301,592
Income per Share	Net Income Total # of Shares	0.10 636,107 / 6,252,148	0.16 1,006,881 / 6,252,148

Current ratio shows the Group's ability to meet its short-term financial obligation. As of 31 December 2023, the Group has P1.14 worth of current assets for every peso of current liabilities compared to P1.33 as of 31 December 2022. The Group has sufficient current assets to support its current liabilities as of the period.

Debt to Equity ratio indicates the extent of the Group's debt which is covered by shareholders' fund. It reflects the relative position of the equity holders. The higher the ratio, the greater the risk being assumed by the creditors. A lower ratio generally indicates greater long-term financial safety. Compared to 31 December 2022, debt-to-equity ratio was higher due to additional borrowings incurred to acquire and develop land and warehouse facilities.

Net Debt to Equity Ratio is a measure of the Group's financial leverage. It is calculated by dividing net liabilities over Equity. Net liabilities is the difference of Total Liabilities less deferred payables, lease liabilities and cash and cash equivalents. Compared to 31 December 2022, net debt-to-equity ratio was higher at 0.90 due to additional intercompany loans and payables.

Capital Adequacy Ratio is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 December 2023, the Group's Capital Adequacy Ratio was slightly lower at 0.49 compared to same period last year's 0.52.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. As of 31 December 2023, the Group's book value per share of P2.21 was slightly higher than as of 31 December 2022.

Income per share is calculated by dividing net income by the weighted average number of shares issued and outstanding. As of 31 December 2023, the Group reported a P0.10 income per share which was 37% lower than last year.

(i) Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company and its subsidiaries' liquidity increasing or decreasing in any material way.

(ii) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

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

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

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

For 2023, the Group's adjusted budgeted total capital expenditures was P5.0 billion for projects, and it spent P3.9 billion as of 31 December 2023 for land acquisition and development, investment in buildings and improvements. This was financed through internally generated funds and intercompany borrowings.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations should be described.

The Group did not have any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

The Group did not recognize income or loss during the period that did not arise from continuing operations.

(vii) Causes of Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%).

a. Cash and cash equivalents stood at P214.7 million, 52% lower than the P450.6 million last year. Net decrease in the account was mainly driven by payments related to capital expenditures.

b. Receivables - current decreased by 23% to P1,402.7 million resulting from collection of installment receivables from lot sales.

c. Real estate held for sale and development increased by 15% to P5,045.2 million mainly due to additional land development cost.

d. Amounts owed by related parties posted at P685.5 million or 34% increase from P509.8 million due to additional intercompany loans to fund capital expenditure requirements.

e. Other current assets increased by 36% to P2,384.0 million due to increase in the advances to suppliers and contractors, and input tax.

f. Receivables - net of current portion increased to P3,329.6 million or 52% higher due to installment receivables from lot sales.

g. Investments in joint venture amounted to P677.8 million given the Group's additional investment in its data center business.

h. Right of use asset decreased by 6% to P1,066.0 million in 2023 compared to P1,135.8 million in 2022 due to amortization during the year.

i. Property, plant and equipment – net increased from P1,090.0 million to P1,234.4 million, 13% higher due to the expansion.

j. Net pension assets decreased by 59% to P4.4 million due to increase in retirement benefit expense and actuarial losses.

k. Deferred income tax assets - net increased by 47% from P124.0 million to P182.7 million mainly due unamortized discount on long-term receivables.

l. Other non-current assets posted at P150.1 million, 14% lower due to refund of customer deposits.

m. Accounts payable & accrued expenses decreased by 23% to P1,493.0 million from P1,930.2 million on account due to settlement of installment payable and other liabilities.

n. Current portion of long term debt from bank, which is expected to be settled within one year, amounted to P21.1 million.

o. Current portion of rental and other deposits registered at P442.2 million, 9% lower due to end of lease contracts.

p. Current portion of lease liabilities decreased to P156.0 million from P597.7 million mainly due to account reclassification to non-current.

q. Current portion of deferred rent income decreased by 87% to P0.9 million due to realization to income.

r. Amounts owed to related parties principally consisting of interest-bearing advances and intercompany charges, increased by 75% to P6,434.9 million from P3,675.2 million as of 31 December 2022 to provide funding for capital expenditure requirements.

s. Income tax payable amounted to P10.1 million from income tax due in excess of applicable creditable withholding tax.

t. Rental and other deposits - net of current portion registered at P434.6 million, 46% higher due to additional tenants.

u. Nontrade payable - non-current decreased by 19% to P788.4 million from P977.3 million in 2022 due to settlement on installment payables from the acquisition of land and buildings.

v. Lease liabilities – net of current portion increased by 38% to P1,569.0 million from P1,134.8 million mainly due to account reclassification.

w. Deferred rent income – net of current portion decreased to P4.9 million from P6.1 million due to reclassification to current deferred rent income.

x. Deferred income tax liabilities – net increased by 7% from P244.2 million to P260.6 million due to deferred income from installment sales.

y. Other non-current liabilities increased by 9% to P655.3 million driven by increase in retention payable related to capital expenditures during the year.

z. Retained Earnings increased by 18% to P4,171.6 million mainly due to net income during the year.

aa. Non-controlling interest increased by 5% to P270.7 million from P258.9 million in 2022 due to the 40% equity interest of the Group's partner in the joint venture company.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

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

Review of 2022 Consolidated Results of Operations versus 2021

For the year ended 31 December 2022, AyalaLand Logistics Holdings Corp. ("ALLHC" or the "Group") registered P4.21 billion in revenues while net income grew by 29% to P1.01 billion from P0.78 billion in 2021. The overall performance was driven by steady demand for industrial lots and improved performance of its leasing businesses.

Earnings per share for the year ended 31 December 2022 was P0.16 which was 29% higher than P0.12 last year.

Business Segments

The breakdown of the revenues are as follows:

	Amount – P' million			
Segment	**2022**	**2021**	**2022 vs. 2021**	**Change**
Real estate sales	2,354.3	2,052.9	301.4	15%
Rental and storage services	1,579.1	1,177.5	401.7	34%
Sale of electricity	274.7	1,066.2	(791.5)	(74%)
Total	4,208.1	4,296.6	(88.4)	(2%)

Real estate sales. This segment pertains to sale of industrial lots. Industrial lot sales revenues stood at P2.35 billion, 15% higher compared to 2021's post of P2.05 billion.

Rental and storage services. This segment covers operations of warehouse and commercial leasing.

Commercial leasing. The combined revenues of Tutuban Center and South Park Center amounted to P544.1 million which was 28% higher than P425.3 million revenues last year due to the normalized mall rentals, improved mobility, and steady office leasing revenues. Recoveries amounting to P266.0 million and P251.1 million were also recognized as part of revenues in 2022 and 2021, respectively. The Group ended with 94K square meters (sqm.) of gross leasable area (GLA).

Warehouse leasing. Revenues rose by 44% to P648.5 million in 2022 from P451.7 million with the contribution of additional gross leasable area and improved overall occupancy. Total warehouse GLA grew by 38% to 309k sqm from 224k in 2021.

Cold Storage. In 2021, the Group entered the cold storage market. Cold storage revenues in 2022 contributed P120.5 million which was 144% higher than the P49.4 million in 2021. The Group ended the year with a total pallet position count of 10,300.

Sale of electricity. This pertains to retail electricity supply (RES) service to industrial park locators and external commercial customers. Revenue from power was 74% down to P274.7 million due to gradual assignment of RES contracts to focus on real estate logistics business.

Expenses

Consolidated costs of real estate and services costs from rental and sale of electricity amounted to P2,643.7 million in 2022 compared to P3,151.7 million in 2021, or 16% lower, due to lower cost of purchased power service. Operating expenses of P174.1 million incurred in 2022 were 13% lower compared to P199.8 million in 2021.

Project and Capital Expenditures

The Group spent P3.68 billion in capital expenditures to support the completion of new projects and aggressive expansion, of which P947.3 million was spent for land development, P1,041.8 million for building improvements, and P1,691.3 million for land acquisition.

Financial Condition

Total Assets of the Group stood at P25.64 billion as of December 31, 2022, higher than P20.39 billion as of December 31, 2021 due to increase in installment receivables, land acquisitions and development, and investments in warehouse facilities.

Total liabilities increased to P12.42 billion compared to P8.42 billion last year due to additional borrowings and payables related to capital expenditures.

Total Equity registered at P13.22 billion was 10% higher than the equity of P11.97 billion last year mainly due to the impact of net income during the year and an increase in non-controlling interest.

Financing Through Loans

As of December 31, 2022, the Group had outstanding loans from financial institution amounting to P2.46 billion.

Prospects for the future

The Group is committed to build a national footprint through key presence all over the country. As part of its short-term plans, the Group targets to continuously grow its warehouse leasable area, expand its cold storage business, and diversify its products.

Key Variable and Other Qualitative and Quantitative Factors

Ratio	Formula	31-Dec-2022	31-Dec-2021
Current Ratio	Current Assets Current Liabilities	1.33: 1 8,917,453 / 6,693,534	1.91: 1 6,944,971 / 3,636,640
Debt to Equity Ratio	Total Liabilities Equity	0.94: 1 12,419,531 / 13,221,972	0.70: 1 8,417,691 / 11,967,645
Net Debt to Equity Ratio	Net Liabilities Equity	0.75: 1 9,979,395 / 13,221,972	0.54: 1 6,457,949 / 11,967,645
Capital Adequacy Ratio	Equity Total Assets	0.52 13,221,972/ 25,641,503	0.59 11,967,645 / 20,385,336
Book Value per Share	Equity Total # of Shares	2.10 13,221,972/ 6,301,592	1.90 11,967,645 / 6,301,592
Income per Share	Net Income Total # of Shares	0.16 1,006,881 / 6,252,148	0.12 779,966 / 6,252,148

Current ratio shows the Group's ability to meet its short-term financial obligation. As of 31 December 2022, the Group has P1.33 worth of current assets for every peso of current liabilities compared to P1.91 as of 31 December 2021. The Group has sufficient current assets to support its current liabilities as of the period.

Debt to Equity ratio indicates the extent of the Group's debt which is covered by shareholders' fund. It reflects the relative position of the equity holders. The higher the ratio, the greater the risk being assumed by the creditors. A lower ratio generally indicates greater long-term financial safety. Compared to 31 December 2021, debt-to-equity ratio was higher due to additional borrowings incurred to acquire and develop land and warehouse facilities.

Net Debt to Equity Ratio is a measure of the Group's financial leverage. It is calculated by dividing net liabilities over Equity. Net liabilities is the difference of Total Liabilities less deferred payables, lease liabilities and cash and cash equivalents.

Capital Adequacy Ratio is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 December 2022, the Group's Capital Adequacy Ratio was slightly lower at 0.52 compared to same period last year's 0.59.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. As of 31 December 2022, the Group's book value per share of P2.10 was slightly higher than as of 31 December 2021.

Income per share is calculated by dividing net income by the weighted average number of shares issued and outstanding.

As of 31 December 2022, the Group reported a P0.16 income per share which was 29% higher than last year.

(i) Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company and its subsidiaries' liquidity increasing or decreasing in any material way.

(ii) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

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

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

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

For 2022, the Group's budgeted total capital expenditures was P4.20 billion for projects, and it spent P3.68 billion as of 31 December 2022 for land acquisition and development, investment in buildings and improvements. This was financed through internally generated funds, bank loan and advances.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations should be described.

The Group did not have any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

The Group did not recognize income or loss during the period that did not arise from continuing operations.

(vii) Causes of Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%).

a. Cash and cash equivalents stood at P450.6 million, 455% higher than the P81.2 million as of 31 December 2021. Net increase in the account was mainly driven by the Group's new subsidiary.

b. Receivables - current increased by 57% to P1,810.9 million driven by installment receivables from lot sales.

c. Real estate held for sale and development increased by 29% to P4,384.1 million mainly due to land acquisitions and expansion.

d. Amounts owed by related parties posted at P509.8 million or 59% decrease from P1,244.9 million due to principal and interest collections from intercompany loans granted to affiliates.

e. Other current assets increased by 66% to P1,757.4 million due to increase in the advances to suppliers and contractors.

f. Receivables - net of current portion increased to P2,193.0 million or 94% higher due to installment receivables from lot sales.

g. Financial Assets at fair value through other comprehensive income stood at P124.2 million, 14% lower than the P144.3 million as of 31 December 2021 due to sale and maturity of investments and unrealized loss recognized for the year.

h. Investments in joint venture amounted to P181.1 million given the Group's investment in its newly- entered data center business.

i. Right of use asset decreased by 5% to P1,135.8 million in 2022 compared to P1,200.7 million in 2021 due to recognition of depreciation.

j. Investment properties increased by 20% to P11,691.5 million due to acquisition of land for lease and additional warehouse facilities.

k. Property and equipment – net increased from P723.4 million to P1,090.0 million, 51% higher due to additional purchase of cold storage facilities, treated as business combinations.

l. Net pension assets decreased by 9% to P10.7 million due to recognition of retirement benefit expense.

m. Deferred income tax assets - net increased by 78% from P69.8 million to P124.0 million mainly due additional income tax incurred and discounting of installment liabilities.

n. Other non-current assets posted at P173.6 million, 62% lower due to amortization of deferred input VAT on the acquisition of land and development costs.

o. Accounts payable & accrued expenses increased by 37% to P1,930.2 million from P1,411.2 million on account of additional liability incurred for the acquisition of cold storage facility and land development.

p. Current portion of rental and other deposits registered at P483.8 million, 31% higher due to new tenants.

q. Current portion of lease liabilities increased by 170% to P597.7 million from P221.1 million mainly due to interest accretion during the year.

r. Current portion of deferred rent income decreased by 37% to P6.7 million due to realization to income.

s. Amounts owed to related parties principally consisting of interest-bearing advances and intercompany charges, increased by 131% to P3,675.2 million from P1,594.4 million as of 31 December 2021 to provide funding for capital expenditures and investments.

t. Income tax payable amounted to nil due to enough creditable withholding tax to cover the liabilities.

u. Rental and other deposits - net of current portion registered at P298.3 million, 15% lower due to reclassification from current portion of rental and other deposits.

v. Nontrade payable - non-current increased by 275% to P977.3 million from P260.4 million in 2021 due to acquisition of land and buildings which are payable on installment.

w. Long-term debt increased by 25% to P2,463.2 million due to availment of additional bank loan.

x. Lease liabilities – net of current portion decreased by 27% from P1,549.5 million to P1,134.8 million mainly due to reclassification from non-current to current.

y. Retention payable – net of current portion increased by 61% to P120.4 million driven by the additional cold storage facility acquisition transaction.

z. Deferred rent income – net of current portion increased to P6.1 million from P4.9 due to reclassification to current deferred rent income.

aa. Deferred income tax liabilities – net increased by 164% from P92.4 million to P244.2 million due to the impact of adjustment on the recognition of PFRS 16.

bb. Loss on remeasurement of retirement benefits decreased by 11% to P46.0 million due to transfer of TPI employees to parent company.

cc. Retained Earnings increased by 40% to P3,539.3 million mainly due to net income during the year.

dd. Non-controlling interest increased by 1,195% to P258.9 million from P20.0 million in 2021 due to the 40% equity interest of the Group's partner in the new joint venture company.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

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

Review of 2021 Consolidated Results of Operations versus 2020

For the year ended 31 December 2021, AyalaLand Logistics Holdings Corp. ("ALLHC" or the "Group") registered P4.30 billion in revenues versus P3.72 billion the year prior, or a 16% increase. Net income grew by 11% to P780 million from P703 million in 2020. The overall performance was driven by steady demand for industrial lots and increase in the company's leasable areas.

Earnings per share for the year ended 31 December 2021 was P 0.12 which was 18% higher than P0.11 last year.

Business Segments

Challenged by the COVID-19 crisis, the Group's performance was driven by industrial lot sales and steady warehouse and office leasing. The breakdown of the revenues are as follows:

	Amount – P' million			
Segment	**2021**	**2020**	**2021 vs. 2020**	**Change**
Real estate sales	2,052.9	1,275.5	777.4	61%
Rental and Storage services	1,177.5	872.8	304.7	35%
Sale of electricity	1,066.2	1,568.4	(502.20)	(32%)
Total	4,296.6	3,716.7	579.9	16%

Real estate sales. This segment pertains to sale of industrial lots. Industrial lot sales revenues stood at P2.05 billion, 61% higher compared to 2020's post of P1.28 billion, with sales coming from the domestic market. In 2021, the Group sold industrial lots in Pampanga, Cavite, and Laguindingan Technoparks.

Rental and storage services. This segment covers operations of warehouse and commercial leasing.

Commercial leasing. The combined revenues of Tutuban Center and South Park Center amounted to P425.3 million which was 18% less than P519.6 million revenues last year due to continuing effects of the pandemic but tempered by steady office leasing revenues. Recoveries amounting to P251.1 million was also recognized as part of revenue in 2021. The Group ended with 93K square meters (sqm.) total commercial leasing gross leasable area (GLA).

Warehouse leasing. Growth in GLA drove revenues to increase by 28% to P451.7 million from P353.2 million in 2020. All ALogis sites were operational in 2021. The lease-out rate at yearend was at 100%.

Cold Storage. In 2021, the Group entered the cold storage market and acquired two existing cold storage facilities. By end of 2021, the revenues from cold storage contributed P49.4 million.

Sale of electricity. This pertains to retail electricity supply service to industrial park locators and external commercial customers. Revenue from power was 32% down to P1.07 billion attributable to the lower demand from customers due to the slowdown of their business operations as a result of the government-mandated quarantine and directives during declared alert levels in 2021.

Expenses

Consolidated costs of real estate and services costs from rental and sale of electricity amounted to P3,151.7 million in 2021 compared to P2,732.0 million in 2020 or 15% higher due to higher sales of industrial land sold, management fees, and depreciation.

Operating expenses of P199.8 million incurred in 2021 which was 3% lower than last year's P205.6 million, mainly driven by decrease in professional fees.

Project and Capital Expenditures

The Group spent P2.5 billion in capital expenditures to support the completion of new projects and aggressive expansion, of which P329 million was spent for land development cost, P987 million for building improvements, and P1,161 million for land acquisition.

Operations during the COVID-19 Pandemic

The country continued to experience surges in COVID-19 cases and had to grapple with the emergence of new variants of the virus in 2021. The government-imposed lockdowns and declared alert levels in various affected areas all over the country to control the spread of the infection. Mindful that the safety and well-being of its employees, workers, merchants, locators, and customers is its primary concern, the Company has taken several measures to protect its employees, suppliers, and tenants and also serve the communities where it operates:

- For employees: continued work-from-home arrangement, regular health monitoring of employees' needs and conditions through virtual meetings, conduct of meetings online, provided online training courses and webinars for its employees, on health, finance and investments, and sustainability;
- For employees and their household members: implemented a vaccination program for its employees, their dependents and/or household members; arranged for a vaccination booster program for its employees
- For mall merchants: rent reprieve and discounts for common area charges during the quarantine period
- For tenants and customers: the Company ensured that its properties and premises were regularly disinfected and sanitized to protect the health and safety of the tenants and customers;
- For the community: in coordination with local government units, set up Tutuban Center and South Park Center as vaccination sites and RT-PCR testing site, to serve the residents, customers, tenants and government workers in these localities; in partnership with Ayala Land's *Alagang AyalaLand* program, supplied food and necessities to community pantries and distribution drives in Cavite, Laguna, Pampanga and Laguindingan.

Towards the last quarter of 2021, the Company has adopted a work schedule that allows employees to report to the office on alternate days but ensured that all government-imposed health protocols are observed for the safety and well-being of its employees.

Financial Condition

The COVID-19 pandemic resulted to a slowdown of operations but ALLHC's balance sheet remained healthy with enough capacity to undertake its growth plan and meet existing obligations.

Total Assets of the Group stood at P20.39 billion as of 31 December 2021, slightly higher than P19.35 billion as of 31 December 2020.

Total liabilities increased to P8.42 billion compared to P7.51 billion last year due to the bank loan availment.

Total Equity registered at P11.97 billion was 1% higher than the equity of P11.84 billion last year due to impact of net income during the year negated by the decline in market value of financial asset at fair value through other comprehensive income.

Financing Through Loans

As of 31 December 2021, the Group had outstanding loans from financial institution amounting to P1.97 billion.

Prospects for the future

The Group will continue to expand in key areas in the country. As part of its short-term plans, the group targets to grow its warehouse leasable area, diversify its products, explore new business such as cold storage, and look into possible partnerships.

Tutuban Center and South Park Center will continue to work on new mall offerings and bazaars, and resume full operations while observing the safety protocols for COVID-19.

Key Variable and Other Qualitative and Quantitative Factors

Ratio	Formula	31-Dec-2021	31-Dec-2020
Current Ratio	Current Assets / Current Liabilities	1.91: 1 6,944,971 / 3,636,640	1.35: 1 6,664,248 / 4,921,888
Debt to Equity Ratio	Total Liabilities / Equity	0.70: 1 8,417,691 / 11,967,645	0.63: 1 7,513,456 / 11,840,774
Net Debt to Equity Ratio	Net Liabilities / Equity	0.54: 1 6,457,949 / 11,967,645	0.46: 1 5,451,229 / 11, 840,774
Capital Adequacy Ratio	Equity / Total Assets	0.59 11,967,645 / 20,385,336	0.61 11,840,774 / 19,354,230
Book Value per Share	Equity / Total # of Shares	1.90 11,967,645 / 6,301,592	1.88 11,840,774/ 6,301,592
Income per Share	Net Income / Total # of Shares	0.12 779,966 / 6,252,148	0.11 702,808 / 6,252,148

Current ratio shows the Group's ability to meet its short-term financial obligation. As of 31 December 2021, the Group has P1.91 worth of current assets for every peso of current liabilities as compared to P1.35 as of 31 December 2020. The Group has sufficient current assets to support its current liabilities as of the period, higher than last year.

Debt to Equity ratio indicates the extent of the Group's debt which is covered by shareholders' fund. It reflects the relative position of the equity holders. The higher the ratio, the greater the risk being assumed by the creditors. A lower ratio generally indicates greater long-term financial safety. Compared to 31 December 2020, debt-to-equity ratio was higher due to availment of bank loan.

Net Debt to Equity Ratio is a measure of the Group's financial leverage. It is calculated by dividing net liabilities over Equity. Net liabilities is the difference of Total Liabilities less deferred payables, lease liabilities and cash and cash equivalents. Compared to 31 December 2020, net debt-to-equity ratio was higher due to long term loans.

Capital Adequacy Ratio is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 December 2021, the Group's Capital Adequacy Ratio was slightly lower at 0.59 compared to same period last year's 0.61.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. As of 31 December 2021, the Group's book value per share of P1.90 was slightly higher than as of 31 December 2020.

Income per share is calculated by dividing net income by the weighted average number of shares issued and outstanding. As of 31 December 2021, the Group reported a P0.12 income per share which was 11%, higher than last year.

(i) ***Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.***

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company and its subsidiaries' liquidity increasing or decreasing in any material way.

(ii) ***Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation***

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

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

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

For 2021, the Group's budgeted total capital expenditures was P3.8 billion for projects and spent P2.5 billion as of 31 December 2021 for land development, building improvements, and land acquisition. This was financed through internally generated funds, bank loan and advances.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations should be described.

The continuing COVID-19 crisis will continue to impact on net sales or revenues from continuing operations especially for commercial leasing and power segments. With the development and availability of vaccines for COVID-19 in the country, it is expected that businesses will gradually return to pre-COVID levels.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

The Group did not recognize income or loss during the period that did not arise from continuing operations.

(vii) Causes of Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%).

a. Cash and cash equivalents stood at P81.3 million, 54% lower than the P177.4 million as of 31 December 2020. Net decrease in cash was mainly driven by spend for capital expenditures and payment of obligations.

b. Receivables- current decreased by 14% to P1,154.6 million due to collection of receivables from lot sales and tenants.

c. Real estate held for sale and development increased by 5% mainly due to Pampanga Technopark land acquisitions and expansion.

d. Amounts owed by related parties posted at P1,244.9 million or 35% increase from P921.8 million due to intercompany loans granted to affiliates.

e. Other current assets – net increased by 9% due to increase in the advances to suppliers and contractors.

f. Right of use asset decreased by 5% to P1,200.7 million in 2021 compared to P1,267.4 million in 2020 due to recognition of depreciation.

g. Receivables-net of current portion increased to P1,128.0 million or 55% higher due to installment receivables from lot sales and tenants.

h. Deferred income tax assets increased by 20% from P58.23 million to P69.8 million due mainly to provision on NOLCO.

i. Financial Assets at fair value through other comprehensive income stood at P144.3 million, 76% lower than the P606.43 million as of 31 December 2020 due to impairment provision of Cyber Bay shares as the trading of said shares was suspended.

j. Property & equipment – net increased by P696.3 million to P723.46 million higher due to purchase of cold facilities during the year, treated as business combinations (see Note 13 of the Notes to FS).

k. Net pension assets increased by 22% to P11.8 million due to additional contribution to the plan.

l. Other non-current assets posted at P451.7 million, 5% higher due to deferred input VAT on the acquisition of land and development costs.

m. Accounts payable & accrued Expenses decreased by 15% to P1,411.2 million from P1,653.1 million due mainly due to settlement of obligation to the sellers of URDC shares and insurance claims.

n. Current portion of deferred rent income decreased by 32% to P10.6 million due to realization to income.

o. Income tax payable increased by 576% to P29.3 million mainly due to recognition of income tax from lot sales.

p. Amounts owed to related parties principally consisting of interest-bearing advances and intercompany charges, decreased by 40% to P1,594.4 million from P2,674.4 million as of 31 December 2020, due to repayment.

q. Rental and other deposits-net of current portion registered at P351.9 million, 67% higher due to reclassification from current portion of rental and other deposits

r. Nontrade payable non-current was recognized in 2021 amounting to P260.4 million due to acquisition of land and buildings on installment.

s. Long-term debt increased to P1,965.3 million due to availment of bank loan.

t. Retention payable reduced by 33% due to repayments.

u. Equity reserve increased by 6% to negative P1,693.3 million due to acquisition of remaining 5% LTI shares.

v. Unrealized valuation loss on AFS increased by 74% to negative P1,089.7 million due to the decline in value of the Cyber Bay shares.

w. Retained Earnings increased by 45% to P2,525.7 million due to net income during the year.

x. Non-controlling interest decreased by 86% to P20.0 million from P138.3 million in 2020 due to acquisition of remaining 5% LTI shares.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

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

Latest Developments

In February 2022, the Group acquired a 64,000-square meter ready-built facility and the land on which it stands located in the Light Industry & Science Park III in Sto. Tomas, Batangas. This brought the Group's total gross leasable area from 224,000 sqm. to 288,000 - sqm.

Item 7. Financial Statements

The 2023 audited consolidated financial statements and schedules are filed with this report as indicated in the Index to Exhibits.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

a. Pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Directors), and upon the recommendation of the Audit Committee (composed of Mr. Rex Ma. A. Mendoza, Chairman, Mr. Renato O. Marzan and Ms. Cassandra Lianne S. Yap, members), the Company appointed Isla Lipana & Co. (Isla Lipana) as external auditor for CY 2023, with Mr. Zaldy D. Aguirre is the Partner-in-Charge.

b. Representatives of Isla Lipana, as auditors for the most recently completed fiscal year, are expected to be present at the annual stockholders' meeting. They will have the opportunity to make a statement if they so desire and are expected to be available to answer appropriate questions, if any, on the 2023 audited financial statements of the Company.

   Upon the recommendation of its Audit Committee, the Board will present for approval the appointment of Isla Lipana as external auditor for the ensuing year and its remuneration, at the annual stockholders' meeting.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company engaged the services of Isla Lipana as its independent auditor for CY 2023. Prior to 2023, SyCip Gorres Velayo & Co. (SGV) was the independent auditor of the Company. There has been no resignation or dismissal of the external auditor of the Company for the past two (2) fiscal years. There were no disagreements with external auditor on matters relating to accounting and financial disclosures for the same period. The change in external auditor is pursuant to the Independent Auditor Tenure Policy adopted by ALI.

External Audit Fees and Services

(a) Audit and Audit-Related Fees

The Company paid its external auditor Isla Lipana for audit year 2023, and SGV for audit year 2022, the following fees, inclusive of Value Added Tax:

Year	Audit and Audit Related Fees	Other Non-Audit Fees*
2023	Php2,422,560.00	Php63,840.00
2022	Php2,384,697.28	Php50,400.00

* Fees paid for validation of votes during the 2023 and 2022 annual stockholders' meeting to SGV

There are no known assurance and related services rendered by the external auditor other than the services stated above for CY 2023 and 2022. The Audit Committee approves the audit services rendered by the Independent Auditor to ensure that these do not impair the Independent Auditor's independence. On April 28, 2022, the approval of the audit-related and non-audit services of the Independent Auditor was delegated to Management.

(b) Tax Fees

There was no tax advisory service rendered by the auditor or any other entity to the Company in 2023.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Directors and Officers

The incumbent directors of the Company are as follows:

Anna Ma. Margarita B. Dy
Bernard Vincent O. Dy
Felipe U. Yap
Robert S. Lao
Jaime Alfonso E. Zobel de Ayala
Nathanael C. Go
Rex Ma. A. Mendoza - Independent director

Renato O. Marzan - Independent director
Cassandra Lianne S. Yap- Independent director

Except for Ms. Dy, all the directors were elected on 19 April 2023 during the annual stockholders' meeting of the Company.

The write-ups below include the nationality, age and positions held as of 31 December 2023 and in the past five (5) years of the incumbent directors and officers.

Anna Ma. Margarita B. Dy, Filipino, 54, was elected Chairman of the Board of the Company on 14 December 2023. She is currently the President and Chief Executive Officer of Ayala Land, Inc. (ALI) effective October 1, 2023. Previously, she held the position of Executive Vice President from 1 January 2023 until 30 September 2023. She was Senior Vice President of ALI from 1 January 2015 until 31 December 2022 and a member of the Management Committee of ALI since August 2008. She is the Head of the Residential Business Group of ALI effective July 1, 2022 and Head of the Malls Group effective 1 January 2023. Her other significant positions are: Chairman of AREIT, Inc. (a publicly-listed company), Amaia Southern Properties, Inc., Ayalaland Premier, Inc., Ayala Land International Sales, Inc., Avida Land Corp., and Solinea, Inc.; Vice Chairman of Alveo-Federal Land Communities Inc.; Director and Executive Vice President of AKL Properties, Inc., Avencosouth Corp., and Portico Land, Inc.; and, Director of Accendo Commercial Corp., Alveo Land Corp., ALI Eton Property Development Corporation, Altaraza Development Corporation, Amaia Land, Inc., Amicassa Process Solutions, Inc., Aurora Properties, Inc., Ayala Greenfield Development Corporation, Ayala Property Management Corporation, Ayalaland-Tagle Properties, Inc., BGWest Properties, Inc., BGNorth Properties, Inc., Bellavita Land Corp., Berkshires Holdings, Inc., Bonifacio Land Corporation, Cagayan de Oro Gateway Corp., Columbus Holdings, Inc., Emerging City Holdings, Inc., CECI Realty, Inc., Fort Bonifacio Development Corporation, Nuevocentro, Inc., Serendra, Inc., and Vesta Properties Holdings, Inc. Prior to joining ALI, she was a Vice President of Benpres Holdings Corporation. She graduated magna cum laude from Ateneo de Manila University with BS of Arts degree in Economics Honor Program in 1990. She earned her Master's degree in Economics from London School of Economics and Political Science in 1991 and MBA at Harvard Graduate School of Business Administration in Boston in 1996.

Felipe U. Yap, Filipino, 86, has been Vice Chairman of the Company since 24 February 2016. He was Chairman of the Board of Directors of the Company from 2000 to February 2016 and Vice Chairman from 1993 to 2000. His other significant positions include: Chairman of the Board and Chief Executive Officer of publicly-listed companies Lepanto Consolidated Mining Company, and Manila Mining Corporation, of Far Southeast Gold Resources, Inc., Lepanto Investment and Development Corporation, Diamant Manufacturing and Trading Corporation, Diamond Drilling Corporation of the Philippines, and Shipside, Inc.; Chairman of the Board of publicly-listed company, Zeus Holdings, Inc., Kalayaan Copper-Gold Resources, Inc., and Yapster e-Conglomerate, Inc.; Director of Manila Peninsula Hotel, Inc., Philippine Associated Smelting & Refining Corp. (PASAR). He graduated with a degree in B.A. Philosophy from the University of San Carlos in Cebu. He has extensive experience in the mining industry. He served as Chairman of the PSE Board of Governors from 2000 to 2002.

Robert S. Lao, Filipino, 50, is the President and Chief Executive Officer of the Company since 2 August 2023. He is Senior Vice President of ALI and a member of its Management Committee since 19 April 2017. He is also the Group Head of Ayala Land's Estates and Central Land Acquisition Unit, and President of Quantum Electronics in Indonesia. He is concurrently the Chairman, President and Chief Executive Officer of Southcrest Hotel Ventures, Inc. and Northgate Hotel Ventures, Inc.; President and director of ALI ETON Property Development Corporation, Altaraza Development Corporation, Aurora Properties Incorporated, Aviana Development Corp., CECI Realty Inc., and Nuevocentro, Inc.; Chairman of the Board and President Bonifacio Global City Estate Association Inc.; Chairman of the Board of Adauge Commercial Corporation, A-Flow Land I Corp., A-Flow Properties I Corp., Alagang Ayala Land Foundation Inc., Altaraza Prime Realty Corporation, Amorsedia Development Corporation, Arca South Integrated Terminal, Inc., Ayalaland Medical Facilities Leasing, Inc., Buendia Landholdings, Inc., Crans Montana Property Holdings Corporation, Crimson Field Enterprises, Inc., HLC Development Corporation, Red Creek Properties, Incorporated, Lagdigan Land Corporation, Sicogon Island Tourism and Estate Corp., Taft Punta Engaño Property, Inc., and Whiteknight Holdings Inc.; Vice Chairman and President of Vesta Property Holdings, Inc.; Director and Executive Vice President of Fort Bonifacio Development Corporation; and, Director of Accendo Commercial Corp., Alveo Land Corp., Avida Land Corp., AyalaLand Estates, Inc., Ayala Greenfield Development Corporation, Ayala Property Management Corporation, Cagayan de Oro Gateway Corp., Orion Land, Inc., Orion Property Development, Inc., Serendra, Inc., and Soltea Commercial Corp. Prior to joining Ayala Land, Inc., he served as a Senior Process Engineer of Fujitsu Computer Products Corporation of the Philippines (FCPP) and Lead Process Engineer of PT. Quantum Electronics in Indonesia. He studied at the University of Santo Tomas (UST) and graduated cum laude in Bachelor of Science in Industrial Engineering in 1995. He completed his Masters in Business Management (MBM) degree in 2001 from the Asian Institute of Management (AIM) and attended the International Student Exchange Program from University of Cologne in Germany.

Bernard Vincent O. Dy, Filipino, 60, is a Director of the Company since 24 February 2016. He was the Chairman of the Board from 21 April 2022 until 14 December 2023 and also from 24 February 2016 to 12 April 2018. He was the President and CEO of publicly-listed company, Ayala Land, Inc. (ALI), from April 2014 until 30 September 2023, and was a member of the Ayala Group Management Committee since April 2014. He is also a Director of other publicly-listed companies, AREIT, Inc. and Avaland Berhad of Malaysia. Concurrently, he is the Chairman of Aviana Development Corp. and Ayagold Retailers, Inc.; Vice Chairman of Alviera Country Club, Inc. and Director of Accendo Commercial Corp., AKL Properties, Inc., Alabang Commercial Corporation , ALI Eton Property Development Corporation, Altaraza Development Corporation, Aurora Properties Incorporated, Avencosouth Corp., Ayala Greenfield Development Corporation, Ayalaland-Tagle Properties, Inc., BGNorth Properties, Inc., BGSouth Properties, Inc., BGWest Properties, Inc., Cagayan De Oro Gateway Corp., Ceci Realty Inc., Fort Bonifacio Development Corporation, Serendra, Inc., Station Square East Commercial Corporation, and Vesta Property Holdings, Inc. He is also the President and CEO of Berkshires Holdings, Inc., Bonifacio Land Corporation, Columbus Holdings, Inc., Emerging City Holdings, Inc., and President of Bonifacio Art Foundation, Inc. and Hero Foundation Inc.; member of the Board of Trustees of Ayala Foundation, Inc., advisor of Alveo-Federal Land Communities, Inc.; and, Director of the Junior Golf Foundation of the Philippines since 2010 and Vice Chairman since 2017. Mr. Dy earned a degree of BBA in Accountancy from the University of Notre Dame in 1985, an MBA in 1989, and Masters in International Relations in 1997 from the University of Chicago.

Jaime Alfonso E. Zobel de Ayala, Filipino, 33, has been a Director of the Company since 14 May 2020. He is the Co-Chief Executive Officer of AC Industrials, the industrial technologies arm of the Ayala Group which manages a portfolio of companies in the manufacturing and mobility industries. He specifically oversees AC Motors (since rebranded to ACMobility) as its CEO, managing a mobility portfolio comprised of automotive distribution, dealerships, aftermarket services, and electric vehicle infrastructure businesses. He is also t a Director of Globe Telecom, ACEN Corporation, AC Industrials, Isuzu Philippines, Yoma Strategic Holdings Ltd Singapore (YSH), BPI Capital Corporation, among others. Prior to his roles in AC Industrials and ACMobility, he was the Co-Head of the Strategic Development Group and Head of Business Development and Digital Ventures of Ayala Corporation. Before joining Ayala Group, he was an Analyst at Goldman Sachs Singapore under the Macro Sales Desk (Securities Division). He graduated from Harvard University, Cambridge, Massachusetts, USA, with Primary Concentration in Government in 2013 and obtained his Masters of Business Administration from Columbia Business School in New York in 2019.

Nathanael C. Go, Filipino, 48, has been a Director of the Company since 13 January 2017. He is also the President of Grenelle Central Corporation, Mighty and Strong (MAS) Food Corporation, United Harvest Corporation, and United Sustainment Solutions Corporation. Mr. Go graduated magna cum laude from Georgetown University with a BS degree in Foreign Service and completed his graduate studies in International Political Economy from the University of Warwick as a British Chevening scholar. Mr. Go worked in the Public Affairs practice of Burson Marstellar Beijing, and before that was a senior member of the Policy and Strategy Division of the National Security Council, Philippines.

Rex Ma. A. Mendoza, Filipino, 61, has been an Independent Director of the Company since 26 February 2016 and its Lead Independent Director since 18 July 2017. He is the Chairman of Rampver Financials, a dynamic player in financial services specializing in investments, and one of the biggest distributors of mutual funds in the Philippines. He currently serves as an independent director of two (2) listed firms, the National Reinsurance Corporation of the Philippines and ALI. He is the Chairman of the Soldivo Funds and also a director of Esquire Financing, G-Xchange Inc. (GXI or Gcash), Seedbox Technologies, Seven Tall Trees Events Management (The Blue Leaf), The Cullinan Group, Mobile Group Inc. and many other leading companies in different fields. Rex is a member of Bro. Bo Sanchez' Mastermind Group, and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing On All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services conglomerates and was Chairman of its affiliates and subsidiaries. He was also Senior Adviser to the Chief Executive Officer of the AIA Group. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of ALI. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation. He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

Renato O. Marzan, Filipino, 75, has been an Independent Director of the Company since 13 January 2017. He is currently the Chairman of the Board of Directors of UBS Securities Philippines, Inc. (USPI), a wholly-owned subsidiary of UBS AG. He has been an independent director of the USPI since May 2010. He is also a consultant and director in a number of private corporations. He was formerly connected with Ayala Corporation where he retired in 31 December 2008. At the time of his retirement, he was the General Counsel, Managing Director and the Group Head of the Corporate Governance and Legal Affairs Group of the corporation. In such capacity, he exercised direct supervision and oversight over the Legal Division, Office of the Corporate Secretary, the Compliance Unit and the Internal Audit of the corporation. He played an important role in the adoption and implementation of the principles and best practices of good corporate governance in the Ayala Group of Companies. During his career in Ayala, he also served as a director and corporate secretary of a number of companies within the Ayala Group. He graduated *magna* cum laude with a degree of Bachelor of Arts major in Philosophy in 1969, and cum laude with a degree of Bachelor of Laws in 1973, both from San Beda University. Prior to joining Ayala in 1978, he was in the active practice of law.

Cassandra Lianne S. Yap, Filipino, 34, has been an Independent Director of the Company since 13 April 2020. She is the Vice President and Corporate Secretary of Zamcore Realty & Development Corp. She is also the President, Chief Operating Officer and Chief Executive Officer of Ferenzo Holdings & Development Corp. and the Executive Vice President of FelCris Hotels & Resorts Corp. She graduated in 2011 with a degree in Psychology from Kwantlen Polytechnic University in British Columbia.

The following served as directors of the Company in 2023:

Jose Emmanuel H. Jalandoni, Filipino, 56, served as Director of the Company from 24 February 2016 to 14 December 2023. He was the Chairman of the Board from 12 April 2018 to 21 April 2022. and President from 24 February 2016 to 19 February 2018 and from 21 April 2022 to 2 August 2023. He used to be a Senior Vice President, a member of the Management Committee, and the Group Head of commercial businesses including malls, offices, hotels and resorts of ALI. He was also the Chairman of the Board of AREIT, Inc. (a publicly-listed company) until 2023. He joined ALI in 1996 and held various positions in ALI and its many subsidiaries. He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University. He earned his Master's Degree in Business Administration from Asian Institute of Management. He is a Chartered Financial Analyst.

Maria Rowena Victoria M. Tomeldan, Filipino, 62, served as Director of the Company from 26 February 2016 to 19 April 2023. She was the President and Chief Executive Officer of the Company from 19 February 2018 up to 20 April 2022. She was the Vice President and Head of the Real Estate Logistics and Special Investments of ALI. She was chairman of the Company's subsidiaries and of A-FLOW Land I Corp., AMSI, Inc., and ESTA Galleria, Inc. She was previously a Board Member of BF Jade E-Services Philippines, Inc. (Zalora PH) since 2017. She was formerly President of Ayala Land Malls, Inc. She served as a member of the International Council of Shopping Centers (ICSC), Asia Pacific Advisory Board from 2008 until 2020. She is a 2015 International Council of Shopping Centers (ICSC) Trustees Distinguished Service Awardee. She graduated as cum laude of Bachelor of Arts in Economics from the University of the Philippines in 1983 and earned her Masters in Business Administration from the same university in 1988. She finished the Executive Development Program at the Aresty Institute of Executive Education in Wharton University, Pennsylvania, USA in 2005.

Nominees to the Board of Directors for election at the 2024 stockholders' meeting:

Except for Mr. Renato O. Marzan, all the incumbent directors of the Company are being nominated to the Board of Directors. Ms. Jessie D. Cabaluna is being nominated as Independent Director vice Mr. Marzan.

Jessie D. Cabaluna, Filipino, 68, is currently an independent director of Anvaya Cove Beach and Nature Club, Inc. and Alviera Country Club, Inc. She is a former independent director of AREIT, Inc. and AREIT Fund Managers, Inc. She was the former Assurance Partner and Head of Market Circle – 1 Bacolod Branch of SyCip Gorres Velayo & Co. (SGV). She is the President and Managing Director of Stetchworth House, Inc. since 2017. She is presently an Independent Director for AllHome Corp. and AllDay Marts, Inc. She is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. She has accumulated over twenty years of experience as a partner in the accounting firm, SGV, where she was Partner-in-Charge of the Bacolod Branch.

She holds a Bachelor of Science in Commerce (Major in Accounting) from the University of St. La Salle. She has also completed advanced management development programs conducted by the Asian Institute of Management and Harvard Business School.

Management/ Key Executive Officers:

Robert S. Lao	President and Chief Executive Officer
Augusto D. Bengzon	Treasurer
Patrick John C. Avila	Chief Operating Officer
Francis M. Montojo	Chief Finance Officer, Compliance Officer, and Chief Risk Officer
Ma. Florence Therese dG. Martirez-Cruz	Corporate Secretary
Nimfa Ambrosia L. Perez-Paras	Assistant Corporate Secretary
Jeffrey R. Legaspi	Chief Audit Executive

Officers:

Augusto D. Bengzon, Filipino, 60, is the Treasurer of AyalaLand Logistics Holdings Corp. since 14 May 2020. He was a Director of the Company from July 2017 to May 2020. He joined ALI in December 2004 and currently serves as its Senior Vice President, Chief Finance Officer, Treasurer and Chief Compliance Officer. He is a Director of AREIT, Inc., a publicly listed company under the Ayala Land Group. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc., Anvaya Cove Golf and Sports Club, Inc. and Anvaya Cove Beach and Nature Club, Inc.; Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of Alveo Land Corp., ALI Eton Property Development Corp., Aurora Properties Inc., AyalaLand Premier Inc., AyalaLand-Tagle Properties, Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc. and Vesta Property Holdings Inc.; Director of Alviera Country Club Inc., Amicassa Process Solutions, Inc., Makati Development Corp., Northgate Hotel Ventures, Inc., and Station Square East Commercial Corp.; Comptroller of Nuevocentro, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc., Amaia Land Corp., Amaia Southern Properties, Inc., Avida Land Corp., Ayala Property Management Corporation, Bellavita Land Corp., BGNorth Properties, Inc., BGSouth Properties, Inc., BGWest Properties, Inc., Serendra Inc., The Suites at One Bonifacio High Street Condominium Corp. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Development Corporation; Trustee of Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

Patrick John C. Avila, Filipino, 42, has served as the Company's Chief Operating Officer since 21 April 2022. He is also Chairman and President/CEO of Laguna Technopark, Inc., Unity Realty & Development Corporation, LCI Commercial Ventures, Inc., Ecozone Power Management, Inc., Orion Property Development, Inc., Orion Land Inc. and Tutuban Properties, Inc.; Director of Esta Galleria, Inc., Amsi Prime Concepts, Inc., FLT Prime Insurance Corporation and A-FLOW Properties I Corp.; and President of A-FLOW Land I Corp. (2022). He joined Ayala Land, Inc. in August 2001 under Alabang Town Center. In 2009, he was assigned to the Operations Group of Glorietta, and in 2013, to Laguna Technopark Inc. In 2018, he became the head of industrial parks and real estate logistics of ALLHC. He graduated cum laude from the University of the Philippines Manila with a degree in Bachelor of Arts in Social Science, major in Behavioral Studies in 2001. He finished his Master's degree in Public Management from the Ateneo School of Government in 2004. He also completed the Ayala Leadership Acceleration Program facilitated by Harvard Business Publishing in 2015.

Francis M. Montojo, Filipino, 41, has served as the Chief Finance Officer and Compliance Officer of the Company since 15 December 2018 and its Chief Risk Officer effective 11 November 2020. She served as the Treasurer of the Company from 1 January 2019 to 14 May 2020. Her other significant positions include: Director, Treasurer and Chief Finance Officer of Esta Galleria, Inc., Orion Land, Inc. and Tutuban Properties, Inc.; Director, Treasurer and Compliance Officer for AMLA of FLT Prime Insurance Corporation and Orion Property Development, Inc.; and, Director and Treasurer of LCI Commercial Ventures, Inc., Laguna Technopark, Inc., Ecozone Power Management, Inc., Unity Realty & Development Corporation, A-Flow Land I Corp. and A-Flow Properties I Corp. (2022). She joined Ayala Land, Inc. in July 2012 under the Strategic Landbank Management Group which is involved in Ayala's township developments as Controls and Analysis Head and Chief Accountant. In May 2015, she was assigned to Ayala's Healthcare business and served as the Chief Finance Officer of Mercado General Hospital, Inc. and the Treasurer of QualiMed Physician Associates, Inc. from May 2016 to December 2018. She graduated with a degree in Bachelor of Science in Accountancy from St. Paul University Manila in 2003 and has eight years of public practice from 2004 to 2012 with PricewaterhouseCoopers Manila, focused on consumer, industrial products and services. She is a Certified Public Accountant.

Ma. Florence Therese dG. Martirez-Cruz*, Filipino, 38, has served as the Corporate Secretary of the Corporation since 2 August 2023. She is the Assistant Corporate Secretary of ALI since 26 April 2023. She also serves as the Assistant Corporate Secretary of AREIT, Inc. since 14 November 2022. She is the Corporate Secretary of AREIT Fund Managers, Inc., and concurrently the Head of Legal of AREIT, Inc. and Ayalaland Offices, Inc. She is also the Compliance Officer for Anti-Money Laundering of ALI, AREIT, and the AyalaLand Offices Group, the lead lawyer for Ayala Land's Leasing and Hospitality Group, and Ayala Land Legal's Banking, Finance, Securities, and Special Project group. Prior to joining Ayalaland Offices, Inc. in 2021, she was a Senior Counsel and Counsel for AG Counselors Corporation, from 2019 to 2021, and 2016 to 2019, respectively. Prior to joining the Ayala Group, she worked as an Associate at Leynes Lozada-Marquez Law Offices and as a legal consultant in the Office of Senator Maria Lourdes Binay. She graduated from the University of the Philippines in 2007 with a Bachelor of Arts degree in Public Administration, and obtained her Juris Doctor in 2011 from the same University. She finished the Program on Negotiation and Leadership at Harvard Law School in 2019, the Certification Course for Compliance Officers by the Center for Global Best Practices in 2022, and was included in the Legal 500's GC Powerlist Philippines 2023.

**replaced Atty. June Vee D. Monteclaro-Navarro who passed away in April 2023*

Nimfa Ambrosia L. Perez-Paras, Filipino, 58, has served as the Assistant Corporate Secretary of the Company since 24 February 2016. She is an Assistant Vice President of Amicassa Process Solutions, Inc. and head of the Compliance and Corporate Services Group. She was the Assistant Corporate Secretary of Integrated Micro-Electronics, Inc. from April 2014 to April 2015, Ayala Land, Inc. from April 2014 to April 2021 and Cebu Holdings, Inc. from April 2014 until December 2021. Prior to joining Amicassa Process Solutions, Inc., she was the head of the Corporate Services and Compliance Unit of Ayala Group Legal. She was a State Counsel at the Department of Justice. She also worked at the Regional Trial Courts of Makati and Quezon City. In the private sector, she worked as Legal Counsel for Coca-Cola Bottlers Philippines, Inc., RFM Corporation, and Roasters Philippines, Inc. She graduated with a degree of Bachelor of Laws from Manuel L. Quezon School of Law in 1990. She finished the Program on Negotiation and Leadership at Harvard Law School in 2018.

Jeffrey R. Legaspi, Filipino, 36, has been the Chief Audit Executive of the Company since 4 May 2023. He also handles other Ayala Land, Inc. (ALI) Strategic Business Units specifically AyalaLand Estates, Inc., Ayala Property Management Corporation, and ALI Capital Corp. He also served as Deputy Chief Finance Officer of one of the Construction Divisions of Makati Development Corporation (MDC), a wholly-owned subsidiary of ALI. He was an Associate Internal Audit Manager at MDC prior to his reassignment to Finance. Before joining the ALI Group, he was the Senior Internal Audit Manager of Global-Estate Resorts, Inc. He is a Certified Public Accountant and a member of the Institute of Internal Auditors Philippines. He holds a degree in Bachelor of Science in Accountancy from the Polytechnic University of the Philippines-Taguig Campus (PUP-Taguig). He is currently completing his Master's Degree in Business Administration with a major in Finance from De La Salle University -Manila. He is currently a professor at PUP-Taguig teaching accounting and assurance subjects.

Attendance of Directors in Board meetings

The record of attendance of the directors at the meetings of the Board of Directors for CY 2023 is as follows:

Directors	**No. of Board Meetings Attended/Held** (in 2023 and during the incumbency of the director)	**Percent Present**
Anna Ma. Margarita B. Dy[1]	1/1	100%
Bernard Vincent O. Dy	6/6	100%
Felipe U. Yap	6/6	100%
Jose Emmanuel H. Jalandoni[2]	5/5	100%
Maria Rowena M. Tomeldan[3]	1/1	100%
Robert S. Lao[4]	5/5	100%
Jaime Alfonso E. Zobel de Ayala	5/6	83%
Nathanael C. Go	6/6	100%
Rex Ma. A. Mendoza	6/6	100%
Renato O. Marzan	5/6	83%
Cassandra Lianne S. Yap	6/6	100%

The officers, unless removed by the Board, shall serve as such until their successors are elected or appointed.

b) Significant Employees

The Company's entire work force is considered as significant employees. The entire work force is expected to work as a team to attain the Company's objectives. There is no employee who is expected to make individually on his own a significant contribution to the business of the Company.

c) Family Relationships

The independent director, Ms. Cassandra Lianne S. Yap, is the niece of a director, Mr. Felipe U. Yap. Ms. Yap is qualified to be an independent director under Sec. 1.9, Art. III of the Company's Manual on Corporate Governance (revised as of November 11, 2020).

[1] *Elected on 14 December 2023 to serve the unexpired term of Mr. Jalandoni, who resigned from the Board effective on even date.*
[2] *Resigned from the Board effective 14 December 2023.*
[3] *Served as director until 19 April 2023.*
[4] *Elected as director effective 19 April 2023.*

There are no other family relationships (up to fourth civil degree) either by consanguinity or affinity among the abovenamed directors and executive officers.

d) Involvement in Certain Legal Proceedings

The abovementioned directors and executive officers have not been involved in any of the following events or legal proceedings that occurred during the past five (5) years up to this time which are material to an evaluation of the ability and integrity of the said directors and executive officers:

a. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
b. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
c. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring,
suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
d. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self- regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

The details of material pending legal proceedings for the past five (5) years to which the Company or any of its subsidiaries or affiliates is a party are discussed in Part 1, Item 3 above.

Item 10. Executive Compensation

A. General

Directors. Article III Section 11 of the Company's Amended By-laws provide:

11. Compensation of Directors – Directors shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for their services. In no case shall the total yearly compensation of Directors exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

The Personnel and Compensation Committee of the Board of Directors shall have the responsibility of recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope. No director shall be involved in deciding his own remuneration during his incumbent term.

No director has been contracted and compensated by the Company for services other than as director.

Officers. Article IV Section 1 of the Company's Amended By-laws provide:

1. Officers, xxx The Board of Directors shall fix the compensation of the officers of the Corporation.

Below is the summary of the aggregate compensation paid or accrued during the last two (2) years and the ensuing fiscal year to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers.

Summary Compensation Table

Annual Compensation

Name	Calendar Year	Salary (in ₽000s)	Bonus (in ₽000s)	Other Annual Compensation (in ₽000s)
Robert S. Lao[5] (President/CEO)	2023 2024	- -		
Jose Emmanuel H. Jalandoni[6] (President/CEO)	2022 2023	- -		
Francis M. Montojo (Chief Finance Officer/ Compliance Officer/ Chief Risk Officer)	2022 2023 2024	- - -	- - -	- - -
Patrick John C. Avila (Chief Operating Officer)	2022 2023 2024	- - -	- - -	- - -
Marita C. Cabral (Head, Human Resources)	2022 2023 2024	- - -	- - -	- - -
Jessica O. Santos (Head, Commercial Leasing Group)	2022 2023 2024	- -	- -	- -
CEO and four most highly compensated Executive Officers	2022 Actual 2023 Actual *2024 (projected)*	- - -	- - -	- - -
All other officers[7] and directors[8] as a group unnamed	2022 Actual 2023 Actual *2024 (projected)*	4,110.00 4,250.00 *4,240.00*	- -	- -

The above executive officers are employees of ALI assigned to the Company and their salaries and benefits are paid by ALI. Management fees paid by the Company to ALI cover part of the compensation of the executive officers of ALLHC (i.e., President/CEO, Chief Finance Officer, Chief Operating Officer, heads of Human Resources, and Commercial Leasing Group).

The total annual compensation of all directors and senior personnel from managers and up was paid in cash.

(a) **Compensation of Directors**

The directors receive per diems from the Corporation. Section 11 of Article III of the Amended By-Laws provides:

11. Compensation of Directors – Directors are entitled to receive form the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for their services. In no case shall the total yearly compensation of Directors exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

The Personnel and Compensation Committee of the Board of Directors shall have the responsibility of recommending to the Board of Directors the fees and other compensation of directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope. No director shall be involved in deciding his own remuneration during his incumbent term.

(i) Standard Arrangement

The Board of Directors are entitled to receive such compensation as fixed by the Board for services as director. The directors receive as compensation, per diems fixed by the Board of Directors, and approved by the stockholders.

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5 *Elected President on 2 August 2023.*
6 *President/CEO from 21 April 2022 to 2 August 2023; resigned from the company on 14 December 2023.*
7 *Vice President and up; excludes managers.*
8 *Compensation consists of per diems; excludes ESOWN Plan shares.*

The directors to receive the following per diems per meeting attended (as approved by the stockholders on 13 January 2017):

Board meeting fee	Php40,000.00
Committee meeting fee	Php30,000.00

The total compensation, consisting of per diems, received by/accrued to each director for their attendance in all the meetings of the Board and committees in 2023 are as follows:

Director	**Total Remuneration/ Per Diem**
Bernard Vincent O. Dy[9]	Php320,000.00
Felipe U. Yap	320,000.00
Robert S. Lao[10]	260,000.00
Jose Emmanuel H. Jalandoni[11]	240,000.00
Maria Rowena M. Tomeldan[12] [13]	100,000.00
Jaime Alfonso E. Zobel de Ayala[14]	280,000.00
Nathanael C. Go	320,000.00
Rex Ma. A. Mendoza	830,000.00
Renato O. Marzan	730,000.00
Cassandra Lianne S. Yap	770,000.00
Anna Ma. Margarita B. Dy[15] [16]	80,000.00

(ii) Other Arrangement

None of the non-executive directors has been contracted and compensated by the Company for services other than those provided as a director. The Company has no arrangement with regard to the compensation of the non-executive directors other than that provided above.

One of the Company's non-executive directors availed of the stock grant in 2018 under the ESOWN Plan of the Company. The details of the ESOWN Plan are discussed in Item 10(c) – Warrants and Options Outstanding below.

(b) **Employment Contracts/Termination of Employment/Change-in Control Arrangements**

The present executive officers of the Company are regular employees of ALI and are covered by their respective engagement/employment contracts with ALI which provide for their functions corresponding to their position/rank.

There are no special terms or compensatory plans or arrangements relative to the resignation, termination of employment of such executive officers. No executive officer has been granted an ESOWN benefit by the Company.

The Company has no change-in-control arrangements with its executive officers.

(c) **Warrants and Options Outstanding**

In August 2015, the Board of Directors of the Company approved the Terms and Conditions of its ESOWN Plan covering 250 million common shares of the Company for its directors and employees as of 30 June 2015. The ESOWN Shares were issued in two (2) tranches.

Total number of shares subscribed under the ESOWN Plan are as follows: Tranche 1- 29,161,115 shares (excluding 144,485 shares returned to the Plan Pool); Tranche 2- First Availment- 26,629,700 shares; Tranche 2- Second Availment – 103,692,268 shares. Exercise price was P1.00 per share for Tranche 1, and P1.68 per share for Tranche 2. Except for Mr. Felipe U. Yap, no other incumbent director or executive officer of the Company was

9 *Per diems were paid to ALI as their employer.*
10 *Per diems were paid to ALI as their employer.*
11 *Per diems were paid to ALI as their employer.*
12 *Per diems were paid to ALI as their employer.*
13 *Served as director until 19 April 2023.*
14 *Per diems were paid to AC as his employer.*
15 *Per diems were paid to ALI as their employer.*
16 *Elected as director/Chairman on 14 December 2023.*

granted any ESOWN Plan shares.

There were no stock grants after 31 December 2018.

Item 11. Security Ownership of Certain Beneficial Owners and Management

i. Security Ownership of Record and Beneficial Owners of more than 5% as of 31 March 2024:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	Ayala Land, Inc. (ALI)[17] 31F, Tower One and Exchange Plaza Ayala Triangle Ayala Ave., Makati City	Ayala Land, Inc.[18]	Filipino	4,467,752,833 (direct)	70.90%
Common	PCD Nominee Corporation (Filipino)[19] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[20]	Filipino	1,097,277,706	17.41%

ii. Security Ownership of Directors and Management (Executive Officers) as of 31 March 2024:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership Direct (D) or Indirect (I)	Citizenship	Percent (of total outstanding shares)
Directors				
Common	Anna Ma. Margarita B. Dy[21]	1 (D)	Filipino	0.000%
Common	Felipe U. Yap	3,010,000 (D) 28,000,000 (I)[22]	Filipino	0.492%
Common	Robert S. Lao	1 (D)	Filipino	0.000%
Common	Bernard Vincent O. Dy	2 (D)	Filipino	0.000%
Common	Jaime Alfonso E. Zobel de Ayala	1 (D)	Filipino	0.000%
Common	Nathanael C. Go	1,025,000 (D) 34,375,000 (I)	Filipino	0.562%
Common	Rex Ma. A Mendoza	1 (D)	Filipino	0.000%
Common	Renato O. Marzan	1 (D)	Filipino	0.000%
Common	Cassandra Lianne S. Yap	1,638,000 (I)	Filipino	0.026%
Officers				
Common	Augusto D. Bengzon	0	Filipino	0.000%
Common	Patrick John C. Avila	110,000 (I)	Filipino	0.002%
Common	Francis M. Montojo	0	Filipino	0.000%
Common	Ma. Florence Therese dG. Martirez-Cruz[23]	0	Filipino	0.000%
Common	Nimfa Ambrosia L. Perez-Paras	0	Filipino	0.000%
Common	Jeffrey R. Legaspi	0	Filipino	0.000%
	Total	**68,158,007**		**1.082%**

17 Ayala Land, Inc. ("ALI") is the principal stockholder of the Company.
18 Under the By-Laws of ALI and the Revised Corporation Code, the ALI Board has the power to decide how ALI's shares are to be voted.
19 PCD is not related to the Company.
20 Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote in absentia or through the Chairman of the meeting as proxy. There is no PCD participant who owns more than 5% of the shares of the Company.
21 Elected as director on 14 December 2023.
22 Includes share subscriptions under the Employees Stock Ownership (ESOWN) Plan.
23 Elected as Corporate Secretary on 2 August 2023

There was no change in the shareholdings of the directors and officers from time of their election/appointment in 2023 to date.

None of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

iii. Voting Trust Holders of 5% or More

The Company knows of no persons holding more than 5% of common shares under a voting trust or similar agreement.

iv. Change in Control of Registrant

No change in control in the Company has occurred since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

The Company and its subsidiaries in their normal course of business, have entered into transactions with related parties principally consisting of advances, reimbursement of expenses, construction contracts, marketing, leasing, management and administrative service agreements. There were no material related party transactions in 2023. Information on the Company's related party transactions can be found in Note 16 of the Consolidated Audited Financial Statements.

The Company negotiates transactions with related parties on an arm's length basis, with due consideration of current market prices at the time of the transactions. The Company's employees are required to disclose any business or family-related transactions with the Company to ensure that potential conflicts of interest situations are brought to the attention of Management.

There was no transaction during the last two (2) years, without proper disclosure, to which the Company was a party, in which any of the following persons had or is to have a direct or indirect material interest:

a. Any director or executive officer of the Company;
b. Any nominee for election as a director;
c. Any security holder named in Item 4 (d) (i) and (ii) above; and
d. Any member of the immediate family (including spouse, parents, children, siblings and in-laws) of any of the persons named in the immediately preceding subparagraphs (a) (b) and (c) hereof.

(2) **Ownership Structure and Parent Company**

As of 31 March 2024, ALI owns 70.90% of the total outstanding shares of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Compliance with Corporate Governance

In 2017, the Corporation adopted a Manual on Corporate Governance (the "Manual") in compliance with the SEC directive. The Manual was updated in 2019 and in the following years 2020 to 2022.

The Board, together with top Management, reviews the Company's vision and mission and core values. The Board sets the objectives and strategies of the Company and ensures that the strategies are implemented in accordance with good governance practices and that internal control mechanism and procedures are in place. The Board and its committees conduct an annual performance self-assessment. The results of the self-assessment are collated and reported by the Compliance Officer to the Board and the respective committees. Every three (3) years, the Company will engage an external facilitator for the assessment of the Board's performance as provided in the Manual, starting in 2019. Aon Hewitt Singapore conducted the Board assessment for 2019; Aon Solutions Singapore Pte Ltd. conducted the Board assessments for 2022 and have presented the results thereof to the Board.

The Company's website, www.ayalalandlogistics.com, is updated regularly and contains the corporate information on the business and management of the Group, company policies, corporate governance reports and disclosures of the Company for the investors, stakeholders and public in general.

The Board and the committees meet such number of times as prescribed in the Manual, Board and committee charters. Materials are sent, as far as practicable, to the directors several days before the meeting. The non-executive directors meet at least twice a year without the presence of any executive director.

In 2023, the Company approved policies such as the Revised Whistleblowing Policy, Code of Conduct, Business Integrity Program, Employee Investigation Program and Anti-Bribery and Corruption Policy.

There was no material deviation from the Company's Manual. While the Company has set the retirement age for directors at 80 years old, the Board approved the nomination as director of Mr. Felipe U. Yap (aged 86), in consideration of his qualifications, experience and contribution to the Company. He was re-elected director and Vice Chairman in 2023. The Company has complied with the provisions of the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, Series of 2016).

The Company will continue to improve its systems and procedures by aligning with any new updates to corporate governance policies within the Ayala Group, and new rules, regulations and directives from the SEC on corporate governance, if any.

PART V – EXHIBITS AND SCHEDULES

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

A. *Exhibits* - See accompanying Index to Exhibits.

(a) The 2023 Audited Consolidated Financial Statements are filed with this report:

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) *Reports on SEC Form 17-C*

The reports on Form 17-C (Current Report) filed with the SEC/PSE in 2023 were as follows:

Date Reported	Subject of Disclosure
3 February 2023	Notice of holding virtual annual stockholders' meeting (ASM) in 2023
20 February 2023	Detailed Notice and agenda of the ASM on 19 April 2023
28 February 2023	Results of the Board meeting: 1. Appointment of Isla Lipana & Co. as Independent auditor for audit year 2023 2. Approval of amendment of Audit Committee Charter
7 March 2023	Amended Detailed Notice and agenda of the ASM on 19 April 2023
19 April 2023	Voting Results
19 April 2023	Results of the ASM and organizational meeting of the Board
26 April 2023	Report on the demise of an officer
2 May 2023	Dissolution of two subsidiaries of ALLHC, namely, TPI Holdings Corp. and Luck Hock Venture Holdings, Inc.
4 May 2023	Appointment of new Chief Audit Executive
2 August 2023	Election of Officers: President and CEO, and Corporate Secretary
20 November 2023	Dissolution subsidiary Orion I Holdings Philippines, Inc.
14 December 2023	Results of the Board meeting: 1. Election of Ms. Anna Ma. Margarita B. Dy as Director 2. Election of Ms. Dy as Chairman of the Board and Executive Committee, vice Mr. Bernard Vincent O. Dy who will remain as director 3. Setting of the 2024 ASM on 25 April 2024 at 1 p.m.; record date on11 March 2024; deadline for nomination of directors on 11 March 2024 and submission on proxies on16 April 2024; 4. Delegation to the Chairman authority to approve the venue of, or manner of conducting the ASM, or the postponement of the ASM to another date and/or time or any other arrangements relating to said meeting; 5. Ratification of the actions of the Corporate Governance and Nomination Committee approving our revised Whistleblowing Policy, Code of Ethics, Business Integrity Program, Employee Investigation Policy and Anti-Bribery and Corruption Policy

The Company also filed the following reports:

Date Reported	Subject of Disclosure
31 January 2023	Record of attendance of directors in Board meetings in 2022
28 February 2023	Press release on ALLHC's 2023 fiscal year results
12 April 2023	Press release on the launch of Padre Garcia, Batangas Technopark
28 April 2023	Press release on 1st quarter 2023 financial and operating results
4 May 2023	Notice of Participation in the PSE's Strengthening Access and Reach (STAR) Investor Day on 9 May 2023
2 August 2023	Press release on first half of 2023 financial and operating results
27 October 2023	Press release on first nine months of 2023 financial and operating results

B. Sustainability Report

A copy of ALLHC's Integrated Report is accessible through the link below and will be available on or before the Annual Stockholders' Meeting on 25 April 2024:
https://www.ayalalandlogistics.com/wp-content/uploads/2024/04/ALLHC-2023-Integrated-Report.pdf

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SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report to be signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on April 12, 2024.

AYALALAND LOGISTICS HOLDINGS CORP.
Issuer
By:

ROBERT S. LAO
President/ Chief Executive Officer

AUGUSTO D. BENGZON
Treasurer

PATRICK JOHN C. AVILA
Chief Operating Officer

FRANCIS M. MONTOJO
Chief Finance Officer/Compliance Officer

MA. FLORENCE THERESE dG. MARTIREZ-CRUZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me on APR 12 2024 at Makati City, affiants exhibited to me their passports as competent evidence of their identities, as follows:

Name	Competent Evidence of Identity	Date/Place Issued
Robert S. Lao	Ppt No.P6221588A	2-28-2018/DFA Manila
Augusto D. Bengzon	Ppt No.P4323352B	1-8-2020/DFA NCR East
Patrick John C. Avila	Ppt No.P0331932B	1-21-2019/DFA NCR South
Francis M. Montojo	Ppt No.P9901740B	5-04-2022/DFA NCR South
Ma. Florence Therese dG. Martirez-Cruz	Ppt No.P8321155A	8-13-2018/DFA NCR South

Doc. No. 174;
Page No. 36;
Book No. XLVIII;
Series of 2024.

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

MARIA PAULA G. ROMERO-BAUTISTA
NOTARY PUBLIC
ROLL NO. 58335
MAKATI CITY, PHILS.

MARIA PAULA G. ROMERO-BAUTISTA
Notary Public - Makati City
Appt. No. M-227 until December 31, 2025
Roll of Attorneys No. 58335
IBP No. 416399 - 01/11/2024 - Makati City
PTR No. MKT10083260 - 01/11/2024 - Makati City
MCLE Compliance No. VII-0020268 - 06/02/2022
6th Floor Makati Stock Exchange Building,
Ayala Avenue, Makati city, Philippines

AYALALAND LOGISTICS HOLDINGS CORP.
INDEX TO EXHIBITS
Form 17 – A- Item 7

	Exhibit Number	**Page No.**
(3)	Plan of Acquisition, Reorganization, Arrangements, Liquidation or Succession	*
(5)	Instruments Defining the Rights of Security Holders, including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	2023 Consolidated Financial Statements of ALLHC and Subsidiaries (with notarized Statement of Management Responsibility)	see attached
(13)	Letter re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	*39*
(19)	Published Report regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibit	*

** These Exhibits are either not applicable to the Company or require no answer.*

Exhibit (18)
Subsidiaries of the Registrant

As of 31 December 2023, ALLHC has the following wholly-owned subsidiaries:

Name	Jurisdiction
Orion Land Inc.	Philippines
Tutuban Properties, Inc.	Philippines
TPI Holdings Corporation*	Philippines
Orion Property Development, Inc.	Philippines
Orion Beverage, Inc.**	Philippines
Orion I Holdings Philippines, Inc.*	Philippines
LCI Commercial Ventures, Inc.	Philippines
Orion Solutions, Inc.**	Philippines
Orion Maxis Inc.**	Philippines
Unity Realty & Development Corporation	Philippines
Laguna Technopark, Inc.	Philippines
Ecozone Power Management, Inc.	Philippines

* *The Securities and Exchange Commission approved the shortening of the corporate term in 2023.*
***for dissolution*

AYALALAND LOGISTICS HOLDINGS CORP.
Index to Consolidated Financial Statements and Supplementary Schedules
Form 17-A, Item 7

2023 Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements Report of Independent Auditor

Consolidated Statements of Financial Position as of December 31, 2023 and December 31, 2022
Consolidated Statements of Income for the Years Ended December 31, 2023 and December 31, 2022
Consolidated Statements of Comprehensive Income as of December 31, 2023 and December 31, 2022
Consolidated Statements of Changes in Equity as at December 31, 2023 and December 31, 2022
Consolidated Statements of Cash Flows as of December 31, 2023 and December 31, 2022 and December 31, 2021
Notes to Consolidated Financial Statements

Supplementary Schedules to 2023 Consolidated Financial Statements

Report of Independent Auditor on Components of Financial Soundness Indicators
Report of Independent Auditor on Supplementary Schedules

Annex A- Reconciliation of Retained Earnings Available for Dividend Declaration
Annex B- Map Showing the Relationships between and among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates

Annex C- Supplementary Schedules required by Annex 68-J
A- Financial Assets
B- Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C- Amounts Receivable from Related Parties which are Eliminated During Consolidation of Financial Statements
D- Long-Term Debt
E- Indebtedness to Related Parties
F- Guarantees of Securities of Other Issuers
G- Capital Stock

Schedule of Financial Soundness Indicators

AyalaLand
LOGISTICS HOLDINGS CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of AyalaLand Logistics Holdings Corp. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2023, 2022 and 2021 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company and its subsidiaries in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANNA MA. MARGARITA B. DY
Chairman, Board of Directors

ROBERT S. LAO
President & Chief Executive Officer

FRANCIS M. MONTOJO
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 29 2024, at Makati City, affiants exhibited to me their passports as competent evidence of their identities, as follows:

Name	Passport No.	Date/Place of Issue
Anna Ma. Margarita B. Dy	P6087936B	January 6, 2021 – DFA Manila
Robert S. Lao	P6221588A	February 28, 2018 – DFA Manila
Francis M. Montojo	P9901740B	May 4, 2022 – DFA NCR South

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. 73
Page No. 16
Book No. II
Series of 2024.

DESIREE N. SOKOKEN
NOTARY PUBLIC
ROLL NO. 71585
MAKATI CITY PHILIPPINES

DESIREE N. SOKOKEN
Notary Public – Makati City
Appt. No. M-414 until December 31, 2024
Roll of Attorneys No. 71585
IBP No. 415504; 01/10/2024; Mountain Province Chapter
PTR No. MKT10079199; 01/05/2024; Makati City
MCLE Compliance No. VII-0020322; 06/02/2022
2nd Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Philippines

Notarial DST pursuant to Sec. 61 of the TRAIN Act (Amending Sec. 188 of the NIRC) affixed on Notary Public's copy

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

SEC Registration Number

1	6	3	6	7	1					

COMPANY NAME

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES

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

3RD LEVEL GLORIETTA 5 AYALA CENTER, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporate@ayalalandlogistics.com	**(632) 8884-1106**	**None**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
734	**04/19**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Francis M. Montojo	**montojo.francis@ayalaland.com.ph**	**(632) 8884-1106**	**(63) 917 8579190**

CONTACT PERSON's ADDRESS

3rd Level Glorietta 5, Ayala Center, Makati City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

Independent Auditor's Report

To the Board of Directors and Stockholders of
AyalaLand Logistics Holdings Corp.
3rd Level, Glorietta 5, Ayala Center
Makati City, Philippines

Report on the Audit of the Consolidated Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of AyalaLand Logistics Holdings Corp. and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2023 are prepared, in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting relief issued and approved by the Securities and Exchange Commission (SEC), as described in Note 31 to the consolidated financial statements.

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of income for the year ended December 31, 2023;
- the consolidated statement of comprehensive income for the year ended December 31, 2023;
- the consolidated statement of changes in equity for the year ended December 31, 2023;
- the consolidated statement of cash flows for the year ended December 31, 2023; and
- the notes to consolidated financial statements, which include a summary of material accounting policies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Emphasis of Matter

We draw attention to Note 31 to the consolidated financial statements, which describes the basis of preparation of the financial statements. The consolidated financial statements as at and for the year ended December 31, 2023 have been prepared in accordance with PFRS, as modified by the application of the financial reporting relief issued and approved by the SEC in response to the COVID-19 pandemic. The details of the financial reporting relief availed by the Group and the impact on the consolidated financial statements are discussed in detail in Note 31. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2022 were audited by another firm of auditors whose report thereon dated February 28, 2023 expressed an unmodified opinion on those statements.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit pertains to the real estate revenue recognition based on percentage of completion (PoC) as a measure of progress.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Refer to Note 24, accounting policies in Note 31 and critical accounting estimates and assumptions in Note 30 to the consolidated financial statements. The revenue from sale of real estate for the year ended December 31, 2023 amounts to P1,763 million which accounts for approximately 50% of the consolidated total revenue. It is therefore material to the consolidated financial statements. Real estate revenue from contracts with customers is recognized over time using the output method in accordance with the guidance set in PFRS 15, *Revenue from contracts with customers*, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. In the case of the Group, PoC is determined based on the actual physical completion of the project. Hence, real estate revenue recognition requires significant management judgment and estimation.	We addressed the matter by understanding and evaluating the process employed by the Group in estimating the PoC of the real estate development projects. In particular, we performed a combination of controls and substantive testing procedures as follows: • Evaluated the design and tested the operating effectiveness of key controls surrounding the project budgeting, project costing and project milestone measurement activities. Further, we performed reasonableness testing of key inputs and assumptions used in the project budgeting and project costing activities, through site visits and inspection of bill of quantity and other relevant supporting documents. • Agreed the milestone percentage per project by inspecting the underlying project accomplishment reports prepared by project engineers and as evaluated and approved by independent quantity surveyors. • Performed test of details on incurred project costs through corroboration with supporting documents such as contractors' progress billing statements, supplier invoices, proof of delivery and other relevant supporting documents. • Performed mathematical accuracy check of PoC applied to each project and individually sold units and verified that the PoC is accurately used in the calculation of the Group's real estate revenue.

Other Information

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

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

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

When we read the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with PFRS, as modified by the application of the financial reporting relief issued and approved by the SEC, as described in Note 31 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of the financial reporting relief issued and approved by the SEC, as described in Note 31 to the consolidated financial statements.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Zaldy D. Aguirre.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 12, 2024, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026.
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 29, 2024

Statement Required by Rule 68,
Securities Regulation Code (SRC)

To the Board of Directors and Stockholders of
AyalaLand Logistics Holdings Corp.
3rd Level, Glorietta 5, Ayala Center
Makati City, Philippines

We have audited the consolidated financial statements of AyalaLand Logistics Holdings Corp. (the "Parent Company") and its subsidiaries (together, the "Group") , as at and for the year ended December 31, 2023, on which we have rendered the attached report dated February 29, 2024.The supplementary information shown in the *Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, Conglomerate Map and Schedules A, B, C, D, E, F and G*, as required by the Revised SRC Rule 68, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements.

In our opinion, the supplementary information has been prepared in accordance with the Revised SRC Rule 68.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 12, 2024, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026.
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 29, 2024

Statement Required by Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Stockholders of
AyalaLand Logistics Holdings Corp.
3rd Level, Glorietta 5, Ayala Center
Makati City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of AyalaLand Logistics Holdings Corp. (the "Parent Company") and its subsidiaries (together, the "Group")"as at and for the year ended December 31, 2023, and have issued our report thereon dated February 29, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The *Supplementary Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the consolidated financial statements as at and for the year ended December 31, 2023 and no material exceptions were noted.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 12, 2024, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026.
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 29, 2024

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statement of Financial Position
As at December 31, 2023
(With comparative figures as at December 31, 2022)
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	2	214,713	450,618
Receivables	3	1,402,707	1,810,919
Real estate held for sale and development	4	5,045,201	4,384,142
Amounts owed by related parties	16	685,542	509,777
Financial assets at fair value through profit or loss	6	4,798	4,616
Other current assets	7	2,384,049	1,757,381
Total Current Assets		9,737,010	8,917,453
Non-Current Assets			
Receivables, net of current portion	3	3,329,629	2,193,044
Financial assets at fair value through other comprehensive income	5	126,614	124,158
Investment in joint venture	8	677,773	181,145
Right-of-use of asset	25	1,066,049	1,135,820
Investment properties	9	12,113,423	11,691,549
Property and equipment	10	1,234,396	1,090,015
Net pension assets	21	4,433	10,716
Deferred tax assets, net	22	182,669	124,021
Other non-current assets	11	150,133	173,582
Total Non-Current Assets		18,885,119	16,724,050
Total Assets		28,622,129	25,641,503
Liabilities and Equity			
Current Liabilities			
Accounts payable and accrued expenses	12	1,492,998	1,930,191
Current portion of:			
Long term debt	13	21,050	-
Rental and other deposits	14	442,187	483,761
Lease liabilities	25	155,981	597,711
Deferred rent income	25	899	6,702
Amounts owed to related parties	16	6,434,862	3,675,169
Income tax payable		10,059	–
Total Current Liabilities		8,558,036	6,693,534
Non-Current Liabilities			
Rental and other deposits, net of current portion	14	434,632	298,342
Non-trade payable, net of current portion	12	788,440	977,319
Long term debt	13	2,444,014	2,463,160
Lease liabilities, net of current portion	25	1,568,998	1,134,842
Deferred rent income, net of current portion	25	4,890	6,068
Deferred income tax liabilities, net	22	260,602	244,195
Other non-current liabilities	17	655,308	602,071
Total Non-Current Liabilities		6,156,884	5,725,997
Total Liabilities		14,714,920	12,419,531

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statement of Financial Position ***(continued)***
As at December 31, 2023
(With comparative figures as at December 31, 2022)
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022
Equity			
Equity attributable to equity holders of the parent			
Capital stock	15	6,209,956	6,201,777
Additional paid-in capital	15	6,020,760	6,020,123
Shares held by a subsidiary	15	(144,377)	(144,377)
Equity reserves	27	(1,693,307)	(1,693,307)
Revaluation increment	9	175,721	182,750
Unrealized loss on financial assets at fair value through other comprehensive income	5	(1,059,679)	(1,097,151)
Loss on measurement of retirement benefits	21	(44,187)	(46,045)
Retained earnings		4,171,573	3,539,322
		13,636,460	12,963,092
Non-controlling interests		270,749	258,880
Total equity		13,907,209	13,221,972
Total liabilities and equity		28,622,129	25,641,503

The notes on pages 1 to 44 are integral part of these consolidated financial statements.

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statement of Income
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in thousands of Philippine Peso except earnings per share figures)

	Notes	2023	2022	2021
Revenues				
Real estate sales	24	1,763,231	2,354,266	2,052,859
Rental	9	1,252,297	1,071,145	781,557
Sale of storage services	24	169,490	115,527	47,745
Sale of electricity	24	–	274,675	1,066,185
Others	24	325,054	392,509	348,220
		3,510,072	4,208,122	4,296,566
Cost and expenses				
Cost of real estate sold	18	1,136,870	1,368,081	1,236,559
Cost of rental and storage services	18	1,187,076	1,018,779	881,126
Cost of purchased electricity		–	256,794	1,034,034
Operating expenses	19	224,389	174,089	199,846
		2,548,335	2,817,743	3,351,565
Other income (charges)				
Interest expense on lease liabilities	25	(148,740)	(150,160)	(151,409)
Loss on sale of financial asset		–	–	(56,264)
Interest expense and bank charges, net	20	(158,666)	(68,136)	(24,316)
Dividend income	6	–	–	235
Unrealized (loss) gain on financial assets at FVPL	6	(182)	(185)	60
(Provision for) reversal of provision for probable losses	26	–	(6,000)	5,135
Others, net	20	89,854	32,256	141,533
		(217,734)	(192,225)	(85,026)
Income before income tax		744,003	1,198,154	859,975
Income tax expense	22	(107,896)	(191,273)	(80,009)
Net income for the year		636,107	1,006,881	779,966
Attributable to:				
Equity holders of the Parent		625,222	1,006,579	784,114
Non-controlling interests		10,885	302	(4,148)
		636,107	1,006,881	779,966
Earnings per share	23			
Basic and diluted, for income for the year attributable to ordinary equity holders of the Parent		0.10	0.16	0.13

The notes on pages 1 to 45 are integral part of these consolidated financial statements.

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022	2021
Net income for the year		636,107	1,006,881	779,966
Other comprehensive income (loss)				
Items that may not be reclassified to profit or loss in subsequent periods:				
Unrealized gain (loss) on equity financial assets at fair value through other comprehensive income	5	38,456	(9,670)	(458,540)
Gain (loss) on remeasurement of retirement benefits liability, net of tax	21	1,858	5,447	(34)
Items that may be reclassified to profit or loss in subsequent years:				
Unrealized loss on debt financial assets at fair value through other comprehensive income	5	-	-	(6,487)
Total comprehensive income		676,421	1,002,658	314,905
Attributable to:				
Equity holders of the Parent		661,884	1,004,562	321,044
Non-controlling interests		14,537	(1,904)	(6,139)
		676,421	1,002,658	314,905

The notes on pages 1 to 45 are integral part of these consolidated financial statements.

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statement of Changes in Equity
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in thousands of Philippine Peso)

	Notes	Capital stock	Additional paid-in capital	Shares held by a subsidiary (Note 15)	Equity reserves (Note 27)	Revaluation increment (Note 9)	Unrealized loss on financial assets at FVOCI (Note 5)	Losses on remeasurement of retirement benefits plan, net of tax (Note 21)	Retained Earnings	Equity attributable to the Parent Company	Non-controlling interests	Total
Balances at January 1, 2021		6,184,835	6,007,133	(144,377)	(1,601,567)	196,808	(626,651)	(51,458)	1,737,718	11,702,441	138,333	11,840,774
Net income for the year		-	-	-	-	-	-	-	784,114	784,114	(4,148)	779,966
Other comprehensive income		-	-	-	-	-	(463,036)	(34)		(463,070)	(1,991)	(465,061)
Total comprehensive income		-	-	-	-	-	(463,036)	(34)	784,114	321,044	(6,139)	314,905
Transactions with owners												
Issuance of shares	15	10,483	5,138	-	-	-	-	-	-	15,621	-	15,621
Transfer of equity reserve due to ESOWN shares subscription	27	-	3,462	-	(3,462)	-	-	-	-	-	-	-
Acquisition of non-controlling interest		-	-	-	(88,278)	-	-	-	-	(88,278)	(112,230)	(200,508)
Payment of stock transaction costs	1	-	-	-	-	-	-	-	(3,147)	(3,147)	–	(3,147)
Transfer of realized valuation increment		-	-	-	-	(7,029)	-	-	7,029	-	-	-
Total transactions with owners		10,483	8,600	-	(91,740)	(7,029)	-	-	3,882	(75,804)	(112,230)	(188,034)
Balances at December 31, 2021		**6,195,318**	**6,015,733**	**(144,377)**	**(1,693,307)**	**189,779**	**(1,089,687)**	**(51,492)**	**2,525,714**	**11,947,681**	**19,964**	**11,967,645**

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statement of Changes in Equity ***(continued)***
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in thousands of Philippine Peso)

	Notes	Capital stock	Additional paid-in capital	Shares held by a subsidiary (Note 15)	Equity reserves (Note 27)	Revaluation increment (Note 9)	Unrealized loss on financial assets at FVOCI (Note 5)	Losses on remeasurement of retirement benefits plan, net of tax (Note 21)	Retained Earnings	Equity attributable to the Parent Company	Non-controlling interests	Total
Balances at January 1, 2022		6,195,318	6,015,733	(144,377)	(1,693,307)	189,779	(1,089,687)	(51,492)	2,525,714	11,947,681	19,964	11,967,645
Net income for the year		-	-	-	-	-	-	-	1,006,579	1,006,579	302	1,006,881
Other comprehensive income		-	-	-	-	-	(7,464)	5,447	-	(2,017)	(2,206)	(4,223)
Total comprehensive income		-	-	-	-	-	(7,464)	5,447	1,006,579	1,004,562	(1,904)	1,002,658
Transactions with owners												
Collection of subscription receivable	15	6,459	4,390	-	-	-	-	-	-	10,849	-	10,849
Additions to NCI	1	-	-	-	-	-	-	-	-	-	240,820	240,820
Transfer of realized valuation increment		-	-	-	-	(7,029)	-	-	7,029	-	-	-
Total transactions with owners		6,459	4,390	-	-	(7,029)	-	-	7,029	10,849	240,820	251,669
Balances at December 31, 2022		6,201,777	6,020,123	(144,377)	(1,693,307)	182,750	(1,097,151)	(46,045)	3,539,322	12,963,092	258,880	13,221,972

	Notes	Capital stock	Additional paid-in capital	Shares held by a subsidiary (Note 15)	Equity reserves (Note 27)	Revaluation increment (Note 9)	Unrealized loss on financial assets at FVOCI (Note 5)	Losses on remeasurement of retirement benefits plan, net of tax (Note 21)	Retained Earnings	Equity attributable to the Parent Company	Non-controlling interests	Total
Balances at January 1, 2023		6,201,777	6,020,123	(144,377)	(1,693,307)	182,750	(1,097,151)	(46,045)	3,539,322	12,963,092	258,880	13,221,972
Net income for the year									625,222	625,222	10,885	636,107
Other comprehensive income	5,21	-	-	-	-	-	37,472	1,858	-	39,330	984	40,314
Total comprehensive income		-	-	-	-	-	37,472	1,858	625,222	664,552	11,869	676,421
Transactions with owners												
Collection of subscription receivables	15	8,179	637	-	-	-	-	-	-	8,816	-	8,816
Transfer of realized valuation increment		-	-	-	-	(7,029)	-	-	7,029	-	-	-
Total transactions with owners		8,179	637	-	-	(7,029)	-	-	7,029	8,816	-	8,816
Balances at December 31, 2023		6,209,956	6,020,760	(144,377)	(1,693,307)	175,721	(1,059,679)	(44,187)	4,171,573	13,636,460	270,749	13,907,209

The notes on pages 1 to 45 are integral part of these consolidated financial statements

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statement of Cash Flows
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022	2021
Cash flows from operating activities				
Income before income tax		744,003	1,198,154	859,975
Adjustments for:				
Depreciation and amortization	9,10,11,19	426,791	385,802	351,071
Discount on sale of financial asset			-	56,264
Interest expense on lease liabilities	25	148,740	150,160	151,409
Interest expense and bank charges	20	343,353	157,033	75,806
Depreciation of right-of-use assets	19,26	69,771	64,883	66,669
Provision for probable losses	30	-	6,000	-
Provision for (reversal of) impairment losses on:				
Receivables		-	-	29,137
Other current assets		-	-	6,206
Equity in net loss of joint ventures		5,837	-	-
Dividend income	5,6	-	-	(235)
Unrealized loss (gain) on financial assets at FVPL	6	(182)	185	(60)
Reversal of provision for probable losses	27	-	-	(5,135)
Interest income	20	(184,687)	(88,897)	(51,490)
Operating income before working capital changes		1,553,626	1,873,320	1,539,617
Increase (decrease) in:				
Receivables		(600,448)	(1,668,909)	(1,529,032)
Real estate held for sale and development		(661,059)	(986,125)	(160,756)
Other current assets		(626,668)	(695,978)	(93,069)
Pension assets		8,820	7,108	(262)
Other noncurrent assets		23,433	279,040	(23,071)
(Decrease) increase in:				
Accounts payable and accrued expenses		(153,845)	42,932	(289,379)
Amounts owed to related parties		161,257	368,546	(16,822)
Rental and other deposits		94,361	59,799	(18,052)
Deferred rent income		(6,981)	(2,766)	(6,597)
Net cash flows used in operations		(207,504)	(723,033)	(597,423)
Interest received		3,791	3,664	3,267
Interest paid		(83,650)	(4,650)	(7,814)
Income tax paid		(140,079)	(122,910)	(90,317)
Net cash used in operating activities		(427,442)	(846,929)	(692,287)
Cash flows from investing activities				
Additions to amounts owed by related parties		(2,093,929)	(181,162)	(631,336)
Deductions from amounts owed by related parties		1,970,456	948,532	339,792
Investment in joint venture	8	(502,465)	(181,145)	-
Dividends received	5,6	-	-	235
Acquisitions through business combination		-	-	(381,456)
Acquisitions of:				
Investment in properties	9	(1,050,308)	(1,212,322)	(473,723)
Property and equipment	10	(416,567)	(394,842)	(49,873)
Proceeds from sale of equipment		56	-	-
Proceeds from sale and maturity of Financial assets at FVOCI	5	36,000	9,500	-
Net cash used in investing activities		(2,056,757)	(1,011,439)	(1,196,361)

AyalaLand Logistics Holdings Corp. and Subsidiaries

Consolidated Statement of Cash Flows
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022	2021
Cash flows from financing activities				
Proceeds from loan availment		-	496,250	1,965,150
Proceeds from sale of receivables		-	-	1,254,653
Collection of subscription receivables and ESOWN subscription	16	13,752	10,849	15,621
Proceeds from amounts owed to related parties	16,31	202,644,360	1,760,835	501,160
Payment of amounts owed to related parties	16,31	(200,248,568)	(92,833)	(1,608,198)
Payment of subscription cost	1	(4,936)	-	(3,147)
Payment of principal portion of lease liabilities	27	(156,314)	(188,188)	(132,200)
Transaction with non-controlling interest	1	-	240,820	(200,508)
Net cash flows from financing activities		2,248,294	2,227,733	1,792,531
Net (decrease) increase in cash and cash equivalents		(235,905)	369,365	(96,117)
Cash and cash equivalents at beginning of year		450,618	81,253	177,370
Cash and cash equivalents at end of year	2	214,713	450,618	81,253

The notes on pages 1 to 45 are integral part of these consolidated financial statements.

AyalaLand Logistics Holdings Corp. and Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the year ended December 31, 2023
(With comparative figures as at and for the years ended December 31, 2022 and 2021)
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1. Corporate and Group information

1.1. Corporate information

AyalaLand Logistics Holdings Corp. (ALLHC; the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 19, 1989. The Parent Company's registered office address is 3rd Level Glorietta 5, Ayala Center, Makati City. The Parent Company is a subsidiary of Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC). AC is 47.86% owned by Mermac, Inc. and the rest by the public as at December 31, 2023. Both ALI and AC are publicly-listed companies incorporated in the Philippines. The Parent Company is listed in the Philippine Stock Exchange.

ALLHC and its subsidiaries, collectively referred to as "the Group", have principal business interests in holding companies, industrial lot sales and development, warehouse and cold storage leasing, commercial leasing, and retail electricity supply. In 2022, the Group ceased its retail electricity business.

1.2. Group Information

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Nature of business	Percentage of Ownership		
		2023	2022	2021
Laguna Technopark, Inc. (LTI)	Real Estate Development and Warehouse Leasing	100%	100%	100%
Ecozone Power Management, Inc. (EPMI)	Cold Storage and Purchase, Delivery of Electricity	100%	100%	100%
Unity Realty & Development Corporation (URDC)	Real Estate Development	100%	100%	100%
Orion Land, Inc. (OLI)	Real Estate, Mall Operations and Investment Holding Company	100%	100%	100%
Tutuban Properties, Inc. (TPI)	Real Estate, Mall Operations	100%	100%	100%
TPI Holdings Corporation (TPIHC)**	Investment Holding Company	100%	100%	100%
Orion Property Developments, Inc. (OPDI)	Real Estate Development	100%	100%	100%
Orion Beverage, Inc. (OBI)*	Manufacturing, Real Estate,	100%	100%	100%
LCI Commercial Ventures, Inc. (LCVI)	Warehouse Leasing Operations	100%	100%	100%
Luck Hock Venture Holdings, Inc. (LHVHI)**	Other Business Activities	60%	60%	60%
Orion Maxis, Inc. (OMI)*	Marketing and Administrative Services	100%	100%	100%
Orion I Holdings Philippines, Inc. (OIHPI)**	Financial Holding Company	100%	100%	100%
FLT Prime Insurance Corporation (FPIC)*	Non-Life Insurance Company	78.77%	78.77%	78.77%
A-FLOW Land I Corp (A-FLOW Land)	Real Estate Leasing	60.00%	60.00%	N/A
Orion Solutions, Inc. (OSI)*	Management Information Technology Consultancy Services	100%	100%	100%

** Inactive companies approved by their respective BOD for liquidation*
***SEC approved shortening of corporate term*

All of the entities in the Group are incorporated in the Philippines.

The voting rights held by the Parent Company in its investments in subsidiaries are in proportion to its ownership interest.

LTI
LTI was incorporated on November 15, 1990 and is based in Laguna. LTI develops industrial parks and leases ready-built factory units and sells industrial lots to local and company locators.

In 2022, LTI acquired a property in Padre Garcia, Batangas for the development of the future Batangas Technopark. LTI is likewise into the construction and operation of standard factory buildings located in multiple sites in Laguna, Cavite, and Pampanga.

EPMI
EPMI was incorporated on August 20, 2010, was engaged in retail electricity supply. In 2022, EPMI gradually assigned its retail electricity business to focus on the industrial real estate business. It now manages cold storage facilities with sites located in Biňan, Laguna and Mandaue, Cebu, and operations of standard factory buildings located in Santo Tomas, Batangas.

URDC
URDC was acquired from previous individual stockholders on July 19, 2019. URDC owns a property in Pampanga which is currently being developed to be Pampanga Technopark, a world-class industrial township, which caters to light and medium, non-polluting enterprises, from both global and local markets.

The Parent Company partially paid the previous individual stockholders amounting to P1,184.70 million representing 50% of the total value of the shares. In September 2020, the Parent Company paid the first installment amounting to P716.84 million. The Parent Company settled the remaining balance amounting to P477.89 million on September 16, 2021. This is accounted for as acquisition of an asset that does not constitute a business because the Group did not acquire a substantive process that significantly contribute to the ability to create outputs in order to be classified as a business.

The Group allocated the acquisition cost to inventory and investment property based on relative fair values (Notes 4 and 9).

OLI
OLI operates a commercial building composed of a 5-storey shopping center and a 6-storey business processing outsourcing office with a gross leasable area of 60,000 square meters located along National Road, Alabang, Muntinlupa City.

TPI
TPI operates the Tutuban Center, a 20-hectare commercial complex located in Manila City. The Tutuban Center will be the location of the North-South Railway Project (NSRP) Transfer Station which will interconnect with the LRT 2 West Station.

OPDI
OPDI handles property development. Its present landholdings include properties in Batangas and Calamba.

LCVI
LCVI was a top manufacturer of ceramic floor and wall tiles in the Philippines and has a manufacturing plant in Laguna. In 2012, LCVI suspended its manufacturing operations and started renting out its warehouses in July 2014.

A-FLOW Land
A-FLOW Land was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 12, 2022. On October 4, 2022, ALLHC entered into subscription agreement with Flow Luna | Property Pte. Ltd (FLOW) representing 60% interest in A-FLOW Land. A-FLOW Land's primary purpose is to engage in the land leasing business. The Parent Company's investment in A-FLOW Land resulted in an increase in the Group's non-controlling interest amounting to P376.99 million and P240.82 million in 2023 and 2022, respectively.

Inactive Companies

In September 2022, the stockholders of FPIC approved and authorized the dissolution and liquidation of the Company by December 31, 2023. FPIC was incorporated in 1977, and engaged in non-life insurance business. With the shift to real estate as the core business of the ALLHC Group, FPIC requested the Insurance Commission (IC) for the termination of its servicing license and the appointment of an overseer, which was approved by the IC on January 4, 2021.

In September 2016, the BOD of OMI and OSI approved and authorized the dissolution and liquidation of OMI and OSI by shortening their corporate term up to December 31, 2016.

In October 2017, the BOD of OIHPI, OBI, LHVHI and TPIHC approved and authorized the dissolution and liquidation of these companies by shortening their corporate term up to December 31, 2017.

Acquisition of Non-controlling Interest

On March 19, 2021, ALLHC purchased additional 2,013 LTI shares from non-controlling interests of Mitsubishi Corporation (MC). The transaction was accounted as an equity transaction since there was no change in control. The movements within equity are accounted for as follows:

	Consideration paid	Carrying value of Non-controlling interests	Difference recognized in Equity
5% in MC	200.51	112.23	88.28

The net income allocated to non-controlling interest in 2021 prior to the purchase amounted to P2.03 million. As of December 31 2023 and 2022, LTI is already a wholly-owned subsidiary of the Parent Company.

1.3. Approval of financial statements

The accompanying consolidated financial statements of the Group as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 were approved by the Board of Directors (BOD) in a meeting dated February 29, 2024.

2. Cash and cash equivalents

Details of the account are as follows:

	2023	2022
Cash on hand	307	288
Cash in bank	202,790	439,191
Cash equivalents	11,616	11,139
	214,713	450,618

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents pertain to short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of acquisition and subject to an insignificant risk of changes in value. Interest rates in 2023 ranges from 3.5% to 4.75% (2022 - 2.5% to 4.0%).

Interest earned from cash and cash equivalents amounted to P1.46 million in 2023 (2022 - P0.85 million; 2021 - P0.67 million) (Note 20).

3. Receivables

Details of the account are as follows:

	2023	2022
Trade debtors		
Land sales	3,790,239	3,239,104
Receivables from tenants	734,055	541,741
Retail electricity	13,865	21,333
Non-trade receivables	438,762	446,457
Insurance receivables	29,305	29,305
	5,006,226	4,277,940
Less: allowance for expected credit losses	273,890	273,977
	4,732,336	4,003,963
Less: non-current portion	3,329,629	2,193,044
Receivables, current portion	1,402,707	1,810,919

Receivables from land sales represent amounts arising from sale of industrial lots, which are collectible in monthly installments within two to ten years from the date of sale.

Movements in the unamortized discount of the Group's receivables follow:

	Note	2023	2022
Trade receivables at nominal amount		4,140,216	3,459,809
Less unearned interest:			
Beginning of year		220,705	81,331
Additions during the year		257,197	191,826
Accretion for the year	20	(127,925)	(52,452)
End of the year		349,977	220,705
Trade receivables at discounted amount		3,790,239	3,239,104

Receivables from tenants and retail electricity represent the outstanding receivables arising from the lease of warehouse units, mall and office spaces and cold storage operations and supply and delivery of electricity which are collectible within 30 days from billing date.

Non-trade receivables consist mainly of receivables from the government related to expropriation against certain properties of the Group, omnibus loan to a consolidator, and a fully provided collateralized receivable from a third party after OLI's sale of its previously owned investment in equity securities. These are noninterest-bearing and are due and demandable.

Insurance receivables consist of premium receivables from policyholders, insurance agents and reinsurance companies and reinsurance recoverable on paid and unpaid losses from facultative and treaty reinsurers. These accounts are generally on 90 days term. This is fully provided with an allowance.

The movements of allowance for expected credit losses on receivables follow:

	Trade debtors	Non-Trade debtors	Insurance receivables	Total
At December 31, 2021	101,674	165,741	29,305	296,720
Write-off	(22,743)	-	-	(22,743)
At December 31, 2022	78,931	165,741	29,305	273,977
Write-off	(87)	-	-	(87)
At December 31, 2023	78,844	165,741	29,305	273,890

4. Real estate held for sale and development

Details of the account are as follows:

	2023	2022
Land	5,085,049	4,423,990
Less: allowance for inventory write-down	39,848	39,848
	5,045,201	4,384,142

Land consists of parcels of land located in Cavite, Misamis Oriental, Laguna, Batangas, Palawan, Tarlac and Pampanga.

The composition of inventoriable costs as at December 31 follows:

	2023	2022
Land cost	4,610,981	3,858,590
Construction overhead and other related costs	474,068	565,400
	5,085,049	4,423,990

The roll forward analysis of real estate held for sale and development follows:

	Note	2023	2022
Balance at the beginning of the year		4,423,990	3,437,865
Acquisition		-	1,711,692
Development costs incurred		1,645,497	387,589
Cost of real estate sales	18	(984,438)	(1,113,156)
		5,085,049	4,423,990
Less allowance for inventory write-down		39,848	39,848
		5,045,201	4,384,142

There is no movement in allowance for inventory write-down as of December 31, 2023 and 2022.

Sale of real estates recognized in 2023 amounted to P1,763.23 million (2022 - P2,354.27 million; 2021 - P2,052.86 million), (Note 24).

Real estate inventories recognized as cost of real estate sales amounted to P984.44 million (2022 - P1,113.16 million; 2021 - P1,031.65 million) (Note 18).

There are no real estate inventories held as collateral as at December 31, 2023 and 2022.

5. Financial assets at FVOCI

Details of the account are as follows:

	Note	2023	2022
Equity securities	17	85,387	51,567
Debt securities		41,227	72,591
		126,614	124,158

Financial assets at FVOCI pertain to investments in equity securities which are not held for trading and which the Group has irrevocably designated at FVOCI, as the Group considers these investments to be strategic in nature and investments in debt securities held for collection of contractual cash flows and selling of financial assets.

Equity securities mainly pertains to quoted golf club shares and shares in Cyber Bay, a publicly-listed entity in the Philippines.

Status of operations of Cyber Bay Corporation

On April 25, 1995, Central Bay, a wholly-owned subsidiary of Cyber Bay, entered into a Joint Venture Agreement with the Philippine Reclamation Authority (PRA; formerly Public Estates Authority) for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project.

In 2021, the shares of Cyber Bay were suspended from trading for an indefinite period and the investment in Cyber Bay was revalued based on its net asset values as of reporting date. Based on the latest available financial information of Cyber Bay, Cyber Bay reported a capital deficiency position which resulted to unrealized loss amounting to P458.07 million for the Group. As at December 31, 2023 and 2022, the book value of Cyber Bay shares amounted to nil.

Debt instruments pertain to quoted government securities owned by the Group.

Movements of cumulative unrealized valuation losses on financial assets at FVOCI follows:

	Amount
At December 31, 2021	(1,088,787)
Fair value changes	(9,670)
At December 31, 2022	(1,098,457)
Fair value changes	38,456
At December 31, 2023	(1,060,001)

Proceeds from the maturity of financial assets at FVOCI amounted to P36 million (2022 - P9.50 million; 2021 - nil).

Interest earned from financial assets at FVOCI amounted to P2.33 million, (2022 - P2.81 million; 2021 - P2.60 million) (Note 20).

6. Financial assets at FVPL

This account pertains to investments in redeemable preferred shares and Unit Investment Trust Fund (UITF) designated as financial assets at FVPL.

Unrealized loss from financial assets at FVPL amounted to P0.18 million (2022 - P0.18 million loss; 2021 - P0.06 million gain).

There were no dividend income earned from these shares amounted in 2023 and 2022 (2021 - P0.24 million).

7. Other current assets

Details of the account are as follows:

	2023	2022
Input VAT	1,123,039	1,090,001
Advances to suppliers and contractors	794,631	175,968
Creditable withholding taxes	369,120	387,668
Prepayments	94,707	99,612
Refundable deposits	6,220	8,160
Ice and beverages	5,285	4,925
	2,393,002	1,766,334
Less allowance for impairment losses	8,953	8,953
	2,384,049	1,757,381

Input value added tax (VAT) pertains to VAT passed on from purchases of goods or services which is available for application against output VAT.

Advances to suppliers and contractors pertain to advance payment to land owners for purchases of land and service contractors for construction services of the Group's real estate held for sale and development. Creditable withholding taxes (CWTs) are available for offset against income tax payable in the future periods.

Prepayments pertain to prepaid insurance, taxes and licenses and other prepaid expenses that are to be amortized over a period of one (1) year.

Refundable deposits pertain to EPMI's utility deposit for the initial set-up of electricity supply by public utility companies

There were no provisions impairment losses for the years ended December 31, 2023 and 2022 (2021 - P6.21 million) (Note 19).

8. Investments in joint venture

On October 4, 2022, ALLHC entered into Joint Venture agreement with Flow Luna I Property Pte. Ltd (FLOW) representing 50% interest in A-FLOW Properties I Corp (AFLOW PropCo), a joint venture involved in the establishing, developing, operating, leasing, and owning digital, critical, and physical infrastructure of and for data center facilities and other digital transformative technologies, as well as to render and provide services ancillary to the foregoing. Its registered office and principal place of business is at Unit ZB Administration Building 1, Annex North Main Avenue Laguna Technopark Binan (Poblacion) Laguna.

ALLHC's capital commitments is to fund equity required for the joint venture pari passu and on a pro rata basis to their agreed ownership ratio and in accordance with the terms of the agreement, provided that if there are shareholders of the A-FLOW PropCo other than FLOW, ALLHC and where applicable, their respective affiliates, the shareholders will fund equity based on their prevailing ownership ration.

Investments in joint ventures are accounted under the equity method of accounting.

Movement in investment in joint venture follows:

	2023	2022
Beginning balance	P181,145	-
Investment including transaction costs during the year	502,465	181,775
Share in net loss during the year	(5,837)	(630)
Ending balance	677,773	181,145

Set out below is the summarized financial information for A-FLOW PropCo as at and for the year ended December 31:

	2023	2022
Cash	440,701	232,643
Current assets	440,701	232,643
Noncurrent assets	280,008	66,092
Current liabilities	(3,698)	(770)
Noncurrent liabilities	-	-
Equity	717,011	297,965

	2023	2022
Revenue during the year	145	9
Net loss during the year	(8,521)	(1,260)
Total comprehensive loss during the year	(8,521)	(1,260)

ALLHC did not receive any dividends from A-FLOW PropCo for the year ended December 31, 2023 and 2022.

ALLHC has not incurred any contingent liabilities as at December 31, 2023 and 2022 in relation to its interest in the joint ventures, nor do the joint ventures themselves have any contingent liabilities for which the ALLHC is contingently liable.

9. Investment properties

Details of the account are as follows:

December 31, 2023	Notes	Building and improvements	Land improvements	Construction in progress	Total
Cost					
Beginning of year		11,580,904	3,289,458	540,874	15,411,236
Additions during the year		283,797	347,164	173,744	804,705
Reclassifications during the year		184,701	-	(184,701)	-
End of year		12,049,402	3,636,622	529,917	16,215,941
Accumulated depreciation and amortization					
Beginning of year		3,688,591	31,096	–	3,719,687
Depreciation and amortization during the year	18,19	381,266	1,565	-	382,831
At end of year		4,069,857	32,661	-	4,102,518
Net book values		7,979,545	3,603,961	529,917	12,113,423

December 31, 2022	Notes	Building and improvements	Land improvements	Construction in progress	Total
Cost					
Beginning of year		10,779,379	1,948,321	347,940	13,075,640
Additions during the year		761,905	1,341,137	232,554	2,335,596
Reclassifications during the year		39,620	–	(39,620)	–
End of year		11,580,904	3,289,458	540,874	15,411,236
Accumulated depreciation and amortization					
Beginning of year		3,334,710	30,420	–	3,365,130
Depreciation and amortization during the year	18,19	353,881	676	–	354,557
End of year		3,688,591	31,096	–	3,719,687
Net book values		7,892,313	3,258,362	540,874	11,691,549

For the year ended December 31, 2023, depreciation and amortization expense of P363.09 million (2022 – P334.90 million; 2021 - P326.57 million) has been charged to cost of rental and storage services (Note 18) and P19.74 million (2022 – P19.66 million; 2021 -nil) to operating expenses (Note 19).

Fair Value of Investment Properties

The aggregate fair value of the Group's investment properties of buildings, land and improvements amounted to P19,040.68 million to as of December 31, 2023 (2022 -P18,829.96 million). The fair value of the buildings, land and improvements of the Group is determined by independent professionally qualified appraisers, based on the latest valuation reports. Fair value was measured using income approach method with expected rental income and expenses as inputs (except URDC where sales comparison approach method has been used with comparable selling price as inputs). The fair value of the Group's investment property falls under Level 3 of the fair value hierarchy.

The carrying amount of Construction-in-progress as at December 31, 2023 amounting to P529.92 million (2022 – P540.87 million), approximates their fair values considering that they represent the costs necessary to construct the properties at current market prices. This is a level 3 fair value measurement using cost approach, with any changes in the current prices of goods or services necessary to construct the properties directly affecting the fair values of investment properties as at reporting dates.

Consolidated rental revenue from investment properties amounted to P1,252.30 million, (2022 – P1,071.15 million; 2021 – P781.56 million). Direct operating expenses incurred for investment properties amounted to P1,187.08 million, (2022 – P1,018.78 million; 2021 – P881.13 million).

The Group has no restriction on the realizability of its investment properties and no obligation to either purchase, construct or develop or for repairs, maintenance and enhancements.

10. Property and equipment

Details of the account are as follows:

	Notes	Land	Building	Leasehold improvements	Machinery and Equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in Progress	Total
2023									
Cost									
Beginning of year		354,633	690,166	10,066	61,081	30,284	59,612	23,313	1,229,155
Additions during the year		1,800	6,108	1,550	129	3,998	16,449	158,347	188,381
Disposals during the year		-	-	-	-	-	(162)	-	(162)
Reclassifications during the year		-	23,043	(6,079)	-	-	-	(16,964)	-
End of year		356,433	719,317	5,537	61,210	34,282	75,899	164,696	1,417,374
Accumulated depreciation and amortization									
Beginning of year		-	25,333	2,924	53,402	15,023	42,458	-	139,140
Depreciation and amortization during the year	18,19	-	28,745	654	4,224	4,644	5,677	-	43,944
Disposals during the year		-	-	-	-	-	(106)	-	(106)
End of year		-	54,078	3,578	57,626	19,667	48,029	-	182,978
Net book values		356,433	665,239	1,959	3,584	14,615	27,870	164,696	1,234,396

	Notes	Land	Building	Leasehold improvements	Machinery and Equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in Progress	Total
2022									
Cost									
Beginning of year		193,223	492,704	10,066	60,413	26,102	42,969	5,929	831,406
Additions during the year		161,410	197,462	-	668	4,182	16,643	17,384	397,749
End of year		354,633	690,166	10,066	61,081	30,284	59,612	23,313	1,229,155
Accumulated depreciation and amortization									
Beginning of year		-	6,999	2,418	47,172	10,886	40,472	-	107,947
Depreciation and amortization during the tear	18,19	-	18,334	506	6,230	4,137	1,986	-	31,193
End of year		-	25,333	2,924	53,402	15,023	42,458	-	139,140
Net book values		354,633	664,833	7,142	7,679	15,261	17,154	23,313	1,090,015

For the year ended December 31, 2023, depreciation and amortization expense of P34.17 million (2022 – P24.55 million; 2021 - P19.88 million) has been charged to cost of rental and storage services (Note 18) and P9.77 million (2022 – P6.64 million; 2021 - P4.18 million) to operating expenses (Note 19).

11. Other non-current assets

Details of the account are as follows:

	2023	2022
Deferred input VAT	98,766	99,584
Refundable deposits	46,536	72,283
Others	4,831	1,715
	150,133	173,582

Deferred input VAT arises from the purchase of capital goods by the Group for amortization for a period of 5 years.

Refundable deposits pertain to deposits made to utility companies, other suppliers and various miscellaneous deposits.

Others include software costs with depreciation expense recognized amounting to P0.02 million, (2022 - P0.05 million; 2021 - P0.45 million) (Note 19).

12. Accounts payable and accrued expenses

Details of the account are as follows:

	Note	2023	2022
Trade payables		602,894	935,311
Non-trade payables		770,137	841,378
Accrued Expenses			
Commissions		38,317	61,731
Contracted services		12,773	6,168
Rent		7,569	7,336
Light and water		6,197	714
Others		2,297	4,619
Provisions	26	32,057	35,057
Retention payable		2,400	28,585
Others		18,357	9,292
		1,492,998	1,930,191

Accounts payable and accrued expenses are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are non-interest bearing and are normally settled on thirty (30) days' term. Accrued payables are noninterest-bearing and are normally settled on sixty (60) days' term or due and demandable. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Non-trade payables mainly include current portion of installment payable from the acquisition of investment properties and property, plant and equipment amounting to P284.51 million (2022 - P352.51 million and payables to different government agencies amounting to P350.65 million (2022 - P269.47 million).

The non-current portion of the installment payable related to the acquisition of investment property and property, plant and equipment as of December 31, 2023 amounting to P788.44 million (2022 – P977.32 million) were presented as a separate line item under non-current liabilities of the consolidated financial position

Movements in the unamortized discount of the Group's long-term non-trade payable follows:

	Note	2023	2022
Beginning of year		95,633	31,654
Additions during the year		-	105,493
Accretion for the year	21	(37,970)	(41,514)
End of year		57,663	95,633

Retention payable pertains to an amount deducted from the contractors' progress billing which will be released after the expiration of the project's warranty period. Total retention payable as at December 31, 2023 amounted to P176,033, of which P173,633 were considered as non-current liabilities (2022 - P148,981 total retention payable of which P120,396 were classified as non-current liabilities) (Note 17).

Other payables include outstanding interest, unpaid portion of dividend declared attributable to the non-controlling interest of LTI and claims payables pertaining to the estimated ultimate cost of incurred but not settled claims as at the reporting period.

13. Long-term Debt

The Group availed the following unsecured long-term debt with local banks:

Loan	Borrower	Date availed	Loan amount	Details
1	ALLHC	November 2021	P1,290 million	- Matures in November 2031 - Interest rate per annum is at 6.56% and 3.27% as at December 31, 2023 and 2022.
2	LTI	November 2021	P690 million	- Matures in November 2031 - Interest rate per annum is at 6.56% and 3.27% as at December 31, 2023 and 2022.
3	EPMI	September 2022	P373 million	- Matures in September 2032 - Interest rate per annum is at 6.66% and 6.80% as at December 31, 2023 and 2022.
4	EPMI	November 2022	P127 million	- Matures in November 2032 - Interest rate per annum is at 6.66% and 6.80% as at December 31, 2023 and 2022.

These interest- bearing loans have a term of 10 years subject to yearly repricing. The proceeds from the loans were used for working capital requirements.

Total transaction costs on loan availments for the year ended December 31, 2022 and 2021 amounted to P3.75 million and P14.85 million, respectively.

Movements in long-term debt for the years ended December 31 are as follows:

	Note	2023	2022
Beginning of year		2,463,160	1,965,297
Availments during the year, net of transaction costs		-	496,250
Amortization of deferred transaction costs	20	1,904	1,613
End of year		2,465,064	2,463,160
Current portion of long-term debt		21,050	-
Non-current portion of long-term debt		2,444,014	2,463,160

Total interest expense arising from bank borrowings amounted to P101.63 million and for 2023 (2022 – P66.32 million; 2021 – P6.21 million), (Note 20).

These loans require that the borrowers comply with certain covenants including, among others, a bank debt to tangible net worth ratio not exceeding 3:1. As of December 31, 2023 and 2022, this ratio was complied with by the entities.

14. Rental and other deposits

Details of the account are as follows:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Security deposits	324,055	265,924	589,979	376,986	149,320	526,306
Rental deposits	70,377	163,024	233,401	69,616	144,262	213,878
Construction bond	29,337	5,684	35,021	18,588	4,760	23,348
Customer deposits	9,302	-	9,302	9,381	-	9,381
Other deposits	9,116	-	9,116	9,190	-	9,190
	442,187	434,632	876,819	483,761	298,342	782,103

Tenants are required to post security deposits, which shall be refunded, without interest, within sixty (60) days after the expiration of the lease period, deducting the amount of damages to the leased premises, if any. Interest expense from accretion of security deposits amounted to P0.35 million for 2023 (2022 - P0.35 million, 2021 - nil) (Note 20).

Security deposits also include deposits that may be refunded or applied to any outstanding account of the customers at the end of the retail electricity supply term. The duration of these deposits ranges from three to six months.

Rental deposits are equivalent to tenant’s three month’s current rent and shall be increased annually or as is when the rental rate increases. These are paid upon signing of the contract of lease or possession of leased premises, whichever comes first and can be applied as payment for rent due for the last three months of the lease.

Construction bond is tenants’ payments as security for repairs or any damaged caused to the Group’s property arising out of or in connection to any loss, damage, or destruction to the leased premises as a result of the renovation or construction. The construction bond shall be equivalent to tenant’s one month’s minimum rent and can be applied as payment for outstanding accounts provided that they are in compliance with the construction guidelines and requirements imposed by the Group.

Customer deposits pertain to reservation deposits of the tenants which will form part of the payment of rent upon commencement of lease.

15. Equity

Details of the common shares of the Parent Company follows:

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
Authorized, P1 par value	7,500,000,000	7,500,000,000	7,500,000,000	7,500,000,000
Issued	6,158,660,192	6,158,660,192	6,158,660,192	6,158,660,192
Subscribed	142,931,795	142,931,795	142,931,795	142,931,795
Subscription receivable		(91,636,672)		(99,815,504)
Issued and outstanding	6,209,955,315	6,209,955,315	6,201,776,483	6,201,776,483
Additional paid-in capital		6,020,759,784		6,020,123,508

Capital stock and additional paid-in capital increased by P8.17 million and P0.64 million, net of stock transaction costs, respectively, following collection of subscription receivable (2022 – P6.50 million and P4.39 million, respectively).

The Parent Company's track record of capital stock follows:

	Number of shares registered	Issue/offer price	Date of approval	Number of holders at year end
January 1, 2021	6,153,452,772			784
Add:				
Additional issuance	3,584,000	1.00/share	November 10, 2015	
Additional issuance	1,277,400	1.68/share	November 10, 2015	
Additional issuance	346,000	1.00/share	May 19, 1989	
December 31, 2021	6,158,660,172			740
December 31, 2022	6,158,660,172			727
December 31, 2023	6,158,660,172			734

Shares held by a subsidiary

In 2019, OLI subscribed to 49,444,216 shares of the Parent Company for a total consideration amounting to P144.38 million. As of December 31, 2023, the listing of these shares is still pending with the Philippine Stock Exchange.

Capital Management

The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources and considering changes in economic conditions and the risk characteristics of the Group's activities.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes as at December 31, 2023 and 2022.

As at December 31, 2023 and 2022, the Group considers its capital stock, additional paid in capital and retained earnings as its capital.

The Group is not subject to externally imposed capital requirements.

16. Related party transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group has an approval requirement and limits on the amount and extent on any related party transactions.

The Parent Company and its subsidiaries, in their normal course of business, have entered into transactions with related parties principally consisting of interest and noninterest-bearing advances with no fixed repayment terms and are due and demandable. These transactions are normally settled in cash.
The assessment of impairment is undertaken at each financial year-end by examining the financial position of the related parties and the market in which the related parties operate. As of December 31, 2023 and 2022, the Group has not recognized any impairment on its amounts owed by related parties.

Amounts owed by related parties

	Transactions for the year		Due from		Terms and condition
	2023	2022	2023	2022	
Loans to related parties					These are unsecured, unguaranteed, interest bearing and collectible in cash within 12 months. Interest rate is at 5.60% to 5.95% per annum.
Immediate Parent Company	358,400	297,744	-	6,000	
Entities under common control	1,722,295	2,357,090	565,600	384,100	
	2,080,695	2,654,834	565,600	390,100	
Interest Income (Note 20)					Interest income is due and demandable and shall be collected based on interest rates agreed between parties.
Immediate Parent Company	1,863	1,199	243	2,152	
Entities under common control	50,429	31,027	53,399	47,105	
	52,292	32,226	53,642	49,257	
Service fees					The Group entered into various service agreement including management and supervision of planning, design, construction and commissioning of real estate projects. In consideration of these services, fees are negotiated and billed equivalent to agreed prices. These are unsecured, unguaranteed, non-interest bearing and collectible in on demand.
Immediate Parent Company	-	-	23,282	29,804	
Entities under common control	-	-	13,746	17,865	
Other Related Parties	-	-	6,036	494	
	-	-	43,064	48,163	
Leases					The Group entered into commercial space short-term lease agreements as lessor with its related parties. In consideration, lease fee are negotiated and billed equivalent to agreed prices. These are unsecured, unguaranteed, non-interest bearing and collectible in on demand.
Immediate Parent Company	-	-	20,795	20,795	
Other Related Parties	33,973	32,728	2,441	1,462	
	33,973	32,728	23,236	22,257	
			685,542	509,777	

Amounts owed to related parties

	Transactions for the year		Due to		Terms and condition
	2023	2022	2023	2022	
Loans from related parties					These are unsecured, unguaranteed, interest bearing and payable in cash within 12 months. Interest rate is at 5.60% to 6.60% per annum. These loans were obtained to fund the Company's working capital requirements and business operations.
Immediate Parent Company	143,670	2,333,850	(409,470)	(652,350)	
Entities under common control	9,026,827	3,428,825	(4,535,425)	(1,396,730)	
	9,170,497	5,762,675	(4,944,895)	(2,049,080)	
Interest expense (Note 20)					Interest expense is due and demandable and shall be payable based on interest rates agreed between parties.
Immediate Parent Company	7,089	10,183	(26,984)	(87,040)	
Entities under common control	195,555	34,014	(191,590)	(88,235)	
	202,644	44,197	(218,574)	(175,275)	
Systems cost and Management fees (Note 18 and 19)					The Group entered into system cost and management fee agreement with its related parties. In consideration of these services, fees are negotiated and billed equivalent to agreed prices. These are unsecured, unguaranteed, non-interest bearing and payable in on demand.
Immediate Parent Company	178,775	272,264	(576,337)	(789,334)	
Entities under common control	-	-	(5,646)	(5,747)	
	178,775	272,264	(581,983)	(795,081)	
Construction Contracts					The Group has engaged the services of its related parties for the technical due diligence, land development and construction of facilities within its real estate properties. In consideration of these services, fees are negotiated and billed equivalent to agreed prices. These are unsecured, unguaranteed, non-interest bearing and payable in on demand.
Immediate Parent Company	-	-	(17,892)	(2,527)	
Entities under common control	5,483,170	477,240	(464,172)	(376,653)	
Other Related Parties	-	-	(668)	(6,744)	
	5,483,170	477,240	(482,732)	(385,924)	

	Transactions for the year		Due from (to)		Terms and condition
	2023	2022	2023	2022	
Service fees					The Group engaged its related parties for certain service agreements including legal and professional services. In consideration of these services, fees are negotiated and billed equivalent to agreed prices. These are unsecured, unguaranteed, non-interest bearing and collectible in on demand.
Entities under common control	-	-	(205)	(1,350)	
Leases (Note 25)					
Entities under common control	-	-	(1,304)	(423)	
Purchase of Real Property					The Group acquired from its related parties, parcel of lots intended for industrial park development at agreed price. These are unsecured, unguaranteed, non-interest bearing and payable on demand.
Ultimate Parent Company	-	-	(149,620)	(149,539)	
Entities under common control	-	-	-	(62,948)	
			(149,620)	(212,487)	
Deposit for future stock subscription					This pertain to the amount of cash received from the non-controlling interest as deposit for future stock subscription of AFlow Land. The amount is recorded as liability as it does not satisfy the requirements for it to be recognized as equity.
Non-controlling interest	-	-	(55,549)	(55,549)	
			(6,434,862)	(3,675,169)	

Compensation of key management personnel

The key management personnel of the Group are employees of ALI. As such, the compensation of the said employees is paid by ALI, the necessary disclosures required by PAS 24, Related Party Disclosure are included in the financial statements of ALI. Compensation for said employees are billed to the Group and form part of systems cost. Systems cost billed to the Group in 2023 amounted to P25.12 million (2022 - P21.79 million; 2021 - P44.12 million) (Note 19).

17. Other non-current liabilities

Details of the account are as follows:

	Note	2023	2022
Subscription payable		481,675	481,675
Retention payable, net of current portion	12	173,633	120,396
		655,308	602,071

As at December 31, 2023 and 2022, the Parent Company has outstanding subscription payable on common shares of Cyber Bay amounting to P481.68 million

18. Cost of real estate sales and rental and storage services

Cost of real estate sales

The details of this account follow:

	Note	2023	2022	2021
Land and development cost	4	984,438	1,113,156	1,031,648
Management fee	16	102,442	178,542	140,652
Commission		49,990	76,383	64,259
		1,136,870	1,368,081	1,236,559

Cost of rental and storage services

The details of this account follow:

	Note	2023	2022	2021
Depreciation and amortization	9,10,12,25	467,039	424,389	413,473
Share in CUSA related expenses		373,493	296,548	230,737
Taxes and licenses		155,873	132,293	112,892
Management fees	16	51,217	71,936	35,062
Repairs and maintenance		50,924	35,862	25,961
Rental	25	12,718	8,496	5,359
Supplies		4,540	4,453	4,894
Professional fees		4,514	6,752	2,922
Insurance		5,825	5,088	5,704
Commissions		3,226	3,178	12,740
Others		57,707	29,784	31,382
		1,187,076	1,018,779	881,126

19. Operating expenses

The details of this account follow:

	Note	2023	2022	2021
Personnel expenses				
Compensation and employee benefits		79,215	61,403	51,807
Retirement expense	21	3,236	3,504	4,136
		82,451	64,907	55,943
Depreciation and amortization	9,10,11	29,523	26,296	4,267
Professional and legal fees		29,074	19,158	15,903
Taxes and licenses		25,313	13,260	20,646
Systems costs	16	25,116	21,786	44,120
Janitorial and security services		11,025	12,191	10,983
Communication and transportation		7,826	7,365	3,172
Supplies and repairs		4,498	3,741	2,831
Provision for impairment losses		-	-	35,343
Others		9,563	5,385	6,638
		224,389	174,089	199,846

20. Interest expense and bank charges, net; Other Income,net

Interest expense and bank charges, net

The details of this account follow:

	Note	2023	2022	2021
Interest income:				
Cash and cash equivalents	2	1,456	852	671
Amounts owed by related parties	16	52,292	32,226	31,584
Retirement benefits liability, net	21	679	555	96
Interest income on financial assets at FVOCI	5	2,335	2,812	2,596
Accretion on long term receivables	3	127,925	52,452	16,543
		184,687	88,897	51,490
Interest expense and bank charges:				
Amounts owed to related parties	16	202,644	44,197	43,998
Discount amortization on long term liabilities	12	37,970	41,514	23,995
Discount amortization on security deposits	17	354	355	-
Bank loan	13	99,727	64,704	6,058
Discount amortization on bank loan	13	1,904	1,613	147
Bank charges		754	4,650	1,608
		343,353	157,033	75,806
		(158,666)	(68,136)	(24,316)

Other income

Other income mainly includes reversal of accruals amounted to P37.36 million in 2023, nil in 2022 and P13.99 million in 2021. Income from customer lounge amounted to P13.61 million, P11.65 million and P6.79 million, in 2023, 2022 and 2021, respectively.

21. Retirement benefits liability

The Parent Company and LTI has a separate, funded, non-contributory retirement plan covering all its regular employees. The plan provides for retirement, separation, disability and death benefits to its members. The normal retirement benefit is based on a percentage of the employees' final monthly salary for every year of credited service. The latest independent actuarial valuation as of December 31, 2023 was determined using the projected unit credit method in accordance with PAS 19 (R).

The following tables summarize the funded status and amounts recognized in the consolidated statements of financial position, and the components of the net retirement benefit costs recognized in the consolidated statements of income for the retirement plan:

	2023	2022
Fair value of plan assets	20,686	18,787
Present value of retirement benefit obligation	(16,253)	(8,071)
Net pension asset	4,433	10,716

	Note	2023	2022	2021
Current service cost	19	3,236	3,504	4,136
Interest income	20	(679)	(555)	(96)
		2,557	2,949	4,040

Changes in the retirement benefit obligation follows:

	2023	2022
Beginning of year	8,071	8,800
Current service cost	3,236	3,504
Interest cost	748	561
Benefits paid	(773)	(179)
Remeasurement loss (gain)	5,924	(3,401)
Benefits paid by the plan assets	(953)	(1,640)
Net acquired liability due to employee transfers	-	426
End of year	16,253	8,071

Changes in fair value of plan assets follows:

	2023	2022
Beginning of year	18,787	20,622
Interest income	1,427	1,116
Remeasurement loss	(238)	(1,311)
Contribution	1,663	-
Benefits paid by the plan assets	(953)	(1,640)
End of year	20,686	18,787

Changes in remeasurement of retirement benefit plan under other comprehensive income follows:

	2023	2022
Beginning of year	46,045	51,492
Remeasurement (gain) loss due to		
Return on plan assets	336	870
Changes in economic assumptions	(1,111)	(3,870)
Experience adjustments	(2,822)	800
Changes in demographic assumptions	1,739	(3,247)
End of year	44,187	46,045

The categories of plan assets as a percentage of fair value of the total plan assets follows:

	2023	2022
Cash	28.55%	0.46%
Debt securities	71.44%	99.54%
Others	0.01%	0.00%
	100.00%	100.00%

The plan assets are invested in different financial instruments and do not have any concentration risk. The asset allocation of the plan is set and reviewed from time to time by the Trustee taking into account the membership profile and the liquidity requirements of the plan. This also considers the expected benefit cash flows to be matched with asset durations.

Debt securities includes investments in government debt securities that are in the form of fixed rate treasury notes and retail treasury bonds issued by the Philippine government. As at December 31, 2023 and 2022, the plan assets do not include any equity instruments nor any property occupied, or other assets of the Group's related parties.

The Group expects to contribute to the retirement plan amounting to P2.96 million for the year 2024.

The principal assumptions used to determine pension for the Group are as follows:

	2023	2022	2021
Discount rates	6.12% to 6.21%	7.12% to 7.29%	4.99% to 5.12%
Salary increase rate	5.00% to 6.50%	5.00% to 6.50%	5.00 to 7.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2023			
Discount rate	+/-1%	(22,967)	27,474
Future salary increase rate	+/-1%	27,520	(22,864)
December 31, 2022			
Discount rate	+/-1%	(9,143)	11,145
Future salary increase rate	+/-1%	11,215	(9,069)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

The following table shows the maturity profile of the Group's defined benefit obligation based on undiscounted benefit payments:

	2023	2022
Less than 1 year	6,773	158
More than 1 year to 5 years	13,748	5,301
More than 5 years to 10 years	321,007	11,511
More than 10 years to 15 years	35,362	333,805
More than 15 years to 20 years	72,434	23,788
More than 20 years	6,773	66,716

The average duration of the defined benefit obligation is 15 to 24 years in 2023 and 2022.

22. Income tax

	2023	2022	2021
Current	132,255	101,237	128,114
Deferred	(24,359)	90,036	(48,105)
	107,896	191,273	80,009

Registration with the Philippine Economic Zone Authority (PEZA) and Board of Investments (BOI) Incentives

LTI is a PEZA registrant as a non-pioneer “ecozone developer/operator” of Laguna Technopark Special Economic Zone and Cavite Technopark Special Economic Zone. LTI pays income tax at the special tax rate of 5% on its gross income earned from sources with the PEZA economic zone in lieu of paying all national and local income taxes. Income generated from sources outside of the PEZA economic zone shall be subject to regular internal revenue taxes.

LTI and URDC are BOI registrants in accordance with the existing Omnibus Investment Code. The projects located in Pampanga, Batangas and Laguindingan have been granted an Income Tax Holiday (ITH) for a period of four (4) years from the date of commercial operations.

The reconciliation of the statutory income tax rates to the effective income tax rates follows:

	2023	2022	2021
At statutory tax rates	25%	25%	25%
Additions to (reductions in) income taxes resulting from:			
Movements in unrecognized deferred income tax assets	6.1	10.5	0.6
Income subject to lower income tax and BOI registered-activities	(19.2)	(19.5)	(26.4)
Effect of change in tax rate	-	-	(2.8)
Nondeductible expenses	5.7	-	1.7
Provision for impairment losses	-	-	1.0
Other nontaxable income	(3.0)	-	(0.8)
At effective tax rates	14.6%	16.0%	(1.7)%

Deferred tax assets and deferred tax liabilities are offset on per entity level and the net amount is reported in consolidated statement of financial position as follows:

Deferred income tax liabilities, net

	2023	2022
Deferred income tax liabilities:		
Deferred profit on installment sales	(139,197)	(113,893)
Revaluation increment on property and equipment	(70,561)	(73,301)
Accrued rent income	(27,763)	(24,428)
Undepreciated capitalized interest	(6,466)	(6,466)
Discount on purchase price payable	(14,416)	(23,908)
Unrealized gain on valuation of FVOCI	(2,199)	(2,199)
	(260,602)	(244,195)

Deferred income tax assets, net

	2023	2022
Deferred income tax asset on:		
Lease liabilities	446,133	433,098
Allowance for impairment losses on receivables	10,571	10,571
Installment purchase of asset	-	29,518
NOLCO	37,531	21,659
Accrued expense	37,367	36,736
Remeasurement loss on retirement benefits liability	429	912
Unamortized discount on long term receivable	56,851	8,849
Others	17,156	11,709
	606,038	553,052
Deferred income tax liability on:		
Right-of-use asset	(280,651)	(285,427)
Recovery on insurance	(81,985)	(81,985)
Revaluation reserve on investment properties	(40,854)	(44,458)
Accrued rent income	(14,612)	(10,569)
Pension assets	(1,701)	(3,186)
Unrealized gain on foreign exchange	(886)	(742)
Others	(2,680)	(2,664)
	(423,369)	(429,031)
	182,669	124,021

Deferred income tax assets are recognized only to the extent that taxable income will be available against which the deferred income tax assets can be used. The Group reassesses the unrecognized deferred income tax assets on the following deductible temporary differences, NOLCO and MCIT and recognizes the previously unrecognized deferred income tax assets to the extent that it has become probable that future taxable income would allow the deferred income tax assets to be recovered.

Unrecognized deferred income tax assets are as follows:

	2023	2022
Allowance for impairment losses	54,033	83,793
NOLCO	37,064	10,669
MCIT	1,462	1,462

As at December 31, the details of the Group's NOLCO that can be claimed as deductions from future taxable income for the succeeding years are as follows:

Year incurred	Year of expiration	2023	2022
2019	2022	-	7,839
2020	2025	49,157	49,157
2021	2026	37,636	37,636
2022	2025	42,520	42,520
2023	2026	169,068	-
		298,381	137,152
Expired		-	(7,839)
		298,381	129,313
Tax rate		25%	25%
		74,595	32,328
Recognized DTA on NOLCO		37,531	21,659
Unrecognized DTA on NOLCO		37,064	10,669

23. Earnings per share

The following table presents information necessary to calculate basic earnings per share:

	2023	2022	2021
Net income attributable to equity holders of the Parent	625,222	1,006,579	784,114
Weighted average number of shares	6,252,148	6,252,148	6,252,148
Basic/diluted earnings per share	0.10	0.16	0.13

Impact of ESOWN plan is not material to the calculation of earnings per share.

24. Segment information

The Group's operating businesses are recognized and managed according to the nature of the products or services offered, with each segment representing a strategic business unit that serves different markets. The BOD is the chief operating decision maker of the Group. Segment assets and liabilities reported are those assets and liabilities included in measures that are used by the BOD.

Segment revenue, expenses and performance include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

Revenue from Contracts with Customers

This account consists of:

	2023	2022	2021
Real estate sales	1,763,231	2,354,266	2,052,859
Rental	1,252,297	1,071,145	781,557
Sale of storage services	169,490	115,527	47,745
Sale of electricity	-	274,675	1,066,185
Others	325,054	392,509	348,220
	3,510,072	4,208,122	4,296,566

The Group derives revenue from the transfer of goods and services over time. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Geographical Segments

The Group does not have geographical segments.

Business Segments

The Group's operating businesses are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit.

The industry segments where the Parent Company and its subsidiaries operate are as follows: (1) Holding Company; (2) Real estate and property development - commercial leasing and industrial lot sales and development; (3) Cold storage operations; (4) Retail electricity supply

The amount of segment assets and liabilities are based on measurement principles that are similar with those used in measuring assets and liabilities in the consolidated statements of financial position which is in accordance with Philippine Financial Reporting Standards (PFRSs).

Financial information about the operations of these business segments is summarized as follows:

	Holding company	Real Estate and Property Development*	Retail Electricity Supply	Cold Storage Operations	Others	Total	Elimination	Total
December 31, 2023								
Revenues	-	3,080,127		176,383	257,147	3,513,657	(3,585)	3,510,072
Cost and expenses	(25,856)	(2,247,159)	(6,893)	(105,159)	(162,049)	(2,547,116)	(1,219)	(2,548,335)
Other income (charges)	(84,632)	(123,390)	139	(17,624)	4,483	(221,024)	3,290	(217,734)
Profit (loss) before income tax	(110,488)	709,578	(6,754)	53,600	99,581	745,517	(1,514)	744,003
Income tax expense (benefit)	(15,864)	91,851	-	7,386	24,523	107,896	-	107,896
Net income	(94,624)	617,727	(6,754)	46,214	75,058	637,621	(1,514)	636,107
Segment assets	16,101,912	25,228,193	310,722	2,499,829	2,125,137	46,265,793	(17,643,664)	28,622,129
Segment liabilities	4,309,876	10,700,360	851,291	1,443,323	696,262	18,001,112	(3,286,192)	14,714,920
December 31, 2022								
Revenues	-	3,816,561	274,675	120,471	-	4,211,707	(3,585)	4,208,122
Cost and expenses	(9,152)	(2,461,151)	(260,455)	(84,024)	(1,742)	(2,816,524)	(1,219)	(2,817,743)
Other income (charges)	(36,345)	(149,660)	(8,672)	(4,604)	3,738	(195,543)	3,318	(192,225)
Profit (loss) before income tax	(45,497)	1,205,750	5,548	31,843	1,996	1,199,640	(1,486)	1,198,154
Income tax expense (benefit)	(40)	185,154	263	5,338	558	191,273	-	191,273
Net income	(45,457)	1,020,596	5,285	26,505	1,438	1,008,367	(1,486)	1,006,881
Segment assets	15,393,551	24,165,943	310,722	1,175,192	2,121,958	43,167,366	(17,525,863)	25,641,503
Segment liabilities	3,726,557	9,858,413	851,291	283,462	769,849	15,489,572	(3,070,041)	12,419,531
December 31, 2021								
Revenues	-	3,184,599	1,066,185	49,378	-	4,300,162	(3,596)	4,296,566
Cost and expenses	(10,015)	(2,229,708)	(1,039,968)	(34,561)	(36,094)	(3,350,346)	(1,219)	(3,351,565)
Other income (charges)	407,491	(35,559)	(2,849)	-	2,546	371,629	(456,655)	(85,026)
Profit (loss) before income tax	397,476	919,332	23,368	14,817	(33,548)	1,321,445	(461,470)	859,975
Income tax expense (benefit)	(28,372)	101,877	3,838	2,431	235	80,009	–	80,009
Net income	425,848	817,455	19,530	12,386	(33,783)	1,241,436	(461,470)	779,966
Segment assets	14,959,614	19,275,847	520,771	684,857	1,229,584	36,670,673	(16,285,337)	20,385,336
Segment liabilities	3,256,851	6,738,061	476,893	355,525	474,025	11,301,355	(2,883,664)	8,417,691

**includes lot sales and rental revenue amounting to P1,763.23 million and P1,252.30 million, respectively (2022 - P2,354.27 million and P1,071.14 million, respectively; 2021 - P2,052.86 million and P781.56 million, respectively)*

25. Leases

Group as Lessee

The Parent Company and its subsidiaries entered in the various long-term contracts for land used in its operations. Renewable lease contracts are subject to the mutual agreement of the parties and to compliance with the terms and conditions of the lease agreement.

TPI
In 1990, TPI, through a Deed of Assignment, entered into a lease contract for the Tutuban Terminal. The contract provided for a payment of a guaranteed minimum annual rental, 12% escalation rate every two (2) years, additional P10 million every two (2) years, plus 2% of gross revenues. The lease covers a period of twenty-five (25) years until 2014 and is automatically renewable for another twenty-five (25) years. In 2009, TPI renewed its lease contract for another twenty-five (25) years beginning September 5, 2014 until 2039.

LTI
In 2017, LTI entered into separate lease contract with ALI, Alveo Land, Corp. (Alveo) and Nuevocentro, Inc. (Nuevo) related parties, to lease parcels of land primarily for the construction, development and operation of Standard Factory Buildings (SFBs). The lease contract provided for a payment of a guaranteed minimum monthly rental with a 10% escalation rate every five (5) years. The lease contract with ALI and Alveo covers a period of twenty-five (25) years until December 31, 2041 and are renewable while the lease contract with Nuevo covers a period of thirty (30) years until October 31, 2047 and is renewable for another ten (10) years.

In 2019, LTI entered another lease contract with Nuevo still for the construction, development and operation of SFBs. The contract provided for a payment of a guaranteed minimum monthly rental with a 10% escalation rate every five (5) years. The lease covers a period of twenty-nine (29) years until October 31, 2047 and is renewable for another ten (10) years.

Parent Company
In 2020, the Parent Company entered into a Contract of Lease with ALI Commercial Center, Inc., a related party, to lease a building space located primarily for administrative use of the Parent Company. The contract provided for a payment of a guaranteed fixed monthly rental. The lease covers period covers from July 1, 2020 to December 31, 2023. The Parent Company extended the lease contract until end of 2024.

Set out below are the carrying amounts of right-of-use assets recognized and the movements as of and for the year December 31:

	Note	2023	2022
Beginning of year		1,135,820	1,200,703
Depreciation expense	19	(69,771)	(64,883)
End of year		1,066,049	1,135,820

Set out below are the carrying amounts of lease liabilities and the movements as of and for the year December 31:

	2023	2022
Beginning of year	1,732,553	1,770,581
Accretion of interest	148,740	150,160
Payments	(156,314)	(188,188)
End of year	1,724,979	1,732,553
Less: Current portion	(155,981)	(597,711)
Non-current portion	1,568,998	1,134,842

As of December 31, the maturity analysis of undiscounted lease payments follows:

	2023	2022
Within one (1) year	178,823	502,708
One (1) year to five (5) years	909,207	1,577,694
More than five (5) years	2,176,448	2,030,869
	3,264,478	4,111,271

As of December 31, the following are the amounts recognized in profit or loss:

	Note	2023	2022	2021
Depreciation expense for right-of- use assets	18	69,771	64,883	66,669
Accretion of interest on lease liabilities		148,740	150,160	151,409
Variable lease payments	18	12,718	8,496	5,359
		231,229	223,539	223,437

Group as a Lessor (Operating leases)

The Group has entered into commercial property leases on its buildings. These leases have remaining terms of one (1) year to less than five (5) years except for one (1) tenant with lease term of fifteen (15) years. Renewals are subject to the mutual consent of the lessor and the lessee.

Tenants are required to post security deposits, which shall be refunded, without interest, within sixty (60) days after the expiration of the lease period, deducting the amount of damages to the leased premises, if any. The discounted amount of noncurrent security deposits amounted to P265.92 million in 2023 (2022 - 149.32 million) (Note 14).

Accretion of interest amounted to P0.35 million in 2023 (2022 - P0.35 million; 2021 – nil).
The net present value of the Group's security deposits was determined using discount rates ranging from 1.65% to 4.82% as of December 31, 2023 and 2022.

The total other revenues of the Group for the year ended December 31, 2023 amounting to P325.05 million (2022 – P392.51 million; 2021 – P348.22 million) includes gross CUSA and air-conditioning charges amounting to P292.95 million (2022 - P334.46 million; 2021 - P299.96 million).

The Group recognized deferred rent income amounting to P5.79 million as of December 31, 2023 (2022 - P12.77 million), of which the current portion amounted to P0.90 million (2022 - P6.70 million), and noncurrent portion amounted P4.89 million (2022 - P6.07 million).

As of December 31, future minimum rentals receivable under non-cancellable operating leases of the Group follows (amounts in thousands):

	2023	2022
Less than one (1) year	709,827	502,708
One (1) year to five (5) years	3,686,481	1,577,694
More than five (5) years	4,069,220	2,030,869
	8,465,528	4,111,271

26. Provisions and Contingencies

The Group, in the ordinary course of business, is involved in various legal proceedings and assessments that are either pending decision by the courts or under on-going discussions. Management and its legal counsels believe that the eventual outcome of these lawsuits or claims will not have a material effect on the consolidated financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

The roll forward of the provisions follows:

	Note	2023	2022
Beginning of year		35,057	29,057
Provisions		-	6,000
Settlements		(3,000)	-
End of year	12	32,057	35,057

The information normally required under PAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed as it may prejudice the outcome of the proceedings.

27. Share-based payments

In 2015, the Group introduced the ESOWN Plan (the Plan) wherein grantees (employees within ALLHC Group) may subscribe in whole or in part to the shares awarded to them based on a discounted market price, but in no case lower than the par value, that was determined at grant date. The grantees will pay for the shares subscribed through installments over a maximum period of ten (10) years.
In 2021, the Group transferred P3.46 million from equity reserve to additional paid-in capital following the ESOWN subscription.

28. Financial instruments

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as of December 31:

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at FVPL	4,798	4,798	4,616	4,616
Financial assets at FVOCI				
Quoted equity securities	85,387	85,387	51,567	51,567
Quoted debt securities	41,227	41,227	72,591	72,591
Refundable deposits	46,536	46,536	72,283	72,283
Receivables, net of current portion	3,329,629	3,329,629	2,193,044	2,605,153
	3,507,577	3,507,577	2,394,101	2,806,210
Other financial liabilities				
Rental and other deposits	876,819	876,819	782,103	761,061
Long-term debt	2,465,064	2,465,064	2,463,160	1,931,820
Subscription payable	481,675	481,675	481,675	481,675
	3,823,558	3,823,558	3,726,938	3,174,556

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values at December 31, 2023 and 2022 are set out below:

Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates its fair values due to the short-term maturity of this financial instrument.

Receivables, current, Accounts Payable and Accrued Expenses and Amounts owed to and by Related Parties

The carrying amounts of the current portion of receivables, accounts payable and accrued expenses and amounts owed by related parties approximate their fair values due to their short-term nature.

Refundable Deposits under Other noncurrent assets and Rental and Other Deposits

The carrying amounts of current portion of rental and other deposits approximates its fair value due to the short-term maturity of this financial instrument. The fair values of noncurrent security deposit recorded under 'Rental and other deposits" and refundable deposits recorded under 'Other noncurrent assets' are determined by discounting future cash flows using the applicable rates of similar types of instruments.

Long term debt

The fair values of long-term debt are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates and current yield rates for similar borrowings with maturities consistent with those of the liabilities being valued. The discount rates used ranged from 1.02% to 5.09%.

Financial Assets at FVOCI
Except for Investment in Cyber Bay equity securities, equity financial assets that are listed are based on their quoted prices published in markets as at December 31, 2023 and 2022. Debt financial assets that are quoted are based on published market prices as at December 31, 2023 and 2022. The fair value of investment in Cyber Bay equity securities is based on the investee's underlying Net Asset Value ("NAV") as of December 31, 2023.

Financial Assets at FVPL
Listed equity securities designated as financial assets at FVPL are based on their quoted prices as at December 31, 2023 and 2022. The fair value of the UITF has been determined based on the net asset values as of reporting date, based on the nature and level of adjustments needed to be made to the NAV and the level of trading in the money market UITF.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Quoted FVOCI financial assets amounting to P126.63 million as of December 31, 2023 (2022 - P124.16 million), were classified under Level 1.

FVPL amounting to P4.80 million as of December 31, 2023 (2022 - P4.62 million) were classified under Level 1 (Note 6).

The fair value disclosure of receivables, long-term debt, rental and other deposits and refundable deposits as of December 31, 2023, and 2022, were classified under Level 3.

There have been no reclassifications from Level 1 to Level 2 categories in 2023 and 2022.

Financial Risk Management Objectives, Policies and Capital Management

The Group has various financial instruments such as cash and cash equivalents, receivables, amounts owed by/to related parties, financial assets at FVOCI, FVPL investments, deposits under other noncurrent assets, accounts payable and accrued expenses, rental and other deposits, long term debt and subscriptions payable. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group. The Group has other financial liabilities such as accounts payable and accrued expenses and rental and other deposits, which arise directly from its operations.

The main risks from the use of financial instruments are liquidity risk, credit risk and equity price risk.

The Group's BOD reviews and approves policies for managing these risks as summarized below.

Liquidity Risk
Liquidity risk arises when there is a shortage of funds and the Group as a consequence could not meet its maturing obligations.

In the management of liquidity, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Over 1 Year	Total
December 31, 2023						
Accounts payable and accrued expenses	1,162,694	57,098	2,400	-	-	1,222,192
Lease liabilities	-	-	-	-	3,264,478	3,264,478
Subscription payable	481,675	-	-	-	-	481,675
Rental and other deposits	442,187	-	-	-	434,632	876,819
Nontrade payable – noncurrent	-	-	-	-	853,533	853,533
Long-term debt and interest payable	10,243	36,199	36,185	74,263	3,333,159	3,490,049
Amounts owed to related parties	6,434,862	-	-	-	-	6,434,862
	8,531,661	93,297	38,585	74,263	7,885,802	16,623,608
December 31, 2022						
Accounts payable and accrued expenses	1,524,664	123,350	28,585			1,676,599
Lease liabilities	-	-	-	597,711	1,134,842	1,732,553
Subscription payable	481,675	-	-	-	-	481,675
Rental and other deposits	407,458	20,544	9,804	45,955	298,342	782,103
Nontrade payable - noncurrent					1,072,951	1,072,951
Long-term debt and interest payable	6,338	18,968	19,179	38,778	2,951,616	3,034,879
Amounts owed to related parties	3,675,169	-	-	-	-	3,675,169
	6,095,304	162,862	57,568	682,444	5,457,751	12,455,929

Equity Price Risk
The Group is exposed to equity securities price risk arising from the Group's financial asset measured at FVOCI in the consolidated statements of financial position. Components of equity would increase or decrease as a result of gains or losses on such equity securities classified as financial asset measured at FVOCI. Management, however, does not foresee exposure to price risk on its financial assets at FVOCI to be significant.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Group's maximum exposure to credit risk as of December 31, is equal to the carrying values of its financial assets, except for "Trade debtors" under "Receivables" in the statements of financial position. The details follow:

	Gross maximum exposure	Fair value effect of collateral credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
December 31, 2023				
Cash in banks and equivalents	224,830	-	224,830	-
Trade debtors				
Land sales	3,790,239	3,790,239	-	3,790,239
Retail electricity	-	-	-	-
Receivables from tenants	734,055	-	634,659	-
Nontrade receivables	37,432	-	37,432	-
Others	380,564	-	380,564	-
Financial assets at FVOCI - quoted debt securities	126,614	-	126,614	-
	5,293,734	3,790,239	1,404,099	3,790,239
December 31, 2022				
Cash in banks and equivalents	450,330	12,254	438,076	12,254
Trade debtors				
Land sales	3,239,104	3,651,213	-	3,239,104
Retail electricity	21,333	128,493	-	21,333
Receivables from tenants	494,246	213,878	280,368	213,878
Nontrade receivables	92,758	-	92,758	-
Others	384,704	-	384,704	-
Financial assets at FVOCI - quoted debt securities	124,158	-	124,158	-
	4,806,633	4,005,838	1,320,064	3,486,569

Trade debtors - real estate receivables
For real estate receivables, exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Applying the expected credit risk model did not result in the recognition of an impairment loss for real estate receivables in 2023 and 2022.

Trade debtors - retail electricity
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss pattern. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Applying the expected credit risk model did not result in the recognition of an impairment loss for trade debtors-retail electricity in 2023 and 2022.

Trade debtors - receivable from tenants
Credit risk arising from receivables from tenants of leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. The security deposits are considered in the calculation of impairment as recoveries. For existing tenants, the Group has put in place a monitoring and follow-up system. These are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken for further assessment of paying capacity.

Set out below is the information about the credit risk exposure of the Group's trade debtors - receivables from tenants using a provision matrix excluding rental accruals:

	Current	**More than 30 days**	**More than 60 days**	**More than 90 days**	**Total**
2023					
Expected credit loss rate	1.85%	7.54%	15.28%	38.85%	28.42%
Total gross carrying amount	97,220	76,504	37,391	447,682	658,797
Expected credit losses	1,799	5,769	5,713	173,924	187,205
2022					
Expected credit loss rate	1.50%	14.59%	30.56%	17.44%	14.54%
Total gross carrying amount	118,624	47,772	34,427	342,029	542,852
Expected credit losses	1,774	6,969	10,522	59,666	78,931

Generally, "Trade debtors" under "Receivables" receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Cash in banks and cash equivalents
Cash in banks and cash equivalents are still subject to credit risk but impairment is deemed insignificant. Credit risk from balances with banks and financial institutions and related parties is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial assets at FVOCI - quoted debt securities
The Group's debt instruments at fair value through OCI comprise solely of government securities. The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure expected credit losses (ECLs) on such instruments on a 12-month basis. Applying the expected credit risk model did not result in the recognition of an impairment loss in 2023 and 2022.

Insurance receivables, non-trade and other receivables
Credit risk exposure in respect of all other counterparties is managed by setting standard business terms that are required to be met by all counterparties. An impairment analysis is performed at each reporting date to consider when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. These receivables are written off when there is no reasonable expectation of recovering the contractual cash flows. There were no impairment losses recognized in 2023 and 2022 applying the expected credit risk model. Total write offs amounted to P0.87 million in 2023 (2022 - P22.74 million) (Note 3).

29. Notes to Statements of Cash Flows

Changes in the Group's liabilities arising from financing activities follow:

	Beginning of year	Cash flows	Non-cash changes	End of year
December 31, 2023				
Amounts owed to related parties	3,675,169	2,395,793	363,900	6,434,862
Long-term debt	2,463,160	-	1,904	2,465,064
Lease liabilities	1,732,553	(156,314)	148,740	1,724,979
Total liabilities from financing activities	7,870,882	2,239,479	514,544	10,624,905
December 31, 2022				
Amounts owed to related parties	1,594,424	1,668,002	412,743	3,675,169
Long-term debt	1,965,297	496,250	1,613	2,463,160
Lease liabilities	1,770,581	(188,188)	150,160	1,732,553
Total liabilities from financing activities	5,330,302	1,976,064	564,516	7,870,882
December 31, 2021				
Amounts owed to related parties	2,674,433	(1,107,038)	27,029	1,594,424
Long-term debt	-	1,965,150	147	1,965,297
Lease liabilities	1,751,372	(132,200)	151,409	1,770,581
Total liabilities from financing activities	4,425,805	725,912	178,585	5,330,302

In 2023, significant non-cash transactions of the Group pertain to:

- The Group realized revaluation increment through depreciation and transferred to retained earnings amounting to P7.03 million (Note 9).
- The Group has unpaid investment property amounting to P1,138.04 million (Note 9).
- The Group recognized day 1 loss on long term receivables amounting to P257.20 million (Note 3).

In 2022, significant non-cash transactions of the Group pertain to:

- The Group realized revaluation increment through depreciation and transferred to retained earnings amounting to P7.03 million (Note 9).
- The Group recognized day 1 loss on long term nontrade payables amounting to P105.49 million (Note 12).
- The Group has unpaid investment property and property and equipment amounting to P1,228.77 million and P68.00 million, respectively (Note 10).
- The Group recognized day 1 loss on long term receivables amounting to P191.83 million (Note 3).

30. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures, at the end of the reporting period. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.
Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments

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

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The renewal periods for leases of land with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term since it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate. Renewal or termination of lease is subject to mutual agreement with the lessors.

Classification of joint venture

The Group's investment in joint venture is structured in separate incorporated entity. The respective joint arrangement agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the party to the agreement only have the rights to the net assets of the joint venture through the terms of contractual arrangements.

Assessing operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out under operating lease arrangements.

Assessing realizability of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting period and reduces it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Judgments and estimation are required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. However, there is no assurance that the Group will generate sufficient future taxable profits to allow all or part of its deferred income tax assets to be utilized.

The temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized, as the management has assessed that it is not probable that sufficient future taxable income will be available for which the benefit of the deferred income tax assets can be utilized, are disclosed in Note 22.

Estimates and assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.
Existing circumstances and assumptions about future developments, however, may change due to market changes in circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of—use asset in a similar economic environment.

The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Provision for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables except for receivables from real estate. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as Gross Domestic Product growth rate and inflation rate. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for real estate receivable. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (gross domestic product and inflation rate) and ECLs is also significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Notes 5 and 28.

Estimating useful lives of depreciable investment properties and property and equipment

The estimated useful lives used as bases for depreciating and amortizing the Group's investment properties and property and equipment were determined on the basis of management's assessment of the period within which the benefits of these asset items are expected to be realized taking into account actual historical information on the use of such assets as well as industry standards and averages applicable to the Group's assets. The Group estimates the useful lives of its investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties and property and equipment are reviewed, at least, annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of these assets increases depreciation and amortization and decreases the carrying value of investment properties and property and equipment.

Information on the estimated useful life of investment properties and property and equipment is included in Note 38.

Determining retirement benefits liability

The cost of defined retirement obligation as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligation are highly sensitive to changes in these assumptions. The assumptions are reviewed at each end of the reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Further details about the assumptions used are provided in Note 23.

Assessing and estimating contingencies and provisions

The Group is involved in certain disputes for which the Group has recognized provisions for probable expenses, which may be incurred, and disclosed relevant information about such contingencies. There were no provision for probable loses in 2023 (2022 - P 6 million provision; (2021 - P5.14 million reversal of provision) (Note 26).

31. Summary of material accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Debt and equity financial assets measured at fair value
- Certain financial instruments and lease liabilities carried at amortized cost
- Investments in joint ventures in which equity method of accounting is applied;
- Retirement benefit obligation measured at the present value of the defined benefit obligation net of the fair value of the plan assets.

The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional currency. All amounts are rounded off to the nearest thousand, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with PFRSs, as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the SEC in response to the COVlD-19 pandemic.

The Group has availed of the relief granted by the SEC under Memorandum Circular No. 34- 2020 which further extended the deferral of Philippine Interpretations Committee (PIC) Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 32.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the PIC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, 2022 and 2021.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the group ceases control over a subsidiary.

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

a. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. the contractual arrangement with the other vote holders of the investee;
b. rights arising from other contractual arrangements; and
c. the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same accounting period as the Parent Company using uniform accounting policies. All significant intercompany transactions and balances between and among the Group, including intercompany profits and unrealized profits, are eliminated in the consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the parent.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as “Equity reserve” and attributed to the owners of the Parent Company.

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

32. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments to PAS 8 - Definition of Accounting Estimates

The amendment to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments are effective for annual periods January 1, 2023 which shall be applied retrospectively.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PAS 1, Liabilities with debt covenants

33. Financial Instruments

Financial assets

The Company classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) fair value through profit or loss and (c) fair value through other comprehensive income (OCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Company's financial assets at amortized cost category comprise of cash and cash equivalents (Note 2), receivables (Note 3) and amounts owned to related parties (Note 14) refundable deposits under other current assets (Note 7).

For financial asset at fair value through OCI, the Company had designated listed equity securities and quoted debt securities as not held for trading where management consider these investments to be strategic in nature.

For financial asset at fair value through profit or loss (FVPL), the Company had designated equity investment as held for trading financial asset where management intended to hold them for the medium to long-term.
The Company's financial asset at FVPL consist of investment in redeemable preferred shares and UITF (Note 6).

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from other credit enhancements (e.g., lessee's deposit) that are integral to the contractual terms.

For trade receivables except real estate receivable, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, instead, recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Vintage approach accounts for expected credit losses by calculating the cumulative loss rates of a given real estate receivable pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability of default model.

It allows the evaluation of the loan activity from its origination period until the end of the contract period. In addition to primary drivers like macroeconomic indicators of qualitative factors such as, but not limited to, forward-looking data on inflation rate was added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on the type of facility. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission and refurbishment. As these are future cash flows, these are discounted back to the time of default using the appropriate effective interest rate, usually being the original effective interest rate (EIR) or an approximation thereof.

The Group considers a financial asset in default generally when contractual payments are 30 days past due for commercial leasing and 90 days past due for real estate and property development or when sales are cancelled supported by a notarized cancellation letter executed by the Group and customer. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For other financial assets such as nontrade receivables, insurance receivables, amounts owed by related parties, refundable deposits and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12—months (a 12—month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk (i.e., no longer low credit risk). The probability of default and loss given defaults are publicly available and are used by the Group to estimate ECLs. It is the Group's policy to measure ECLs on such instruments on a 12- month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group's debt instruments at fair value through OCI comprise solely of government securities. The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Financial liabilities

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (FVPL); and (b) financial liabilities at amortized cost. Financial liabilities at fair value through profit or loss is composed of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

Management determines the classification of its financial liabilities at initial recognition.

The Group has not designated any financial liability as at fair value through profit or loss.

The Group's financial liabilities at amortized cost consist of accounts payables and accrued expenses (Note 12), amounts owned to related parties (Note 16), long-term debt (Note 13), and rental and other deposits (Note 14).

34. Fair Value Measurement

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. 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. The quoted market price used is the current bid price. These instruments are included in Level 1.

35. Real Estate Held for Sale and Development

Real estate held for sale and development is carried at the lower of cost and Net Realizable Value (NRV). NRV is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost includes acquisition cost of the land plus development and improvement costs.

36. Investments in Joint Ventures

Investments in joint ventures are accounted under the equity method of accounting.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus pose-acquisition changes in the Group's share in the net assets of the investee companies, less any impairments in values. The consolidated statement of income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

37. Investment Properties

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any impairment in value.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the investment properties as follows:

	Useful life in years
Land improvements	30
Buildings and improvements	7-40
Machineries and equipment	9-25

Leasehold improvements are amortized on a straight-line basis over the estimated useful lives or the term of the lease, whichever is shorter.

38. Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation, amortization and any impairment in value.

Depreciation and amortization of property and equipment are calculated on a straight-line basis over the estimated useful life of the property and equipment as follows:

	Useful life in years
Leasehold improvements	3-5
Buildings	30
Machinery and equipment	5-10
Transportation equipment	5
Furniture, fixtures and equipment	3-5

Leasehold improvements are amortized on a straight-line basis over three (3) to five (5) years or the term of the lease, whichever is shorter.

39. Combinations of Entities Under Common Control

Combinations of entities under common control are accounted for using the pooling of interest method. The pooling of interest method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts as of date of acquisition. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.

40. Revenue Recognition

Revenue from Contract with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air- conditioning and common use service area in its mall retail spaces, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 30.

(v) Real estate sales

The Group derives its real estate revenue from sale of industrial lots. Revenue from sale of industrial lots are recognized over time during the development period (or percentage of completion) since based on the terms and conditions of its contract with the customers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue based on direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date.

This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability are recognized in the year in which the changes are determined.

(ii) Rental and rent concessions

Rental income arising from operating leases on investment properties is accounted for on a straight- line basis over the lease terms.

Rental concessions are treated as reductions to the rental income granted to lessees and accounted for as variable rent.

(iii) Cold Storage Revenue

The Group recognizes revenue from cold storage services over time using the output method as the customer receives and consumes the benefit from the performance of the related storage service. As a practical expedient allowed under PFRS 15, the Group recognizes revenue in the amount to which the Group has a right to invoice since the Group bills a fixed and variable amount every month.

(iv) Sale of Electricity Revenue

The Group recognizes revenue from electricity services over time using the output method as the customer receives and consumes the benefit from the performance of the related utility service. As a practical expedient allowed under PFRS 15, the Group recognizes revenue in the amount to which the Group has a right to invoice since the Group bills a fixed amount for every kilowatt hour of electricity delivered. Electricity is billed every month according to the billing cycles of the customer.

(v) Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as financial assets at FVOCI and AFS financial assets, interest income is recorded using the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(vi) *Dividend Income*

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

41. Income Tax

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishing provisions where appropriate on the basis of amounts to be paid to tax authorities.

Deferred tax

Deferred tax assets are recognized only if it us probable that future taxable amounts will be available to utilize those temporary differences and losses.

42. Retirement Benefits Costs

The Group has a funded, non-contributory defined benefit retirement plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

Remeasurements comprising actuarial gains and losses and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

43. Leases (Group as a lessee)

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the Incremental Borrowing Rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

AyalaLand Logistics Holdings Corp.

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AyalaLand Logistics Holdings Corp.

Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2023

Unappropriated Retained Earnings, beginning of the year		723,297,391
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	-	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		-
Add/Less: Net Income for the current year		105,020,888
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

(continued)

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income		105,020,888
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-

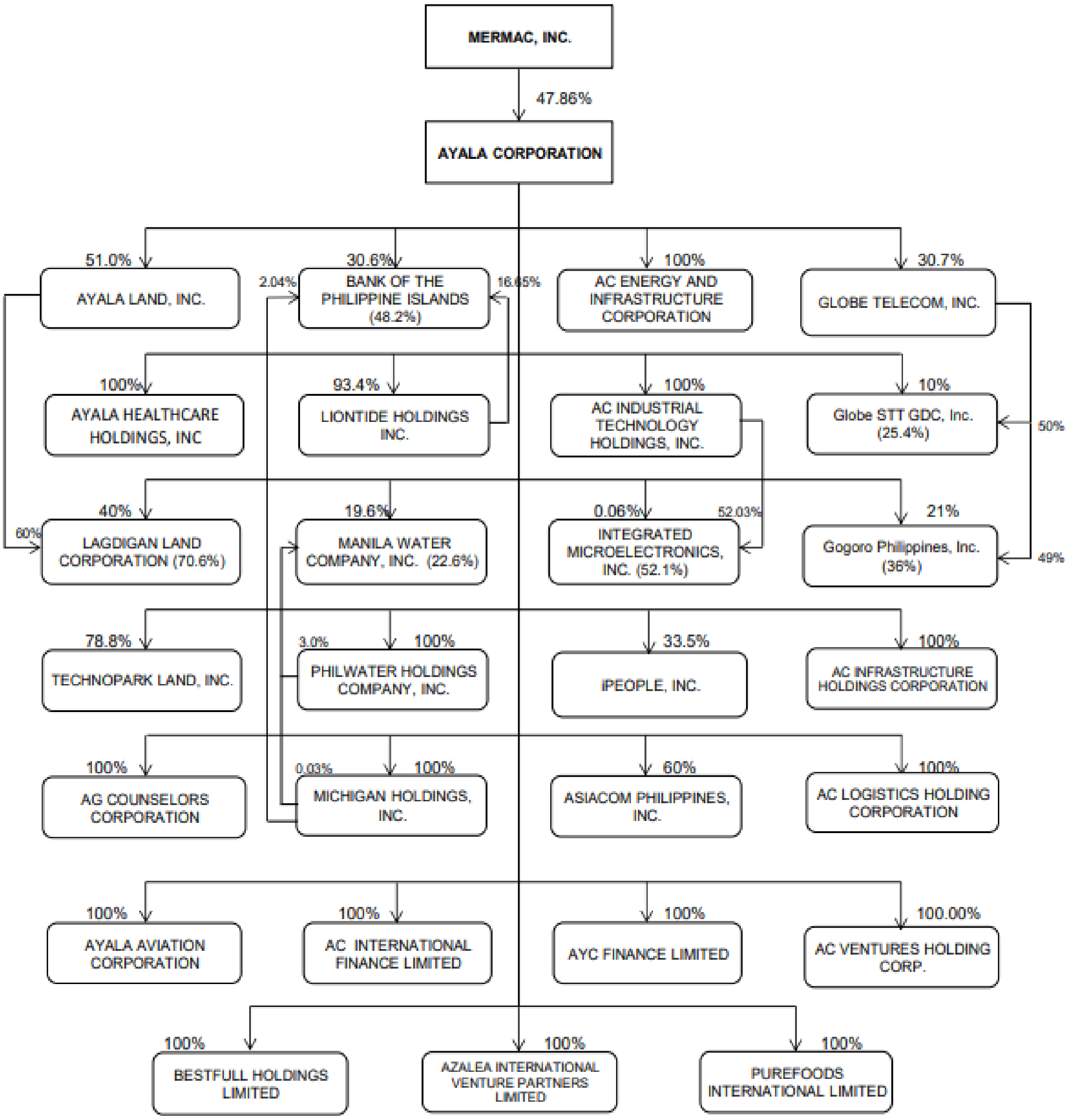
(continued)

Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
	Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
	Others (describe nature)	-	-
Total Retained Earnings, end of the year available for dividend declaration			828,318,279

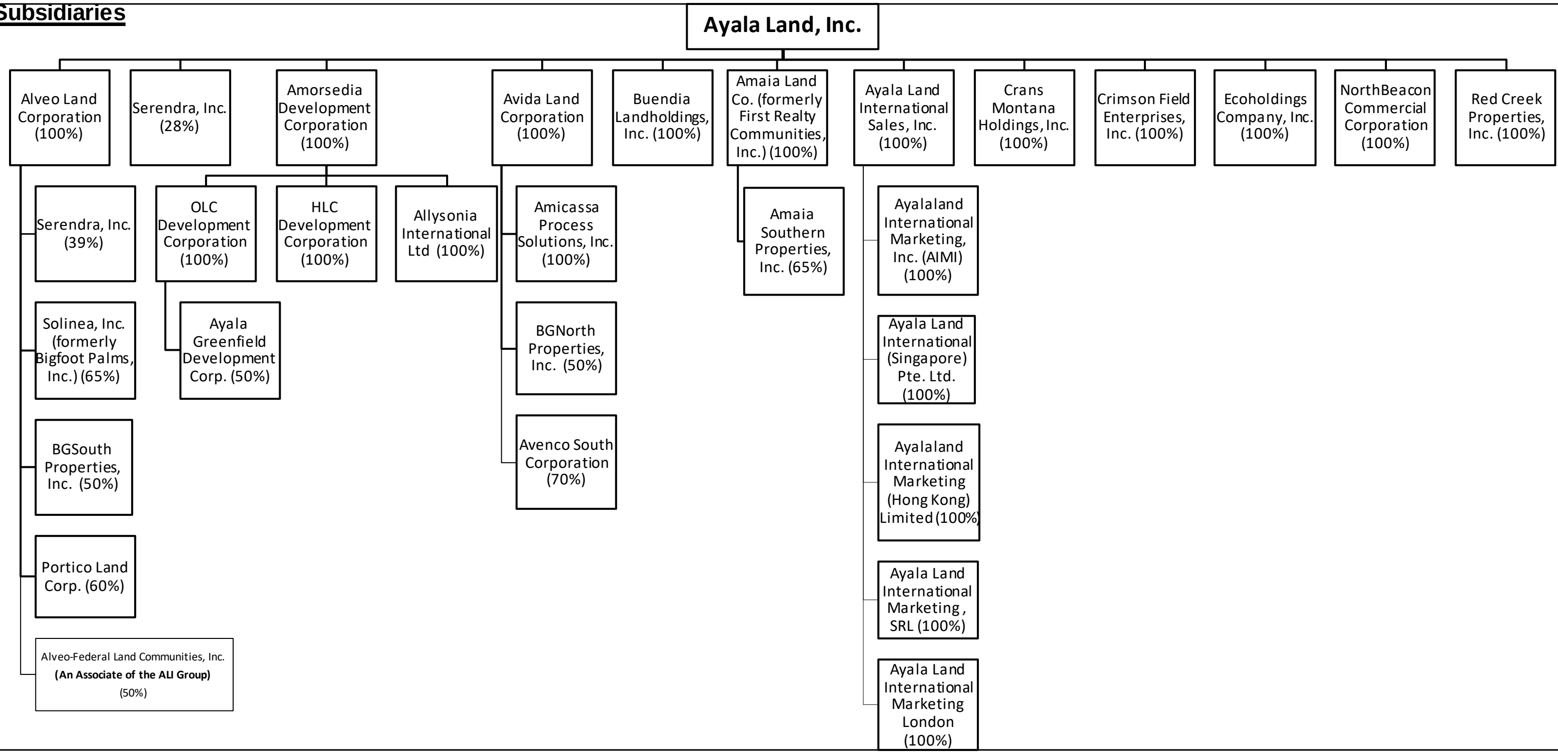
Annex B

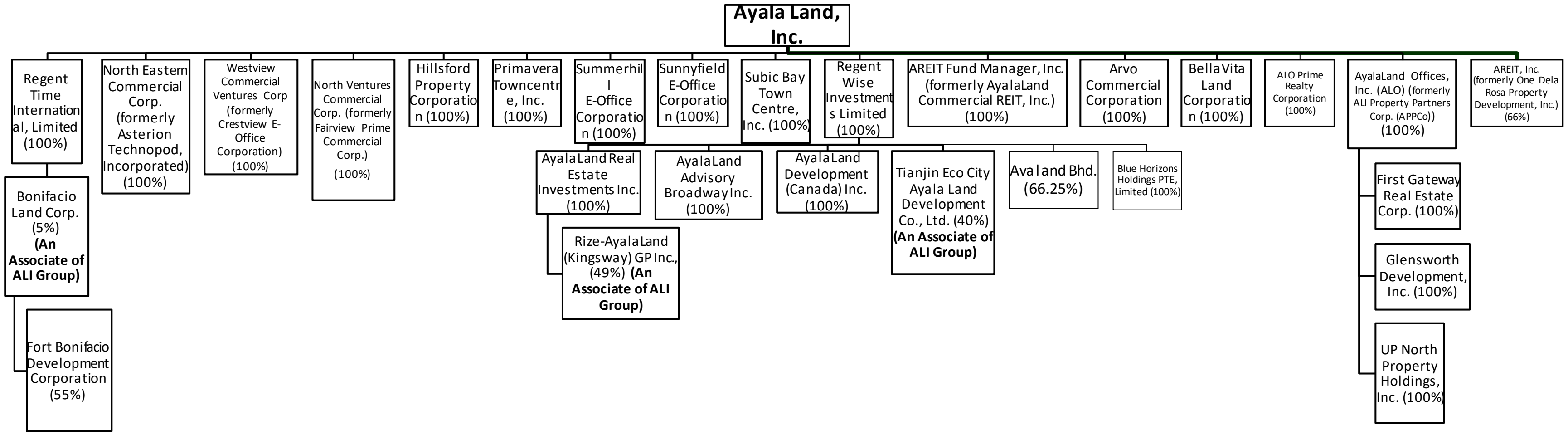
AyalaLand Logistics Holdings Corp.

Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered as of December 31, 2023

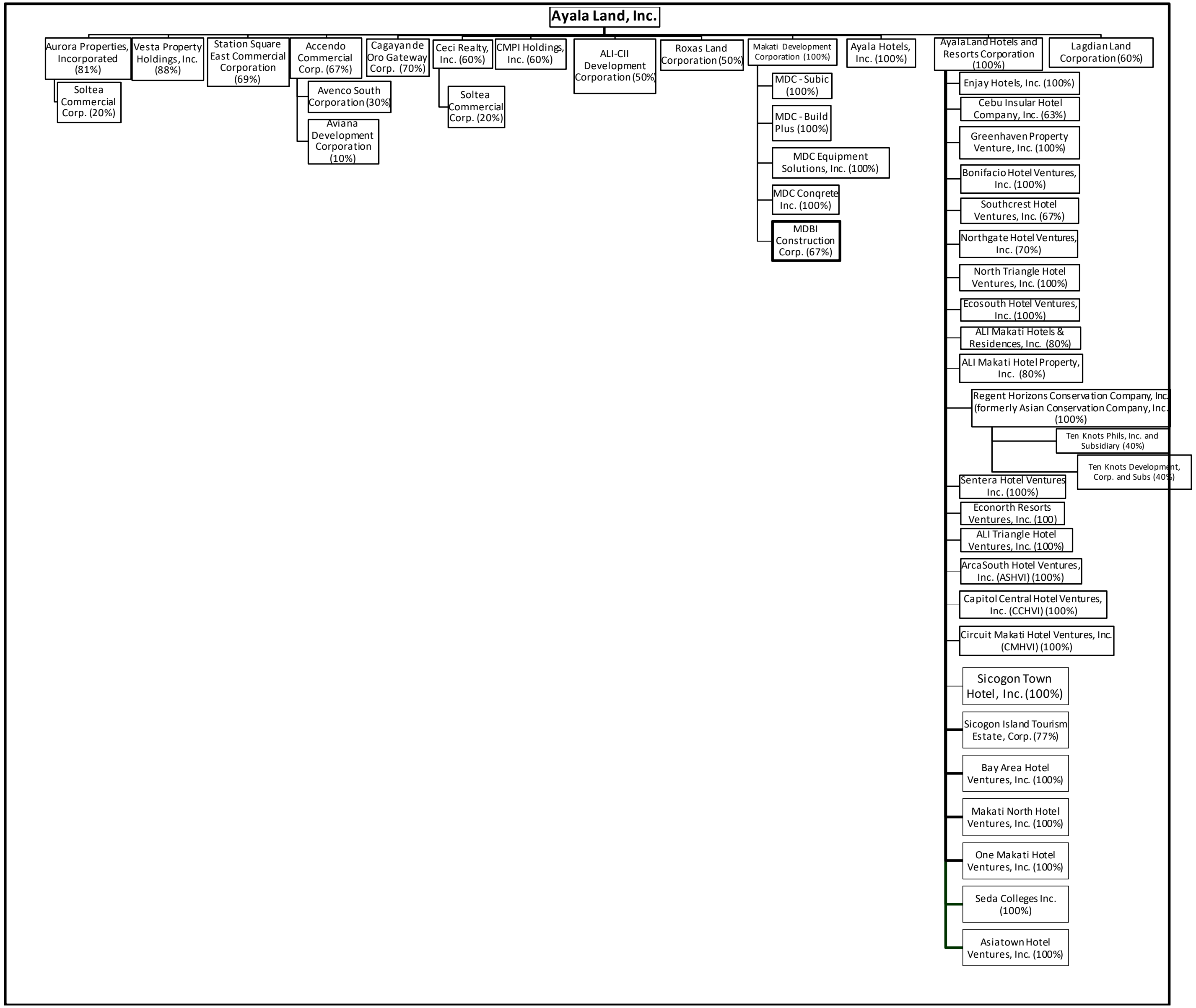


Subsidiaries

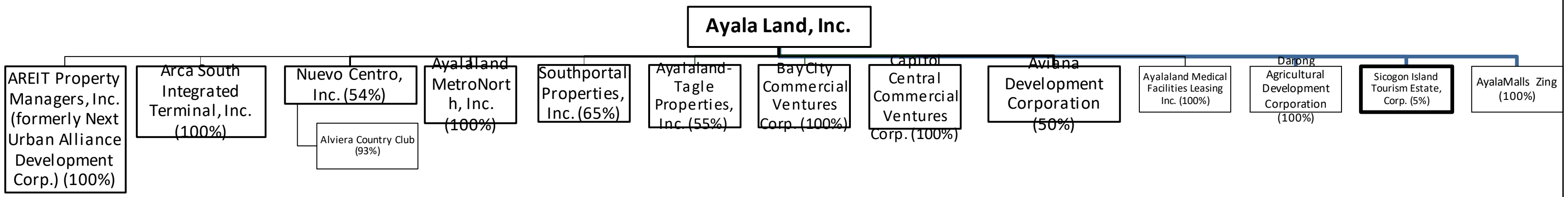


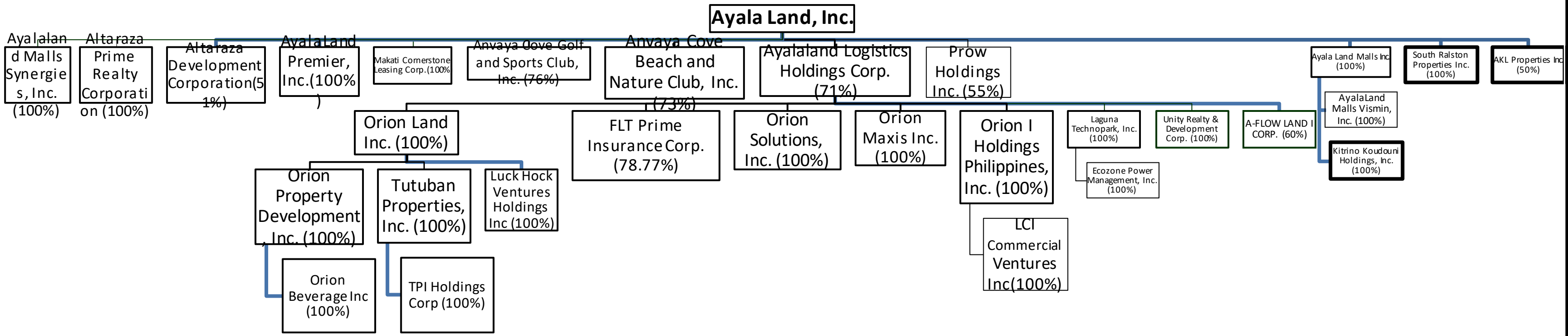


Ayala Land, Inc.
Regent Time International, Limited (100%)
Bonifacio Land Corp. (5%) (An Associate of ALI Group)
Fort Bonifacio Development Corporation (55%)
North Eastern Commercial Corp. (formerly Asterion Technopod, Incorporated) (100%)
Westview Commercial Ventures Corp (formerly Crestview E-Office Corporation) (100%)
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.) (100%)
Hillsford Property Corporation (100%)
Primavera Towncentre, Inc. (100%)
Summerhill E-Office Corporation (100%)
AyalaLand Real Estate Investments Inc. (100%)
Rize-AyalaLand (Kingsway) GP Inc., (49%) (An Associate of ALI Group)
Sunnyfield E-Office Corporation (100%)
AyalaLand Advisory Broadway Inc. (100%)
Subic Bay Town Centre, Inc. (100%)
AyalaLand Development (Canada) Inc. (100%)
Regent Wise Investments Limited (100%)
Tianjin Eco City Ayala Land Development Co., Ltd. (40%) (An Associate of ALI Group)
Avaland Bhd. (66.25%)
Blue Horizons Holdings PTE, Limited (100%)
AREIT Fund Manager, Inc. (formerly AyalaLand Commercial REIT, Inc.) (100%)
Arvo Commercial Corporation (100%)
BellaVita Land Corporation (100%)
ALO Prime Realty Corporation (100%)
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo)) (100%)
First Gateway Real Estate Corp. (100%)
Glensworth Development, Inc. (100%)
UP North Property Holdings, Inc. (100%)
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.) (66%)



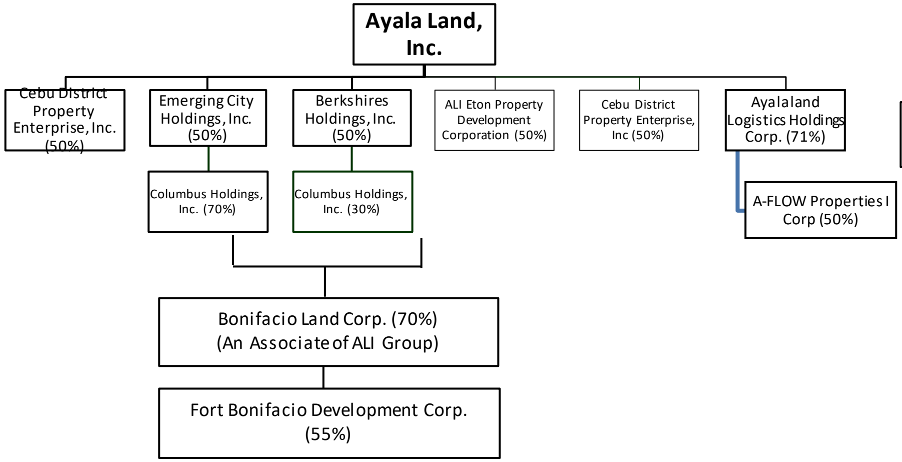
Ayala Land, Inc.
Aurora Properties, Incorporated (81%)
Soltea Commercial Corp. (20%)
Vesta Property Holdings, Inc. (88%)
Station Square East Commercial Corporation (69%)
Accendo Commercial Corp. (67%)
Avenco South Corporation (30%)
Aviana Development Corporation (10%)
Cagayan de Oro Gateway Corp. (70%)
Ceci Realty, Inc. (60%)
Soltea Commercial Corp. (20%)
CMPI Holdings, Inc. (60%)
ALI-CII Development Corporation (50%)
Roxas Land Corporation (50%)
Makati Development Corporation (100%)
MDC - Subic (100%)
MDC - Build Plus (100%)
MDC Equipment Solutions, Inc. (100%)
MDC Conqrete Inc. (100%)
MDBI Construction Corp. (67%)
Ayala Hotels, Inc. (100%)
Ayala Land Hotels and Resorts Corporation (100%)
Enjay Hotels, Inc. (100%)
Cebu Insular Hotel Company, Inc. (63%)
Greenhaven Property Venture, Inc. (100%)
Bonifacio Hotel Ventures, Inc. (100%)
Southcrest Hotel Ventures, Inc. (67%)
Northgate Hotel Ventures, Inc. (70%)
North Triangle Hotel Ventures, Inc. (100%)
Ecosouth Hotel Ventures, Inc. (100%)
ALI Makati Hotels & Residences, Inc. (80%)
ALI Makati Hotel Property, Inc. (80%)
Regent Horizons Conservation Company, Inc. (formerly Asian Conservation Company, Inc.) (100%)
Ten Knots Phils, Inc. and Subsidiary (40%)
Ten Knots Development, Corp. and Subs (40%)
Sentera Hotel Ventures Inc. (100%)
Econorth Resorts Ventures, Inc. (100)
ALI Triangle Hotel Ventures, Inc. (100%)
Arca South Hotel Ventures, Inc. (ASHVI) (100%)
Capitol Central Hotel Ventures, Inc. (CCHVI) (100%)
Circuit Makati Hotel Ventures, Inc. (CMHVI) (100%)
Sicogon Town Hotel, Inc. (100%)
Sicogon Island Tourism Estate, Corp. (77%)
Bay Area Hotel Ventures, Inc. (100%)
Makati North Hotel Ventures, Inc. (100%)
One Makati Hotel Ventures, Inc. (100%)
Seda Colleges Inc. (100%)
Asiatown Hotel Ventures, Inc. (100%)
Lagdian Land Corporation (60%)


Ayala Land, Inc.
AREIT Property Managers, Inc. (formerly Next Urban Alliance Development Corp.) (100%)
Arca South Integrated Terminal, Inc. (100%)
Nuevo Centro, Inc. (54%)
Alviera Country Club (93%)
Ayalaland MetroNorth, Inc. (100%)
Southportal Properties, Inc. (65%)
Ayalaland-Tagle Properties, Inc. (55%)
BayCity Commercial Ventures Corp. (100%)
Capitol Central Commercial Ventures Corp. (100%)
Aviana Development Corporation (50%)
Ayalaland Medical Facilities Leasing Inc. (100%)
Darong Agricultural Development Corporation (100%)
Sicogon Island Tourism Estate, Corp. (5%)
AyalaMalls Zing (100%)

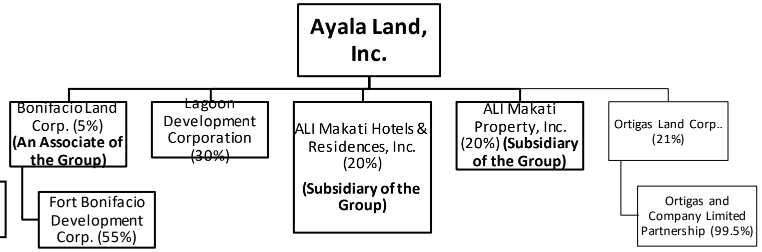


Ayala Land, Inc.
Ayalaland Malls Synergies, Inc. (100%)
Altaraza Prime Realty Corporation (100%)
Altaraza Development Corporation(51%)
AyalaLand Premier, Inc.(100%)
Makati Cornerstone Leasing Corp.(100%
Anvaya Cove Golf and Sports Club, Inc. (76%)
Anvaya Cove Beach and Nature Club, Inc. (73%)
Ayalaland Logistics Holdings Corp. (71%)
Prow Holdings Inc. (55%)
Ayala Land Malls Inc (100%)
South Ralston Properties Inc. (100%)
AKL Properties Inc (50%)
Orion Land Inc. (100%)
FLT Prime Insurance Corp. (78.77%)
Orion Solutions, Inc. (100%)
Orion Maxis Inc. (100%)
Orion I Holdings Philippines, Inc. (100%)
Laguna Technopark, Inc. (100%)
Unity Realty & Development Corp. (100%)
A-FLOW LAND I CORP. (60%)
AyalaLand Malls Vismin, Inc. (100%)
Kitrino Koudouni Holdings, Inc. (100%)
Ecozone Power Management, Inc. (100%)
Orion Property Development, Inc. (100%)
Tutuban Properties, Inc. (100%)
Luck Hock Ventures Holdings Inc (100%)
LCI Commercial Ventures Inc(100%)
Orion Beverage Inc (100%)
TPI Holdings Corp (100%)

Direct Investments in Joint Ventures



Direct Investments in Associates



Annex C

Supplementary Schedules required by Annex 68-J
AyalaLand Logistics Holdings Corp. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2023
Amounts In Thousands *(Except For Number Of Shares)*

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount shown in the Statement of Financial Position	Income Received and Accrued
A. CASH IN BANK AND CASH EQUIVALENTS			
SAVINGS/CURRENT ACCOUNT (PESO)			
BDO Unibank, Inc.		7,368	6
Bank of the Philippine Islands		159,562	934
Development Bank of the Philippines		-	-
Metropolitan Bank and Trust Company		165	-
Rizal Commercial Banking Corp.		5,391	-
United Coconut Planters Bank		13,661	-
Sub-total		186,127	940
SAVINGS/CURRENT ACCOUNT (FCDU)			
Bank of the Philippine Islands		16,612	-
BDO Unibank, Inc.		51	-
		16,663	-
		202,790	940
B. SHORT TERM INVESTMENTS			
Security Bank Philippines		11,616	-
		11,616	-
C. INVESTMENT IN BONDS AND OTHER SECURITIES			
Available for sale investments:			
Listed equity securities			
Asia United Bank	50	2	-
Philippine Long Distance Telephone Company	500	90	-
Top Frontier Holdings, Inc.	4,200	536	-
Philippine Central Depository, Inc.	5,000	500	-
Sta. Elena Golf Club-A	3	45,000	-
Alviera Country Club (Class C)	1	950	-
Alabang Country Club	1	6,400	-
Zeus Holdings, Inc.	1,175,600	8,776	-
MERALCO	59,837	18,934	-
PLDT	419,688	4,199	-
	1,664,880	85,387	-
Quoted debt securities			-
Ayala Corporation	5,000	4,155	-
AMALGAMATED-RTB 10-04	-	-	122
CHINABANK- RTB 10-04	-	-	244
FIRST METRO 20-17	-	15,135	1,072
FIRST METRO-RTB 10-04	-	-	268
Rizal Commercial Banking Corp.- RTB 10-60	-	6,818	297
Rizal Commercial Banking Corp.	-	-	244
SECURITY BANK 20-13	-	1,293	88
BDO Unibank, Inc. UITF	13,000,000	13,826	-
	13,005,000	41,227	2,335
TOTAL INVESTMENTS IN BONDS & OTHER SECURITIES	14,669,880	126,614	2,335

AyalaLand Logistics Holdings Corp. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
As of December 31, 2023
Amounts In Thousands

			Deductions				
Account Type	**Balance at Beginning period**	**Additions**	**Amounts Collected**	**Amounts Written off**	**Current**	**Not Current**	**Balance at End Period**
Advances to employees for company expenses	626	2,673	2,250	-	1,049	-	1,049
Salary loan	255	-	255	-	-	-	-
Car loan	781	1,689	399	-	106	1,965	2,071
Others	3,844	-	1,423	-	-	2,421	2,421
	5,506	4,362	4,327	-	1,155	4,386	5,541

AyalaLand Logistics Holdings Corp. and Subsidiaries
Schedule C - Amounts Receivable From Related Parties Which Are Eliminated During The Consolidation Of Financial Statements

As of December 31, 2023
Amounts In Thousands

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Accounts Written off*	Current	Not Current	Balance at end period
Orion I Holdings Philippines, Inc./Subsidiary	199,153	-	-	-	-	199,153	199,153
Lepanto Ceramics, Inc./Subsidiary	867	867	-	-	867	-	867
FLT Prime Insurance Corporation/Subsidiary	207	17	-	-	288	-	288
Tutuban Properties, Inc./Subsidiary	14,482	29,810	(88,900)	-	16,337	-	16,337
Unity Realty & Development Corporation/Subsidiary	50,139	22,918	(6,068)	-	15,796	-	15,796
Orion Land Inc./Subsidiary	5,087	4,840	(5,837)	-	20,065	-	20,065
Laguna Technopark, Inc./Subsidiary	4,703	7,364	(8,983)	-	14,249	-	14,249
A Flow Land I Corp/Subsidiary	82,506	82,506	-	-	82,776	-	82,776
	357,144	**148,322**	**(109,788)**	**-**	**150,378**	**199,153**	**349,531**

AyalaLand Logistics Holdings Corp. and Subsidiaries
Schedule D - Long-Term Debt

As of December 31, 2023
Amounts In Thousands

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under the caption "Current Portion of long-term debt" in related balance sheet	Amount shown under the caption "Long-Term Debt" in related balance sheet
Term Loan	2,480,000	21,050	2,444,014

AyalaLand Logistics Holdings Corp. and Subsidiaries
Schedule E - Indebtedness To Related Parties (Long Term Loans From Related Companies)

As of December 31, 2023
Amounts In Thousands

Name of Related Party	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		

AyalaLand Logistics Holdings Corp. and Subsidiaries
Schedule F - Guarantees Of Securities Of Other Issuers
As Of December 31, 2023
Amounts In Thousands

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
	NOT APPLICABLE			

AyalaLand Logistics Holdings Corp. and Subsidiaries
Schedule G – Capital Stock
As Of December 31, 2023

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties*	Number of shares held Directors, officers and employees**	Number of shares held by Others
COMMON SHARES	**7,500,000,000**					
ISSUED		6,158,660,192		4,467,752,834	73,034,557	
SUBSCRIBED		142,931,795		49,444,216		
		6,301,591,987		4,517,197,050	73,034,557	

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2023

Financial Ratios

Pursuant to SRC Rule 68, As Amended

	Formula	(One Year) 31-Dec-23	(One Year) 31-Dec-22
Return on assets	Net Income / Average Assets	0.02	0.04
Return on equity	Net Income / Average Equity	0.05	0.08
Gross profit margin	Gross profit / Total Revenues	0.34	0.37
Net profit margin	Net income / Sales revenue	0.18	0.24
Cost to income ratio	Cost and expenses / Revenues	0.73	0.67
Current ratio	Current Assets / Current Liabilities	1.14	1.33
Quick ratio	Current Assets less Inventory less Prepayments / Current Liabilities	0.54	0.66
Solvency ratio	After tax net profit(loss) + Depreciation / Long Term Liabilities + Short Term Liabilities	0.07	0.12
Asset to equity ratio	Total Assets / Equity	2.06	1.94
Debt to equity ratio	Total Liability / Equity	1.06	0.94
Interest rate coverage ratio	EBITDA / Interest expense	3.15	6.08
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	17.40	18.44

ALLHC Maala, Shaine Ann N.

From:	ALLHC Castro, Maida B.
Sent:	Monday, 15 April 2024 3:52 pm
To:	ALLHC Maala, Shaine Ann N.
Subject:	FW: Your BIR AFS eSubmission uploads were received

FYR

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Monday, 15 April 2024 3:45 pm
To: ALLHC Castro, Maida B. <castro.maida@ayalalandlogistics.com>
Cc: Montojo, Francis <montojo.francis@ayalaland.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi AYALALAND LOGISTICS HOLDINGS CORP.,

Valid files

- EAFS000804342RPTTY122023.pdf
- EAFS000804342TCRTY122023-01.pdf
- EAFS000804342AFSTY122023.pdf
- EAFS000804342ITRTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-MZ13S3S20RYXVNNXNTVXS24V07C7EG77K**
Submission Date/Time: **Apr 15, 2024 03:44 PM**
Company TIN: **000-804-342**

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

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

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

this e-mail from your system.

Ayala Land, Inc.
http://www.ayalaland.com.ph

AyalaLand
LOGISTICS HOLDINGS CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **AyalaLand Logistics Holdings Corp.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANNA MA. MARGARITA B. DY
Chairman, Board of Directors

ROBERT S. LAO
President and Chief Executive Officer

FRANCIS M. MONTOJO
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 29 2024, at Makati City, affiants exhibited to me their passports as competent evidence of their identities, as follows:

Name	Passport No.	Date/Place of Issue
Anna Ma. Margarita B. Dy	P6087936B	January 6, 2021 – DFA Manila
Robert S. Lao	P6221588A	February 28, 2018 – DFA Manila
Francis M. Montojo	P9901740B	May 4, 2022 – DFA NCR South

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. 72
Page No. 16
Book No. II
Series of 2024.

DESIREE N. SOKOKEN
NOTARY PUBLIC
ROLL NO. 71585
MAKATI CITY, PHILIPPINES

Notarial DST pursuant to Sec. 61 of the TRAIN Act (Amending Sec. 188 of the NIRC) affixed on Notary Public's copy

DESIREE N. SOKOKEN
Notary Public – Makati City
Appt. No. M-414 until December 31, 2024
Roll of Attorneys No. 71585
IBP No. 415504; 01/10/2024; Mountain Province Chapter
PTR No. MKT 10079199; 01/05/2024; Makati City
MCLE Compliance No. VII-0020322; 06/02/2022
2nd Floor, Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City, Philippines

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	6	3	6	7	1					

COMPANY NAME

AYALALAND LOGISTICS HOLDINGS CORP.

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

3RD FLOOR GLORIETTA 5 AYALA CENTER, MAKATI CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporate@ayalalandlogistics.com	**(632) 8884-1106**	**None**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
735	**04/13**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Francis M. Montojo	**montojo.francis@ayalaland.com.ph**	**(632) 8884-1106**	**(63) 917 8579190**

CONTACT PERSON's ADDRESS

3rd Floor Glorietta 5, Ayala Center, Makati City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

Independent Auditor's Report

To the Board of Directors and Stockholders of
AyalaLand Logistics Holdings Corp.
3rd Level, Glorietta 5, Ayala Center
Makati City, Philippines

Report on the Audit of the Separate Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of AyalaLand Logistics Holdings Corp. (the "Company") as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The separate financial statements of the Group comprise:

- the statement of financial position as at December 31, 2023;
- the statement of income for the year ended December 31, 2023;
- the statement of comprehensive income for the year ended December 31, 2023;
- the statement of changes in equity for the year ended December 31, 2023;
- the statement of cash flows for the year ended December 31, 2023; and
- the notes to consolidated financial statements, which include a summary of material accounting policies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Other Matter

The separate financial statements of the Company as at and for the year ended December 31, 2022 were audited by another firm of auditors whose report thereon dated February 28, 2023 expressed an unmodified opinion on those statements.

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

Management is responsible for the preparation of the separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

Report on the Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BIR Revenue Regulations Nos. 15-2010 in Note 24 to the separate financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management of the Company. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 12, 2024, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026.
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 29, 2024

pwc

**Statement Required by Section 8-A,
Revenue Regulations No. V-1**

To the Board of Directors and Stockholders of
AyalaLand Logistics Holdings Corp.
3rd Level, Glorietta 5, Ayala Center
Makati City, Philippines

None of the partners of the firm have any financial interest in AyalaLand Logistics Holdings Corp. or any family relationships with its president, manager or officers.

The supplementary information on taxes and licenses for the year ended December 31, 2023 is presented in Note 24 to the financial statements.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 12, 2024, Makati City
TIN 221-755-698
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Makati City
February 29, 2024

AyalaLand Logistics Holdings Corp.

Statement of Financial Position
As at December 31, 2023
(With comparative figures as at December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash	2	3,803,561	27,317,889
Receivables, net	3	826,668	775,669
Financial assets at fair value through profit or loss	4	2,475,000	2,390,000
Amounts owed by related parties	12	567,556,852	368,932,854
Other current assets	6	99,140,275	79,861,839
Total current assets		673,802,356	479,278,251
Non-current assets			
Financial assets at fair value through other comprehensive income	5	15,000,000	7,000,000
Investments in subsidiaries and joint ventures	7	15,358,347,518	14,861,719,434
Property and equipment, net	8	3,757,965	1,762,098
Right-of-use asset, net	17	-	1,832,263
Net pension assets	15	5,990,581	10,133,171
Deferred tax asset, net	16	33,933,116	16,787,333
Other non-current assets	6	6,488,225	13,467,390
Total non-current assets		15,423,517,405	14,912,701,689
Total assets		16,097,319,761	15,391,979,940
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued expenses	9	44,855,179	40,905,078
Amounts owed to related parties	12	1,885,269,273	1,307,773,842
Long-term debt	10	12,900,000	-
Lease liabilities	17	-	1,874,308
Total current liabilities		1,943,024,452	1,350,553,228
Non-current liabilities			
Long-term debt, net of current portion	10	1,269,513,009	1,281,418,599
Other non-current liabilities	13	1,096,452,704	1,096,452,704
Total non-current liabilities		2,365,965,713	2,377,871,303
Total liabilities		4,308,990,165	3,728,424,531
Equity			
Capital stock	11	6,209,955,315	6,201,776,483
Additional paid-in capital	11	5,887,144,727	5,881,572,097
Unrealized loss on financial assets at fair value through other comprehensive income	5	(1,126,164,639)	(1,134,164,639)
Equity reserves	19	33,278,045	33,278,045
Loss on remeasurement of retirement benefit obligation	15	(44,202,131)	(42,203,968)
Retained earnings		828,318,279	723,297,391
Total equity		11,788,329,596	11,663,555,409
Total liabilities and equity		16,097,319,761	15,391,979,940

The notes on pages 1 to 30 are integral part of these financial statements.

AyalaLand Logistics Holdings Corp.

Statement of Income
For the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Income			
Dividend income	4,7	200,000,000	-
Expenses	14	(111,746,051)	(92,513,387)
Other income, net			
Recoveries	12	87,623,521	81,499,061
Interest income from plan assets	15	738,708	610,795
Unrealized gain (loss) on financial assets at FVPL	4	85,000	(220,000)
Interest expense on lease liabilities	17	(32,792)	(102,623)
Interest expense	10,12	(81,408,692)	(41,533,707)
Equity in net loss of joint venture	7	(5,836,925)	(629,937)
Others, net		4,017	6,223,411
		1,172,837	45,847,000
Profit (loss) before income tax		89,426,786	(46,666,387)
Income tax (benefit) expense	16	(15,594,102)	248,039
Profit (loss) for the year		105,020,888	(46,914,426)
Earnings (loss) per share	11,18	0.017	(0.008)

The notes on pages 1 to 30 are integral part of these financial statements.

AyalaLand Logistics Holdings Corp.

Statement of Comprehensive Income
For the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Profit (loss) for the year		105,020,888	(46,914,426)
Other comprehensive income (loss)			
Items that may not be reclassified to profit or loss in subsequent periods:			
Unrealized gain on equity financial assets at fair value through other comprehensive income	5	8,000,000	2,000,000
Loss on remeasurement of retirement benefits	15	(1,998,163)	(86,766)
		6,001,837	1,913,234
Total comprehensive income (loss) for the year		111,022,725	(45,001,192)

The notes on pages 1 to 30 are integral part of these financial statements.

AyalaLand Logistics Holdings Corp.

Statement of Changes in Equity
For the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(All amounts in Philippine Peso)

	Capital stock (Note 11)	Additional paid-in capital (Note 11)	Equity reserves	Unrealized loss on financial assets at FVOCI (Note 5)	Loss on remeasurement of retirement benefits obligation (Note 15)	Retained earnings	Total
Balances at January 1, 2022	6,195,317,796	5,877,181,728	33,278,045	(1,136,164,639)	(42,117,202)	770,211,817	11,697,707,545
Comprehensive income							
Loss for the year	-	-	-	-	-	(46,914,426)	(46,914,426)
Other comprehensive income for the year	-	-	-	2,000,000	(86,766)		1,913,234
Total comprehensive income (loss) for the year	-	-	-	2,000,000	(86,766)	(46,914,426)	(45,001,192)
Transaction with owners							
Collection of subscription receivable	6,458,687	4,390,369	-	-	-	-	10,849,056
Balances at December 31, 2022	6,201,776,483	5,881,572,097	33,278,045	(1,134,164,639)	(42,203,968)	723,297,391	11,663,555,409
Comprehensive income							
Profit for the year	-	-	-	-	-	105,020,888	105,020,888
Other comprehensive income for the year	-	-	-	8,000,000	(1,998,163)		6,001,837
Total comprehensive income (loss) for the year	-	-	-	8,000,000	(1,998,163)	105,020,888	111,022,725
Transaction with owners							
Collection of subscription receivable	8,178,832	5,572,630	-	-	-		13,751,462
Balances at December 31, 2023	6,209,955,315	5,887,144,727	33,278,045	(1,126,164,639)	(44,202,131)	828,318,279	11,788,329,596

The notes on pages 1 to 30 are integral part of these financial statements.

AyalaLand Logistics Holdings Corp.

Statement of Cash Flows
For the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
Cash flows from operating activities			
Profit (loss) before income tax		89,426,786	(46,666,387)
Adjustments for:			
Interest expense	10,12	81,496,692	43,663,417
Depreciation of right-of-use asset	14,17	1,832,263	1,832,262
Net movement in retirement benefits liability	15	2,217,081	1,865,456
Depreciation and amortization	8,14	880,433	615,632
Interest expense on lease liability	17	32,792	102,623
(Gain) loss on financial assets at FVPL	4	(85,000)	220,000
Interest income	2,12	(42,504)	(2,129,710)
Interest income from plan assets	16	(738,708)	(610,795)
Dividend income	7	(200,000,000)	-
Operating loss before working capital changes		(24,980,165)	(1,107,502)
Increase in:			
Receivables		(50,999)	(65,509)
Other current assets		(19,278,436)	(12,517,271)
Increase in accounts payable and accrued expenses		110,754	14,621,589
Net cash flows (used in) provided by operations		(44,198,846)	931,307
Dividend received	7	-	200,000,000
Interest received		42,504	24,315
Income tax paid	16	(885,626)	(924,642)
Net cash flows (used in) provided by operating activities		(45,041,968)	200,030,980
Cash flows from investing activities			
Additions (deductions from) in amounts owed by related parties		1,376,002	(32,617,246)
Additions to investment in subsidiaries and joint ventures	7,20	(488,096,604)	(542,373,119)
Additions to other noncurrent assets		-	(12,203,884)
Acquisition of property and equipment	8	(4,602,549)	(767,150)
Net cash flows used in investing activities		(491,323,151)	(587,961,399)
Cash flows from financing activities			
Collection of subscription receivable	11	13,751,462	10,849,056
Proceeds from notes receivable		173,934	-
(Payments of) additions to:			
Amounts owed to related parties	12	542,988,405	435,256,731
Interest paid to long term debt		(42,155,910)	(42,155,910)
Principal portion of lease liabilities	17	(1,907,100)	(1,907,101)
Net cash flows provided by financing activities		512,850,	402,042,776
Net (decrease) increase in cash		(23,514,328)	14,112,357
Cash at beginning of the year		27,317,889	13,205,532
Cash at end of year		3,803,561	27,317,889

The notes on pages 1 to 30 are integral part of these financial statements.

AyalaLand Logistics Holdings Corp.

Notes to the Separate Financial Statements
As at and for the year ended December 31, 2023
(With comparative figures for the year ended December 31, 2022)
(In the notes, all amounts are in Philippine Peso unless otherwise stated)

1 Corporate information

AyalaLand Logistics Holdings Corp. (ALLHC; the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 19, 1989. The Company's registered office address is 3rd Floor Glorietta 5, Ayala Center, Makati City. The Company is a subsidiary of Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC). AC is 47.86% owned by Mermac, Inc. and the rest by the public as at December 31, 2023. Both ALI and AC are publicly-listed companies incorporated in the Philippines. The Company is listed in the Philippine Stock Exchange.

The accompanying separate financial statements of the Company as of and for the years ended December 31, 2023 and 2022 were approved by the Board of Directors (BOD) on February 29, 2024.

2 Cash

Cash as at December 31 consists of:

	2023	2022
Cash on hand	20,000	20,000
Cash in banks	3,783,561	27,297,889
	3,803,561	27,317,889

Cash in banks earn interest at the respective bank deposit rates.

Interest income earned from cash in bank for the year ended December 31, 2023 amounted to P0.04 million (2022 - P0.02 million).

3 Receivables, net

Receivables, net as at December 31 consist of:

	2023	2022
Receivable from third party	23,610,224	23,610,224
Less: Allowance for expected credit losses	(23,610,224)	(23,610,224)
	-	-
Advances to officers and employees	95,738	25,309
Others	730,930	750,360
	826,668	775,669

Advances to officers and employees represent advances for travel and other expenses arising in the ordinary course of business. These are non-interest-bearing and are recoverable through expense liquidation within twelve (12) months from grant date.

Others mainly pertain to benefits advanced by the Company to its employees which are reimburseable from a government agencies.

There was no provision for expected credit losses for the years ended December 31, 2023 and 2022.

4 Financial assets at FVPL

This account pertains to investments in redeemable preferred shares designated as financial assets at FVPL.

Unrealized gain from financial assets at FVPL for the year ended December 31, 2023 amounted to P0.09 million (2022 - P0.22 million loss).

There was no dividend income earned from these shares amounted in 2023 and 2022.

5 Financial assets at FVOCI

Financial assets at FVOCI pertain to investments in equity securities which are not held for trading and which the Company has irrevocably designated at FVOCI, as the Company considers these investments to be strategic in nature.

These equity securities mainly pertain to quoted golf club shares and shares in Cyber Bay, a publicly-listed entity in the Philippines.

Movement in the fair value of quoted golf club shares are as follows:

	2023	2022
Beginning of year	7,000,000	5,000,000
Unrealized gain	8,000,000	2,000,000
End of year	15,000,000	7,000,000

Status of operations of Cyber Bay Corporation

On April 25, 1995, Central Bay, a wholly-owned subsidiary of Cyber Bay, entered into a Joint Venture Agreement with the Philippine Reclamation Authority (PRA; formerly Public Estates Authority) for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project.

In 2021, the shares of Cyber Bay were suspended from trading for an indefinite period and the investment in Cyber Bay was revalued based on its net asset values as of reporting date. Based on the latest available financial information of Cyber Bay, Cyber Bay reported a capital deficiency position which resulted to unrealized loss amounting to P458.07 million for the Group. As at December 31, 2023 and 2022, the book value of Cyber Bay shares is nil.

6 Other assets

Other current assets

Other current assets as at December 31 consists of:

	2023	2022
Creditable withholding taxes (CWT)	66,348,773	53,995,747
Input VAT	32,794,134	25,865,636
Prepayments	214,002	217,090
	99,356,909	80,078,473
Less: Allowance for impairment losses	216,634	216,634
	99,140,275	79,861,839

Creditable withholding taxes (CWTs) are available for offset against income tax payable in the future periods.

Input value added tax (VAT) pertains to VAT passed on from purchases of goods or services which is available for application against output VAT.

Prepayments pertain to prepaid dues and software subscription licenses and other prepaid expenses that are to be amortized over a period of one (1) year.

There are no provisions for impairment losses for the years ended December 31, 2023 and 2022.

Other non-current assets

Other non-current assets as at December 31 consists of:

	2023	2022
Receivable from employees	1,552,315	-
Refundable deposits	1,183,006	1,183,006
Others	3,752,904	12,284,384
	6,488,225	13,467,390

Refundable deposits represent payments made by the Company mainly to utility companies in accordance ti its utility service agreements which will be collected upon termination of underlying contract.

Receivable from employees pertains to payments made by the Company relating to employee car plans on behalf of the employees which will be recovered through salary deduction within three to five years.

Others mainly pertain to prepaid project-related transaction costs which are expected to be amortized after 12 months.

7 Investments in subsidiaries and joint ventures

The details of investments in subsidiaries and joint ventures as at December 31 are as follows:

	2023		2022	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Acquisition costs:				
Subsidiaries:				
Orion Land, Inc. (OLI)	100.00%	7,530,680,000	100.00%	7,530,680,000
Laguna Technopark, Inc. (LTI)	100.00%	4,031,260,000	100.00%	4,031,260,000
Unity Realty Development Corp. (URDC)	100.00%	2,343,213,092	100.00%	2,343,213,092
A-Flow Land I Corp. (AFLOW Land)	60.00%	361,227,750	60.00%	361,227,750
Orion I Holdings Philippines, Inc. (OIHPI)**	100.00%	2,700,500,000	100.00%	2,700,500,000
FLT Prime Insurance Corporation (FPIC)*	78.77%	182,548,359	78.77%	182,548,359
Orion Solutions, Inc. (OSI)*	100.00%	50,464,890	100.00%	50,464,890
Joint venture:				
A-Flow Properties I Corp. (AFLOW PropCo)	50.00%	677,773,453	50.00%	181,145,369
Stock options granted (Note 19)		15,393,668		15,393,668
		17,893,061,212		17,396,433,128
Less: allowance for impairment losses				
OIHPI**		2,471,005,305		2,471,005,305
FPIC*		51,508,389		51,508,389
OSI*		12,200,000		12,200,000
		2,534,713,694		2,534,713,694
		15,358,347,518		14,861,719,434

** Inactive companies approved by their respective BOD for liquidation*
***SEC approved shortening of corporate term*

All of the Company’s subsidiaries and joint ventures are incorporated in the Philippines.

The voting rights held by the Company in its investments in subsidiaries are in proportion to its ownership interest.

Investments in subsidiaries

OLI
OLI operates a commercial building composed of a 5-storey shopping center and a 6-storey business processing outsourcing office with a gross leasable area of 60,000 square meters located along National Road, Alabang, Muntinlupa City.

LTI
LTI was incorporated on November 15, 1990 and is based in Laguna. LTI develops industrial parks and leases ready-built factory units and sells industrial lots to local and company locators.

URDC
URDC was acquired from previous individual stockholders on July 19, 2019. URDC owns a property in Pampanga which is currently being developed to be Pampanga Technopark, a world-class industrial township, which caters to light and medium, non-polluting enterprises, from both global and local markets.

In 2023, URDC declared dividends amounting to P200,000,000 which will be settled within 12 months.

A-FLOW Land
A-FLOW Land was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 12, 2022. On October 4, 2022, ALLHC entered into subscription agreement with Flow Luna | Property Pte. Ltd (FLOW) representing 60% interest in A-FLOW Land. A-FLOW Land's primary purpose is to engage in the land leasing business. The Parent Company's investment in A-FLOW Land resulted in an increase in the Group's non-controlling interest amounting to P376.99 million and P240.82 million in 2023 and 2022, respectively.

FPIC
In a meeting held in December 2023, the BOD approved, among others, the following:

- revocation of Resolution on the Amendment of 4th Article of Articles of Incorporation dated September 22, 2022
- delegation of authority to the Management to determine the actions necessary for the liquidation of the Company and distribution of the Company and distribution of its assets, subject to necessary approvals.

In September 2022, the stockholders of FPIC approved and authorized the dissolution and liquidation of the Company by December 31, 2023. FPIC was incorporated in 1977, and engaged in non-life insurance business. With the shift to real estate as the core business of the ALLHC Group, FPIC requested the Insurance Commission (IC) for the termination of its servicing license and the appointment of an overseer, which was approved by the IC on January 4, 2021.

OSI and OIHPI
In September 2016 and October 2017, the BOD of OSI and OIHPI, respectively approved and authorized the dissolution and liquidation of these entities by shortening their corporate term up to December 31, 2016 and 2017, respectively.

Investments in joint venture

On October 4, 2022, ALLHC entered into Joint Venture agreement with Flow Luna I Property Pte. Ltd (FLOW) representing 50% interest in A-FLOW Properties I Corp (AFLOW PropCo), a joint venture involved in the establishing, developing, operating, leasing, and owning digital, critical, and physical infrastructure of and for data center facilities and other digital transformative technologies, as well as to render and provide services ancillary to the foregoing. Its registered office and principal place of business is at Unit ZB Administration Building 1, Annex North Main Avenue Laguna Technopark Binan (Poblacion) Laguna.

The Company's capital commitments is to fund equity required for the joint venture pari passu and on a pro rata basis to their agreed ownership ratio and in accordance with the terms of the agreement, provided that if there are shareholders of the A-FLOW PropCo other than FLOW, ALLHC and where applicable, their respective affiliates, the shareholders will fund equity based on their prevailing ownership ration.

Investment in joint venture is accounted under the equity method of accounting.

Movement in investment in joint venture follows:

	2023	2022
Beginning balance	181,145,369	-
Investment including transaction costs during the year	502,465,009	181,775,306
Share in net loss during the year	(5,836,925)	(629,937)
Ending balance	677,773,453	181,145,369

Set out below is the summarized financial information for A-FLOW PropCo as at and for the year ended December 31:

	2023	2022
Cash	440,700,827	232,642,872
Current assets	440,700,827	232,642,872
Noncurrent assets	280,007,836	66,092,395
Current liabilities	(3,698,027)	(769,255)
Equity	717,010,636	297,966,012

	2023	2022
Revenue during the year	244,366	8,728
Net loss during the year	(11,673,850)	(1,259,874)
Total comprehensive loss during the year	(11,673,850)	(1,259,874)

The Company did not receive any dividends from A-FLOW PropCo for the year ended December 31, 2023 and 2022.

The Company has not incurred any contingent liabilities as at December 31, 2023 and 2022 in relation to its interest in the joint ventures, nor do the joint ventures themselves have any contingent liabilities for which the Company is contingently liable.

8 Property and equipment

Property and equipment as at December 31 consist of:

	Furniture, fixtures and office equipment	**Leasehold improvements**	**Transportation equipment**	**Total**
2023				
Cost				
Beginning of year	6,226,932	2,201,307	-	8,428,239
Additions during the year	198,943	-	2,709,375	2,908,318
Disposals during the year	(105,356)	-	-	(105,356)
End of year	6,320,519	2,201,307	2,709,375	11,231,201
Accumulated depreciation and amortization				
Beginning of year	4,624,099	2,042,042	-	6,666,141
Depreciation and amortization during the year (Note 14)	525,551	101,778	253,104	880,433
Disposals during the year	(73,338)	-	-	(73,338)
End of year	5,076,312	2,143,820	253,104	7,473,236
Net book values	1,244,207	57,487	2,456,271	3,757,965

	Furniture, fixtures and office equipment	Leasehold improvements	Transportation equipment	Total
2022				
Cost				
Beginning of year	5,459,782	2,201,307	-	7,661,089
Additions during the year	767,150	-	-	767,150
End of year	6,226,932	2,201,307	-	8,428,239
Accumulated depreciation and amortization				
Beginning of year	4,284,251	1,766,258	-	6,050,509
Depreciation and amortization during the year (Note 14)	339,848	275,784	-	615,632
End of year	4,624,099	2,042,042	-	6,666,141
Net book values	1,602,833	159,265	-	1,762,098

9 Accounts payable and accrued expenses

Accounts payable and accrued expenses as at December 31 consists of:

	2023	2022
Accounts payable	37,021,189	36,820,435
Accrued expenses and others		
Interest	7,650,704	3,811,356
Salaries and benefits	183,286	183,287
Professional and management fees	-	90,000
	44,855,179	40,905,078

Accounts payable and accrued expenses are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are non-interest bearing and are normally settled on thirty (30) days' term. Accrued payables are non-interest bearing and are normally settled on sixty (60) days' term or due and demandable. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

10 Long-term debt

In 2021, the Company availed a loan from a local bank amounting to P1,290.00 million with a term of 10 years maturing in November 2031. Interest rate per annum is at 6.56% and 3.27% as at December 31, 2023 and 2022. The loan was used for working capital requirements.

Movements in long term debt for the years ended December 31 are as follows:

	2023	2022
Beginning of year	1,281,418,599	1,280,420,690
Amortization of deferred transaction costs	994,410	997,909
End of year	1,282,413,009	1,281,418,599
Current portion of long-term debt	(12,900,000)	-
Non-current portion of long-term debt	1,269,513,009	1,281,418,599

Total interest expense arising from bank borrowings amounted to P45.99 million for 2023 (2022 - P42.16 million).

The loan require that the Company comply with certain covenants including, among others, a bank debt to tangible net worth ratio not exceeding 3:1. As of December 31, 2023 and 2022, this ratio was complied with by the Company.

11 Equity

Details of the common shares of the Parent Company follows:

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
Authorized, P1 par value	7,500,000,000	7,500,000,000	7,500,000,000	7,500,000,000
Issued	6,158,660,192	6,158,660,192	6,158,660,192	6,158,660,192
Subscribed	142,931,795	142,931,795	142,931,795	142,931,795
Subscription receivable		(91,636,672)		(99,815,504)
Issued and outstanding	6,301,591,987	6,209,955,315	6,301,591,987	6,201,776,483
Additional paid-in capital		5,887,144,727		5,881,572,097

Capital stock and additional paid-in capital increased by P8.17 million and P5.57 million, net of stock transaction costs, respectively, following collection of subscription receivable (2022 - P6.50 million and P4.39 million, respectively).

Capital Management

The primary objective of the Company's capital management is to optimize the use and earnings potential of the Company's resources and considering changes in economic conditions and the risk characteristics of the Company's activities.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes as at December 31, 2023 and 2022.

As at December 31, 2023 and 2022, the Company considers its capital stock, additional paid in capital and retained earnings as its capital.

The Group is not subject to externally imposed capital requirements.

12 Related party transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash and made at terms and prices agreed upon by the parties. There have been no guarantees provided or received for any related party receivables or payables and are generally unsecured.

In the ordinary course of business, the Company has transactions with related parties.

Amounts owed by related parties

	Transactions for the year		Balance as at December 31 Due from		
	2023	2022	2023	2022	
Loans receivable					Loans receivable are short-term advances made by the Company with interest rate at 5.60% to 5.95 % per annum.
Parent Company	-	7,000,000	-	-	
Entities under common control	-	274,000,000	-	-	
Subsidiary	-	69,000,000	-	-	
	-	350,000,000	-	-	Interest income attributable to intercompany loans amounted to P2.11 million in 2022.
Interest income					
Parent Company	-	3,056	-	-	
Entities under common control	-	1,208,671	-	-	
Subsidiary	-	893,668	-	-	
	-	2,105,395	-	-	
Recoveries					Recoveries represents share in expenses incurred by the Parent Company charged to subsidiaries. These are unsecured, unguaranteed, non-interest bearing and collectible on demand.
Subsidiaries	87,623,521	81,499,061	67,601,813	75,484,837	
Advances to subsidiaries					Advances are for the subsidiaries' working capital requirements. These are unsecured, unguaranteed, non-interest bearing and payable in cash within 30 days.
Subsidiaries	33,972,634	32,728,202	281,929,115	281,658,725	
Dividends receivable					
Subsidiary	200,000,000	-	200,000,000	-	See Note 7.
Reimbursements of expenses					These are operating expenses settled by the Company on behalf of its related parties. These are collected in cash and based on credit term of 30 days, unsecured, unguaranteed and non-interest bearing.
Parent	46,291	18,853	9,922,453	9,876,162	
Entities under common control	14,839	-	2,003,470	1,913,130	
Other related parties	6,100,000	-	6,100,000	-	
	6,161,130	18,853	18,025,923	11,789,292	
			567,556,852	368,932,854	

Amounts owed to related parties

	Transactions for the year		Balance as at December 31 Due to		
	2023	2022	2023	2022	
Loans from related parties					These are unsecured, unguaranteed, interest bearing and payable in cash within 12 months. Interest rate is at 5.60% to 6.60% per annum. These loans were obtained to fund the Company's working capital requirements and business operations. Interest expense is due and demandable and shall be payable based on interest rates agreed between parties.
Parent	10,000,000	247,300,000	-	(247,300,000)	
Entities under common control	1,038,075,000	-	(764,900,000)	-	
Subsidiary	467,100,000	150,700,000	(165,700,000)	(150,700,000)	
Interest expense					
Parent	2,615,886	319,429	(21,769,280)	(18,029,403)	
Entities under common control	22,039,543	-	(76,248,883)	(51,272,452)	
Subsidiary	9,851,596	190,169	(13,249,771)	(3,734,937)	
			(1,041,867,934)	(471,036,792)	
Systems cost and management fees					
Parent	14,597,248	20,933,466	(129,279,230)	(114,944,346)	The Company entered into system cost and management fee agreement with its related parties. In consideration of these services, fees are negotiated and billed equivalent to agreed prices. These are unsecured, unguaranteed, non-interest bearing and payable on demand.
Entities under common control	-	-	(2,252,853)	(2,252,853)	
			(131,532,083)	(117,197,199)	
Construction contracts and service fees					The Company has engaged the services of its related parties for the technical due diligence, land development and construction of facilities within its real estate properties. In consideration of these services, fees are negotiated and billed equivalent to agreed prices. These are unsecured, unguaranteed, non-interest bearing and payable on demand.
Entities under common control	1,440,239	37,606,974	(3,221,703)	(2,171,391)	
Subsidiary	68,619	-	(5,588,437)	(5,519,818)	

	Transactions for the year		Balance as at December 31 Due to		
	2023	2022	2023	2022	
Other Related Parties	1,968,276	1,284,783	(133,430)	(23,449)	This is related to unpaid postal and communication fees and leased lines incurred. Expense incurred during the year amounted to P1.97 million (2022 - P1.28 million)
			(8,943,570)	(7,714,658)	
Leases					
Entities under common control	1,267,139	1,184,603	(899,062)	(328,244)	The Company entered into a Contract of Lease with a related party, to lease a building space located primarily for administrative use. The contract provided for a payment of a guaranteed fixed monthly rental. The lease covers period covers from July 1, 2020 to December 31, 2023. The Company extended the lease contract until end of 2024.
Advances					
Entities under common control	-	-	(1,000,000)	(1,000,000)	Advances from related parties for the Company's working capital requirements.
Subsidiary	9,470,325	16,236,540	(701,026,624)	(710,496,949)	These are unsecured, unguaranteed, non-interest bearing and payable in cash within 30 days at gross amount.
			(1,885,269,273)	(1,307,773,842)	

Compensation of key management personnel

The key management personnel of the Company are employees of ALI. As such, the compensation of the said employees is paid by ALI, the necessary disclosures required by PAS 24, elated Party Disclosure are included in the financial statements of ALI. Compensation for said employees are billed to the Company and form part of systems cost.

For the year ended December 31, 2023, the Company incurred systems cost amounted to P14.60 million (2022 - P20.93 million) (Note 14). The Parent Company also recognized corresponding recoveries from systems costs and other expenses from its subsidiaries amounted to P87.62 million and P81.50 million, respectively.

The Company also incurred director's fee amounting to P4.16 million (2022 - P4.02 million) for the year ended December 31, 2023 (Note 14).

13 Other non-current liabilities

Details of the account are as follows:

	2023	2022
Subscription payable	1,094,732,918	1,094,732,918
Others	1,719,786	1,719,786
	1,096,452,704	1,096,452,704

As at December 31, 2023 and 2022, the Parent Company has outstanding subscription payable on common shares of Cyber Bay and OLI amounting to P481.68 million and 613.06 million, respectively.

14 Expenses

The expenses for the year ended December 31 consists of:

	Notes	2023	2022
Personnel cost			
Salaries and wages		41,200,823	30,517,302
Retirement benefits costs	15	2,217,081	1,865,456
Other employee benefits		6,705,442	5,346,842
		50,123,346	37,729,600
Professional fees		18,520,013	11,790,312
Systems costs	12	14,597,249	20,933,466
Taxes and licenses		5,861,631	2,262,290
Contracted services		4,718,387	5,113,940
Director's fee	12	4,160,000	4,020,000
Communication, light and water		2,686,355	1,976,050
Depreciation and amortization of right-of-use asset	17	1,832,263	1,832,262
Travel and transportation		1,751,843	1,105,355
Repairs and maintenance		775,122	1,372,166
Depreciation and amortization	8	880,433	615,632
Others		5,839,409	3,762,314
		111,746,051	92,513,387

15 Retirement benefits obligation

The Company has a funded, non-contributory retirement plan covering all its regular qualified employees. The plan provides for retirement, separation, disability and death benefits to its members. The normal retirement benefit is based on a percentage of the employees' final monthly salary for every year of credited service.

The latest independent actuarial valuation of the plan was as at December 31, 2023 using the projected unit credit method in accordance with PAS 19 Revised.

The following tables summarize the funded status and amounts recognized in the parent company statements of financial position, and the components of the retirement benefit expense recognized in the parent company statements of income for the retirement plan:

	2023	2022
Fair value of plan assets	22,008,010	20,197,759
Present value of obligation (PVO)	(16,017,429)	(10,064,588)
Net pension asset	5,990,581	10,133,171

	Note	2023	2022
Current service cost	14	2,217,081	1,865,456
Interest income, net		(738,708)	(610,795)
		1,478,373	1,254,661

Changes in the retirement benefit obligation follows:

	2023	2022
Beginning of year	10,064,588	8,693,025
Current service cost	2,217,081	1,865,456
Interest cost	727,964	441,798
Remeasurement loss	3,007,796	(1,361,750)
Net acquired liability due to employee transfer	-	426,059
End of year	16,017,429	10,064,588

Changes in fair value of plan assets follows:

	2023	2022
Beginning of year	20,197,759	20,622,604
Interest income	1,466,672	1,052,593
Remeasurement gain (loss)	343,579	(1,477,438)
End of year	22,008,010	20,197,759

Changes in remeasurement of retirement benefit plan under other comprehensive income follows:

	2023	2022
Beginning of year	(42,203,968)	(42,117,202)
Remeasurement gain (loss) due to		
Return on plan assets	(952,056)	(1,108,079)
Experience adjustments	257,684	(923,957)
Changes in economic assumptions	(1,303,791)	1,945,270
Balances at end of year	(44,202,131)	(42,203,968)

The categories of plan assets as a percentage of fair value of the total plan assets follows:

	2023	2022
Fixed income	99.54%	99.54%
Cash	0.46%	0.46%
	100.00%	100.00%

The plan assets are invested in different financial instruments and do not have any concentration risk. The asset allocation of the plan is set and reviewed from time to time by the Trustee taking into account the membership profile and the liquidity requirements of the plan. This also considers the expected benefit cash flows to be matched with asset durations.

Debt securities includes investments in government debt securities that are in the form of fixed rate treasury notes and retail treasury bonds issued by the Philippine government. As at December 31, 2023 and 2022, the plan assets do not include any equity instruments nor any property occupied, or other assets of the Company's related parties.

The Company does not expect to contribute to the retirement plan for the year 2024.

The principal assumptions used in determining retirement benefits costs and retirement benefits liability for the defined benefit plan are shown below:

	2023	2022
Discount rate	6.12%	7.29%
Salary increase rate	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2023			
Discount rate	+/-1%	(14,503,771)	17,806,249
Future salary increase rate	+/-1%	17,896,100	(14,401,607)
December 31, 2022			
Discount rate	+/-1%	(7,778,544)	9,781,469
Future salary increase rate	+/-1%	9,819,176	(7,730,189)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

The following table shows the maturity profile of the Company's defined benefit obligation based on undiscounted benefit payments:

	2023	2022
Less than 1 year	200,038	157,590
More than 1 year to 5 years	6,773,026	5,301,113
More than 5 years to 10 years	13,747,713	11,510,927
More than 10 years to 15 years	17,346,399	10,474,054
More than 15 years to 20 years	35,161,873	23,787,776
More than 20 years	72,434,491	66,716,313

The average duration of the defined benefit obligation is 15 years in 2023 (2022 - 16 years).

16 Income tax

The details of income tax expense (benefit) follow:

	2023	2022
Current	885,626	924,642
Deferred	(16,479,728)	(676,603)
	(15,594,102)	248,039

The current income tax expense in 2023 and 2022 pertains to MCIT.

The reconciliation of (benefit from) provision for income tax computed at the statutory tax rate to the provision for income tax as shown in the parent company statements of income follows:

	2023	2022
Taxable income (loss) at statutory income tax rates	22,356,696	(11,666,597)
(Reductions in) additions to income tax resulting from:		
Movement on unrecognized deferred tax assets	12,033,306	11,520,324
Unamortized discount on long term debt	(248,603)	(249,478)
Transfer of pension asset/liability	-	(106,515)
Non-deductible expenses	266,624	751,521
Interest income subject to final tax	(2,125)	(1,216)
Non-taxable dividend income	(50,000,000)	-
	(15,594,102)	248,039

Deferred tax assets and deferred tax liabilities are offset and the component of net deferred income tax assets reported in the statement of financial position as follows:

	2023	2022
Deferred income tax assets on:		
Lease liabilities	-	468,577
NOLCO	37,530,968	21,658,925
Deferred income tax liabilities on:		
Discount on long term debt	(1,896,747)	(2,145,350)
Right-of-use asset	-	(458,066)
Pension asset	(1,701,105)	(2,736,753)
	33,933,116	16,787,333

The Company did not recognize deferred income tax assets on the following temporary differences, NOLCO and MCIT because management believes that it may not be probable that sufficient future taxable income will be available to allow part of the deferred income tax assets to be utilized.

	2023	2022
Allowance for impairment losses on:		
Investments in subsidiaries and an associate	2,534,713,694	2,534,713,694
Receivables	23,610,224	23,610,224
Prepayments and other current assets	192,820	192,820
NOLCO	86,891,903	42,182,179
MCIT	2,405,681	2,624,950
Loss on financial assets at FVPL	162,500	247,500

As at December 31, 2023, the Parent Company's NOLCO which can be claimed as deduction from the regular taxable income for the next three to five consecutive taxable years, as follows:

Year incurred	Year of expiration	2023	2022
2019	2022	-	52,170,964
2020	2025	48,037,215	48,037,215
2021	2026	38,598,484	38,598,484
2022	2025	42,182,178	42,182,178
2023	2026	108,197,896	
		237,015,773	180,988,841
Expired		-	(52,170,964)
		237,015,773	128,817,877
Tax rate		25%	25%
		59,253,943	32,204,469
Recognized DTA on NOLCO		37,530,968	21,658,925
Unrecognized DTA on NOLCO		21,722,975	10,545,544

As at December 31, 2023, the Parent Company has MCIT that can be used against payment of regular income tax as follows:

Year incurred	Amount	Applied/Expired	Balance	Expiry date
2023	877,125	-	877,125	2026
2022	919,779	-	919,779	2025
2021	608,777	-	608,777	2024
2020	1,096,394	(1,096,394)	-	2023
	3,502,075	(1,096,394)	2,405,681	

17 Lease commitments

In 2020, the Parent Company entered into a Contract of Lease with ALI Commercial Center, Inc., a related party, to lease a building space located primarily for administrative use of the Parent Company. The contract provided for a payment of a guaranteed fixed monthly rental. The lease covers period covers from July 1, 2020 to December 31, 2023.

Set out below are the carrying amounts of right-of-use assets recognized and the movements as at and for the years December 31:

	2023	2022
Cost		
Beginning and end of year	6,260,230	6,260,230
Accumulated depreciation and amortization		
Beginning of year	4,427,967	2,595,705
Depreciation (Note 14)	1,832,263	1,832,262
End of year	6,260,230	4,427,967
Net book value	-	1,832,263

Set out below are the carrying amounts of lease liabilities and the movements as at and for the years ended December 31:

	2023	2022
Beginning of	1,874,308	3,678,786
Accretion of interest	32,792	102,623
Payments	(1,907,100)	(1,907,101)
End of year	-	1,874,308

The following are the amounts recognized in profit or loss:

	Note	2023	2022
Depreciation expense for right-of-use assets	14	1,832,263	1,832,262
Interest expense on lease liabilities		32,792	102,623
Variable lease payments		234,990	399,497
		2,100,045	2,334,382

18 Earnings per share

Earnings per share are computed by dividing the net income for the year by the weighted average number of issued and outstanding shares of common stock during the year.

	2023	2022
Net income (loss)	105,020,888	(46,914,426)
Weighted average number of issued and outstanding shares of common stock	6,252,147,771	6,252,147,771
Earnings (loss) per share	0.017	(0.008)

Impact of ESOWN plan is not material to the calculation of earnings per share.

19 Share-based payments

In 2015, the Group introduced the ESOWN Plan (the Plan) wherein grantees (employees within ALLHC Group) may subscribe in whole or in part to the shares awarded to them based on a discounted market price, but in no case lower than the par value, that was determined at grant date. The grantees will pay for the shares subscribed through installments over a maximum period of ten (10) years.

No share-based expense recognized for the year ended December 31, 2023 and 2022.

Equity reserves related to the ESOWN Plan as at December 31, 2023 and 2022 amounted to P33,278,045

20 Note to statements of cash flows

Changes in the Parent Company's liabilities arising from financing activities follow:

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Amounts owed to related parties	1,307,773,842	577,495,431	-	1,885,269,273
Long-term debt	1,281,418,599	-	994,410	1,282,413,009
Lease liabilities	1,874,308	(1,907,100)	32,792	-
	2,591,066,749	575,588,331	1,027,202	3,167,682,282

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Amounts owed to related parties	872,007,513	435,766,329	-	1,307,773,842
Long-term debt	1,280,420,690	-	997,909	1,281,418,599
Lease liabilities	3,678,787	(1,907,101)	102,622	1,874,308
	2,156,106,990	433,859,228	1,100,531	2,591,066,749

The non-cash transactions pertain to land acquisition costs amounting to P12.20 million reclassified from other non-current assets to investments in subsidiaries in 2023; and transfer of pension assets amounting to P0.43 million in 2022.

21 Summary of significant accounting judgments, estimates and assumptions

The preparation of the parent company financial statements in accordance with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and contingent liabilities, at the end of the reporting period. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the parent company financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

21.1 Judgements

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

Classification of joint venture

The Parent Company's investment in joint venture is structured in separate incorporated entity. The respective joint arrangement agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Parent Company and the party to the agreement only have the rights to the net assets of the joint venture through the terms of contractual arrangements.

21.2 Estimates and assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Parent Company based its assumptions and estimates on parameters available when the parent company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes in circumstances arising beyond the control of the Parent Company. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses (ECLs) of receivables and amounts owed by related parties

For dividend receivable amounts owed by related parties, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next l2-m0nths (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

There was no provision for expected credit losses on receivables and amounts owned by related parties for the years ended December 31, 2023 and 2022.

Estimating allowances for impairment losses on investments in subsidiaries

The Company reviews investments in subsidiaries for impairment. This includes considering certain indicators of impairment such as the following:

- Significant or prolonged decline in the fair value of the asset;
- Increase in market interest rates or other market rates of return on investments which are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant changes with an adverse effect that have taken place in the technological market, economic or legal environment; and
- Significant changes in the manner of use of the acquired assets or the strategy for overall business.

An impairment loss shall be recognized if, and only if, the recoverable amount of an asset is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Estimating the recoverable value of investment in subsidiaries and an associate entails the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requiring the Company to make estimates and assumptions that can materially affect its parent company financial statements. Future events could cause the Company to conclude that the investments are impaired. Any resulting impairment loss could have a material adverse impact on the parent company statement of financial position and parent company statement of income.

There was no provision for impairment losses on investment in subsidiaries and an associate recognized for the years ended December 31, 2023 and 2022.

Estimating useful lives of property and equipment

The estimated useful lives used as bases for depreciating and amortizing the Company's property and equipment were determined on the basis of management's assessment of the period within which the benefits of these asset items are expected to be realized taking into account actual historical information on the use of such assets as well as industry standards and averages applicable to the Company's assets. The Company estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed, at least, annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of these assets increases depreciation and amortization and decreases the carrying value of property and equipment.

Determining retirement benefits liability

The cost of defined retirement obligation as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligation are highly sensitive to changes in these assumptions. These assumptions are reviewed at each end of the reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Further details about the assumptions used are provided in Note 15.

Assessing realizability of deferred income tax assets

The Parent Company reviews the carrying amounts of deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Judgments and estimation are required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. However, there is no assurance that the Parent Company will generate sufficient taxable profit to allow all or part of its deferred income tax assets to be utilized.

Temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized (as the management has assessed that it is not probable that sufficient taxable income will be available for which the benefit of the deferred income tax assets can be utilized) are disclosed in Note 16.

22 Financial instruments

22.1 Fair value information

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values as at December 31 are set out below:

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at FVPL	2,475,000	2,475,000	2,390,000	2,390,000
Financial assets at FVOCI				
Quoted equity securities	15,000,000	15,000,000	7,000,000	7,000,000
	17,475,000	17,475,000	9,390,000	9,390,000
Other financial liabilities				
Long-term debt	1,269,513,009	1,341,875,311	1,281,481,599	955,932,097
Subscription payable	1,094,732,918	-	1,094,732,918	-
	2,364,245,927	1,341,875,311	2,376,214,517	955,932,097

Financial assets at FVPL

Listed equity securities designated as financial assets at FVPL are based on their quoted prices as at December 31, 2023 and 2022. The fair value of the UITF has been determined based on the net asset values as of reporting date.

Financial assets at FVOCI

Equity financial assets that are listed are based on their quoted prices published in markets as at December 31, 2023 and 2022.

Long-term debt

The fair values of long-term debt are estimated using the discounted cash flow methodology using the Parent Company's current incremental borrowing rates and current yield rates for similar borrowings with maturities consistent with those of the liabilities being valued. The discount rates used for 2023 ranged from 5.12% to 6.12% (2022 - 3.92% to 7.22%).

Subscriptions payable

The carrying amounts of these financial instruments are all subject to normal credit terms which approximate their fair values.

22.2 Fair value hierarchy

The Parent Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Listed FVOCI financial assets amounting to P15.00 million (2022 - P7.00 million) as at December 31, 2023 is classified under Level 1.

FVPL amounting to P2.48 million (2022 - P2.39 million) as at December 31, 2023 is classified under Level 2.

There have been no reclassifications from Level 1 to Level 2 categories in 2023 and 2022.

22.3 Financial risk management objectives and policies and capital management

The Parent Company has various financial instruments such as cash and cash equivalents, receivables, amounts owed by/to related parties, financial assets at FVPL, financial assets at FVOCI, deposits (included under "Other noncurrent assets") and accounts payable and accrued expenses, and subscription payable. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Parent Company. The Parent Company has other financial liabilities such as accounts payable and accrued expenses which arise directly from its operations.

The main risks from the use of financial instruments are liquidity risk, credit risk and equity price risk. The Parent Company's BOD reviews and approves policies for managing these risks as summarized below.

a. Liquidity risk

Liquidity risk arises when there is a shortage of funds and the Parent Company as a consequence could not meet its maturing obligations.

In the management of liquidity, the Parent Company monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Parent Company's operations and mitigate the effects of fluctuations in cash flows.

The tables below summarize the maturity profile of the Parent Company's financial assets and financial liabilities, and lease liability as at December 31 based on contractual undiscounted payments:

2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Financial assets at amortized costs:					
Cash and cash equivalents*	3,783,561	-	-	-	3,783,561
Receivables	826,668	-	-	-	826,668
Amounts owed by related parties	567,556,852	-	-	-	567,556,852
Deposits (included under "other noncurrent assets")	-	-	-	1,183,006	1,183,006
	572,167,081	-	-	1,183,006	573,350,087
Liabilities:					
Accounts payable and accrued expenses	44,855,178	-	-	-	44,855,178
Amounts owed to related parties	1,885,269,273	-	-	-	1,885,269,273
Subscription payable	-	-	-	1,094,732,918	1,094,732,918
Long term debt and interest payable	7,881,695	24,302,689	24,249,366	1,884,518,574	1,940,952,324
	1,938,006,146	24,302,689	24,249,366	2,979,251,492	4,965,809,693

**Excluding cash on hand amounting to P20,000.*

2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Financial assets at amortized costs:					
Cash and cash equivalents*	27,297,889	-	-	-	27,297,889
Receivables	775,669	-	-	-	775,669
Amounts owed by related parties	368,932,854	-	-	-	368,932,854
Deposits (included under “other noncurrent assets”)	-	-	-	1,183,006	1,183,006
	397,006,412	-	-	1,183,006	398,189,418
Liabilities:					
Accounts payable and accrued expenses	40,905,078	-	-	-	40,905,078
Amounts owed to related parties	1,307,773,842	-	-	-	1,307,773,842
Subscription payable	-	-	-	1,094,732,918	1,094,732,918
Long term debt and interest payable	4,042,348	10,394,608	31,761,302	1,610,358,929	1,656,557,187
Lease liability	-	476,775	1,430,325	-	1,907,100
	1,352,721,268	P10,871,383	33,191,627	2,705,091,847	4,101,876,125

**Excluding cash on hand amounting to P20,000.*

a. *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The credit quality per class of financial assets is as follows:

Cash and cash equivalents, classified as high grade amounted to P3.80 million (2022 - P27.30 million) as a December 31, 2023.

Receivables, classified as high grade amounted to P0.83 million (2022 - P0.78 million) as at December 31, 2023. The Company classified P23.61 million as impaired as of December 31, 2023 and 2022.

Amounts owed by related parties, classified as high grade amounted to P567.56 million (2022 - P368.93 million) as at December 31, 2023.

Deposits, classified as high grade amounted to P1.18 million as at December 31, 2023 and 2022.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for customer with similar loss patterns. Generally, receivables are written off if past due for more than one year and are not subject to enforcement activity.

The tables below show the aging analyses of past due but not impaired receivables per class that the Parent Company held as of December 31. A financial asset is past due when a counterparty has failed to make payment when contractually due.

	2023						
		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Impaired	Total
Loans and receivable:							
Cash and cash equivalents	3,783,561	-	-	-	-	-	3,783,561
Receivables	826,668	-	-	-	-	23,610,224	24,436,892
Amounts owed by related parties	567,556,852	-	-	-	-		567,556,852
Deposits (included under “other noncurrent assets")	1,183,006						1,183,006
	573,350,087	-	-	-	-	23,610,224	596,960,311

	2022						
		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Impaired	Total
Loans and receivable:							
Cash and cash equivalents	27,297,889	-	-	-	-	-	27,297,889
Receivables	775,669	-	-	-	-	23,610,224	24,385,893
Amounts owed by related parties	368,932,854	-	-	-	-	-	368,932,854
Deposits (included under “other noncurrent assets")	1,183,006	-	-	-	-	-	1,183,006
	398,189,418	-	-	-	-	23,610,224	421,799,642

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI - based on the nature of the counterparty;

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment;

The non-listed financial assets at FVOCI are unrated.

c. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of change in the levels of equity indices and the values of individual stock. The equity price risk exposure arises from the Parent Company’s investment in stocks. The equity investments of the Parent Company are categorized as financial assets held at FVOCI.

The basic sensitivity analysis assumes that the stock’s standard deviation on its historical yield for the past one year provides the basis for reasonably possible change in prices of the stock investments. The Parent Company measures the sensitivity of its financial assets held at FVOCI by using PSE index fluctuations and its effect to respective share prices.

Management, however, does not foresee exposure to price risk on its financial assets at FVOCI to be significant.

23 Summary of material accounting policies

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

23.1 Basis of preparation

The separate financial statements have been prepared on a historical cost basis, except for the following:
The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Equity financial assets measured at fair value
- Certain financial instruments and lease liabilities carried at amortized cost
- Investments in joint ventures in which equity method of accounting is applied;
- Retirement benefit obligation measured at the present value of the defined benefit obligation net of the fair value of the plan assets.

The separate financial statements are presented in Philippine Peso, which is the parent company functional currency. All amounts are rounded to the nearest Peso, unless otherwise indicated.

The separate financial statements provide comparative information in respect of the previous period.

Statement of compliance

The Company's separate financial statements has been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) which include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC). The Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements presented in compliance with PFRSs, and these are available for public use at the Company's registered address as stated in Note 1.

23.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments to PAS 8 - Definition of Accounting Estimates

The amendment to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Amendments to PAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments are effective for annual periods January 1, 2023 which shall be applied retrospectively.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PAS 1, Liabilities with debt covenants

23.3 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) fair value through profit or loss and (c) fair value through other comprehensive income (OCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Company's financial assets at amortized cost category comprise of cash (Note 2), receivables (Note 3), amounts owned to related parties (Note 12) and refundable deposits under other current assets (Note 6).

For financial asset at fair value through OCI, the Company had designated listed equity securities as not held for trading where management consider these investments to be strategic in nature.

For financial asset at fair value through profit or loss (FVPL), the Company had designated equity investment as held for trading financial asset where management intended to hold them for the medium to long-term. The Company's financial asset at FVPL consist of investment in redeemable preferred shares (Note 4).

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate.

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

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Company would expect to receive. As these are future cash flows, these are discounted back to the time of default using the appropriate effective interest rate, usually being the original effective interest rate (EIR) or an approximation thereof.

The Company considers a financial asset in default generally when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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

Financial liabilities

The Company classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (FVPL); and (b) financial liabilities at amortized cost. Financial liabilities at fair value through profit or loss is composed of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition.

Management determines the classification of its financial liabilities at initial recognition.

The Parent Company has not designated any financial liability as at fair value through profit or loss.

The Parent Company's financial liabilities at amortized cost consist of accounts payables and accrued expenses (Note 9), amounts owned to related parties (Note 12), and long-term debt (Notes 10)

23.4 Fair Value Measurement

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. 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. The quoted market price used is the current bid price. These instruments are included in Level 1.

23.5 Investments in joint ventures

Investments in joint ventures are accounted under the equity method of accounting.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus pose-acquisition changes in the Group's share in the net assets of the investee companies, less any impairments in values. The consolidated statement of income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

23.6 Property and equipment

Property and equipment are carried at cost, net of accumulated depreciation and amortization and any impairment in value.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Useful life in years
Furniture, fixtures and office equipment	2-5
Leasehold improvements	3-5
Transportation equipment	3-5

Leasehold improvements are amortized on a straight-line basis over their estimated useful lives or the term of the lease, whichever is shorter.

23.7 Income recognition

The specific recognition criteria described below must be met before income is recognized:

Recoveries

Recoveries represents share in expenses incurred by the Parent Company charges to subsidiaries and is recognized when earned.

Dividend income

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

Interest income

For all financial instruments measured at amortized cost, interest income or expense is recorded using the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

23.8 Retirement benefit costs

The Company has a non-contributory defined benefit retirement plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as "Retirement benefits costs" under personnel costs in the parent company statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

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

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

23.9 Leases (Company as a lessee)

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the Incremental Borrowing Rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

23.10 Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

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

24 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements. Full amounts presented below are in Philippine Peso.

(i) Output VAT

Output VAT declared by the Company for the year ended December 31, 2023 and the revenues upon which the same was based consist of:

	Net sales/receipts	Output VAT
Taxable income		
Sale of services	119,308,499	14,317,020

The Company's sales of services are based on actual collections received, hence, may not be the same as the amounts accrued in the parent company statement of income.

(ii) Input VAT

Movements in input VAT paid for by the Company for the year ended December 31, 2023 are shown below:

Input VAT, December 31, 2022	11,518,568
Current year's domestic purchases and payments for:	
Goods other than for resale or manufacture	23,821
Capital goods not subject to amortization	2,357
Services	10,958,226
	22,502,972
Less: Output VAT applied	14,317,020
	8,185,952
Input VAT deferred	24,608,182
Total input VAT, December 31, 2023	32,794,134

(iii) Importation

The Company does not have any purchases of imported goods subject to custom duties and tariff fees for year ended December 31, 2023.

(iv) Excise tax

The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any disposition.

(v) Documentary stamp tax

The Company paid documentary stamp taxes amounting to P4,008,270 for the year ended December 31, 2023.

(vi) Other local and national taxes

The Company's local and national taxes in 2023 consist of:

Listing fee	1,454,787
Business permit	192,227
Annual registration fee	500
CTC	10,500
Others	195,347
	1,853,361

(vii) Withholding taxes

Withholding taxes paid and accrued and/or withheld by the Company in 2023 consists of:

Expanded withholding taxes	10,079,995
Withholding taxes on compensation and benefits	5,691,610
	15,771,605

(viii) Tax assessments

The Company has not received any assessment notices for the year ended December 31, 2023.

(ix) Tax cases

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2023.

AyalaLand

LOGISTICS HOLDINGS CORP.

Sustainability Report 2023

ESG APPROACH

Continuously transforming landscapes to sustainable and resilient business environments, ALLHC remains committed in embedding sustainability practices in all of its developments. This enables the company to create long-term economic, environmental, and social value for stakeholders in the communities where it is present.

In 2022, ALLHC concretized its ESG initiatives through ACT or the "ALLHC Cares for Tomorrow" program. It consists of acts for the common good towards creating a better environment for its employees, partners, and communities.

Materiality Review and Sustainability Four Focus Areas

To monitor economic, environmental, and social impacts of ALLHC developments, the company adopts Ayala Land's ESG approach of integrating sustainability into its operations across four focus areas, and measuring and reporting its sustainability performance. The four focus areas are site resilience, pedestrian mobility and transit connectivity, resource efficiency, and local economic development.

Site resilience reduces communities' susceptibility to the impacts of climate change and natural disasters. Pedestrian mobility and transit connectivity enhance urban mobility. Resource efficiency combats the persistent loss of natural resources. Local economic development strives to reduce socio-economic inequalities.

Identified in Ayala Land's 2014 materiality assessment, these four focus areas remain relevant today and serve to drive sustainability throughout the Ayala Land Group, including ALLHC. These serve as guides in project development and business operations while managing and mitigating possible risks.

Ayala Land's Four Focus Areas and the UN Sustainable Development Goals

With the establishment of the United Nations Sustainable Development Goals (SDGs) in 2015, Ayala Land aligned each of the focus areas with the relevant SDGs.

Site Resilience — SDG 13, SDG 14, SDG 15

ALLHC recognizes the potential risks that climate change could bring in the future such as extreme weather events and rising sea levels. To improve site resilience and emergency readiness, site evaluations and technical due diligence are conducted to screen for geohazards, disaster-readiness exercises are practiced, spaces for refuge and rainwater absorption are provided through open and green spaces, and native trees are used for landscaping to improve biodiversity.

Pedestrian Mobility and Transit Connectivity — SDG 3, SDG 9

With ALLHC properties being places of work and business, these are strategically located close to major roads and highways, ensuring mobility and connectivity. Apart from using motor vehicles, commuters are provided alternatives such as connections to public transport routes and terminals, and walkways for pedestrians.

Resource Efficiency — SDG 6, SDG 12
ALLHC is committed in supporting Ayala Land's goal of reaching carbon neutrality for all its properties by 20230, and the Ayala Group's net zero emissions target by 2050.
ALLHC strictly monitors the conscientious use of resources, such as energy and water, as well as proper handling of waste in its properties. Conservation programs and management schemes are in place and undergo regular audits.

Local Economic Development — SDG 1, SDG 8, SDG 10
ALLHC's industrial and commercial properties generate employment and business opportunities. Through its properties, ALLHC helps spur economic activity, contribute to nation-building, and create value for the communities in their localities.

Site Resilience	Mobility & Connectivity
13 detention ponds 192 hectares of green and open space 146 sqm vegetable garden and tree nursery 183 emergency response team drills and night drills 6,189 sqm space used as evacuation area	4 transport terminals 16 priority signs 1,756 sqm space for PUVs 358 sqm covered walkways 28 marked crosswalks 83 PWD ramps
Resource Efficiency	**Local Economic Development**
29,768,558 kWh energy consumption 437,086 cubic meters water consumed 177,776 kg waste generated	71 direct employees 34 hours average employee training 82% employee engagement score 713 jobs generated (direct hires and service providers)

ENVIRONMENTAL STEWARDSHIP

ALLHC aligns its efforts with Ayala Land's sustainability principles, working to enhance the resilience of its properties and mitigate climate change risks. Through initiatives focused on site resilience and pedestrian mobility and transit connectivity, the company contributes to the development of sustainable industrial and commercial properties. Its emphasis on resource efficiency promotes the responsible use of resources for the lasting benefit of communities over time.

Site Resilience

<GRI 304; SDG 11, 13, 15>

ALLHC conducts thorough technical due diligence before acquiring land to evaluate potential geohazards and climate change impacts. Green spaces for rainwater absorption are identified and allocated during planning, with implementation occurring during construction.
Enhancing biodiversity and the landscape, the company continues to use native trees for its developments, which are mainly planted in emerging industrial estates.

Pedestrian Mobility and Transit Connectivity

<GIR 203; SDG 3, 9, 11>

The pedestrian and commuter experience are key considerations for ALLHC when developing properties.
Pedestrian walkways and sidewalks are available, and multiple transport modes such as jeepneys, taxis, UV express shuttles, point-to-point (P2P) buses, and commuter railway are accessible from ALLHC's sites for commuters.

Resource Efficiency

Measures are in place to promote the judicious consumption of energy and water and proper waste management in ALLHC's properties to help reduce carbon footprint.

Energy Management

<GRI 302; SASB IF-RE-130, IRF-RE-410; SDG 7, 12>

Total energy consumption (from electricity and fuel) decreased by 1% to 29.8 million kWh versus the previous year. The slight decrease is mainly due to lower consumptions in South Park Center and ALogis Santo Tomas, despite the addition of ALogis Artico Mandaue in the portfolio.

To compare energy efficiency over time, electricity intensity in both common and tenant areas are measured in terms of kWh consumption per sqm of occupied floor area or occupied pallet position. In 2023, electricity intensity in both common and tenant areas of commercial centers increased by 6% and 7% respectively, due to increased business activity. Tenant area intensities for warehouses and cold storage were at 22.04 kWh/sqm and 404.41 kWh/pp.

Energy Consumption (kWh)	2021	2022	2023
Within the Organization Electricity (Common Area) Fuel	 6,994,408 219,431	 9,168,540 248,592	 9,484,150 299,821
Outside the Organization Electricity (Leased Area)	 14,844,693	 20,624,340	 20,002,587
Total	**22,058,532**	**30,041,472**	**29,786,558**

Notes: 2022 energy consumption restated.

Electricity Intensity	Unit	2021	2022	2023
Malls & Office				
Whole Building	kWh/sqm GFA	111.18	134.90	125.88
Common Area	kWh/sqm GCA	70.45	92.94	87.53
Leased Area	kWh/sqm GLA	163.52	188.04	174.61
Warehouses				
Common Area	kWh/sqm GCA	-	-	36.18
Leased Area	kWh/sqm GLA	-	-	22.04
Cold Storage				
Leased Area	kWh/pp	-	-	404.41

Legend: GFA — Gross Floor Area; GCA — Gross Common Area; GLA — Gross Leasable Area

Notes: To take into account significant changes in the occupancy rate in light of the pandemic, intensity has been measured as kWh consumption per square meter (sqm) of relevant area or pallet position (pp) multiplied by occupancy rate. Monitoring of intensities for warehouses and cold storage commenced only in 2023. For warehouses and cold storage, intensity for leased areas covers only facilities where ALLHC has visibility on tenant consumption.

Water Management

<GRI 303; SASB IF-RE-140, IF-RE-410; SDG 6,12 >

More business activity in 2023 resulted to an increase of 16% in the total water consumption of properties. Consumption within common areas rose 40% to 210 thousand cubic meters, while leased area consumption only slightly increased by 1% to 226 thousand cubic meters.

In terms of water intensity, measured as cubic meter consumption per square meter of occupied floor area, no change was seen in the whole building intensities for the commercial centers. Tenant area intensities for warehouses and cold storage were at 0.54 m^3/sqm and 0.79 m^3/pp.

Water Consumption (m^3)	2021	2022	2023
Within the Organization (Common Area)	106,495	150,182	210,449
Outside the Organization (Leased Area)	137,192	225,027	226,637
Total	**243,687**	**375,209**	**437,086**

Water Intensity	Unit	2021	2022	2023
Malls & Office				
Whole Building	m^3/sqm GFA	1.20	1.62	1.62
Common Area	m^3/sqm GCA	1.13	1.62	1.66
Leased Area	m^3/sqm GLA	1.30	1.61	1.58
Warehouses				
Common Area	m^3/sqm GCA	-	-	1.72
Leased Area	m^3/sqm GLA	-	-	0.54
Cold Storage				
Leased Area	m^3/pp	-	-	0.79

Legend: GFA — Gross Floor Area; GCA — Gross Common Area; GLA — Gross Leasable Area
Notes: To take into account significant changes in the occupancy rate in light of the pandemic, intensity has been measured as cubic meter consumption per square meter (sqm) of relevant area or pallet position (pp) multiplied by occupancy rate. 2021 and 2022 malls & office intensities restated. Monitoring of intensities for warehouses and cold storage commenced only in 2023. For warehouses and cold storage, intensity for leased areas covers only facilities where ALLHC has visibility on tenant consumption.

Carbon Neutrality

<GRI 305; SASB IF-RE-450; SDG 7, 13>

ALLHC supports Ayala Land's goal to become carbon-neutral across all its properties by 2030, and Ayala Corporation's target to be net zero by 2050. For electricity requirements of ALLHC properties, it prioritizes renewable energy sources, and continues to look for opportunities to shift a greater proportion of its properties from non-renewable.

Renewable Energy

ALLHC's commercial properties purchase electricity from renewable energy sources via their retail electricity supplier, while industrial properties are from both renewable and non-renewable. Given the addition of ALogis Artico Mandaue which is powered by both non-renewable and renewable sources, and the shift of ALogis Santo Tomas to renewable in December 2022, the share of renewable energy in the energy mix increased to 90% from 81% in 2022.

Energy Mix	2021	2022	2023
Electricity (Renewable)	86%	81%	90%
Electricity (Non-renewable)	13%	18%	9%
Fuel	1%	1%	1%

Emissions

Total net emissions reached 2,062 t-CO2e, falling 52% in 2023 versus the previous year. This is mainly due to the shift of ALogis Santo Tomas to renewable energy source in end-2022, significantly decreasing net Scope 2 and 3 emissions year-on-year by 21% and 60%, respectively.

Net Emissions in t-CO2e	2021	2022	2023
Scope 1	55	62	75
Scope 2	225	745	588
Scope 3	1,970	3,467	1,399
Total	**2,250**	**4,274**	**2,062**

Notes: Scope 2 emissions declared are market-based. For properties that shifted to purchasing electricity from renewable energy power plants, Scope 2 emissions were zeroed out from the date of shifting. Scope 3 emissions factored in are from tenants' electricity consumption only.

Circular Economy

<GRI 306; SDG 12>

Solid Waste

ALLHC has adopted a circular waste management model in line with Ayala Land's strengthened practice to reduce and avoid waste sent to landfills. The company segregates generated waste at the property level and consistently reviews its waste profile. The company also collects plastic waste from its developments which will then be recycled and reprocessed into additives in construction materials to be used in projects across the Ayala Land group.

In 2023, total waste generated increased by 9% to 439 thousand kilograms versus the previous year driven by higher generation in the commercial properties. 178 thousand kilograms of waste were diverted and sent to recyclers, accounting for 40% of total waste generated.

Additionally, a total of 657 kilograms of clean and dry plastics collected from households were contributed by ALLHC employees, while 210 kilograms were collected from mall and office tenants. Similarly, ALLHC diverted 120 tons of plastic from landfills by acquiring 4,774 recycled and secondhand plastic pallets for use in its cold storage facilities.

Solid Waste Generation and Diversion	2021	2022	2023
Total Waste Generation (kg)	**392,795**	**402,146**	**439,167**
Sent to Landfill			
Food	165,571 (42%)	134,535 (33%)	171,406 (39%)
Residual	50,634 (13%)	98,265 (25%)	89,985 (20%)
Diverted from Landfill			
Sent to Recyclers	176,590 (45%)	169,346 (42%)	177,776 (40%)

Note: Locator tenants in our industrial properties are responsible for their own proper waste disposal. 2022 waste generated restated.

SOCIAL ENGAGEMENT

To continue its mission of creating environments that energize and support businesses, ALLHC actively engages with stakeholders for insights and feedback through various modes and activities. ALLHC contributes to local economic development by creating jobs, providing training and development for its workforce, and prioritizing the health and safety of its stakeholders.

Contribution to Local Economic Development

<GRI 401, 402; SDG 1, 8, 10>

ALLHC provided jobs for 713 regular employees and support staff, and continues to generate jobs through locator-companies in its industrial properties, and mall and office locators.

Employment and Job Creation

As of end-2023, ALLHC group had a total headcount of 713 direct employees and support staff. These were composed of 71 direct employees and 642 support staff for property management such as security, technical maintenance, and housekeeping. The Philippine Economic Zone Authority (PEZA) reported that locator-companies in Laguna Technopark alone generate over 100 thousand in direct employment.

Employment Summary	2021	2022	2023
Direct Employees	53	63	71
Support Staff	566	606	642
Total	**619**	**669**	**713**

Employee Profile

ALLHC monitors its direct employees' profile. As of end-2023, total headcount was 71; 56% are female, and 44% are male. Regarding age, 41% were below 30 years old; 59% were 30 and above. Attrition rate remained the same as the previous year's 12%.

Direct Employees by Gender	
Male	31
Female	40
Total	**71**

Headcount by Gender			
	Total	Male	Female
Corporate	10	2	8
Industrial Parks and Real Estate Logistics	38	19	19
Commercial Leasing	23	10	13
Total	**71**	**31**	**40**
Percentage	**100%**	**44%**	**56%**

Compliance to the Labor Code Notice Period Requirement

ALLHC complies with the Labor Code of the Philippines for minimum notice periods regarding significant operational changes, and strictly complies with all labor regulations and local government guidelines in every project site.

Health and Safety

<GRI 403; SDG 8>

ALLHC prioritizes ensuring safe working conditions in its sites. ALLHC properties are managed by on-site property managers who regularly perform preventive maintenance checks and technical and engineering audits.

Emergency Preparedness

All sites have respective detailed emergency preparedness and response plans that include regular drills for instances such as fire, earthquakes, and other identified emergency situations. Incidents undergo immediate investigation to identify root causes, with new controls being implemented as needed to prevent similar occurrences. Issues are promptly reported to the appropriate management level and recorded for monitoring.

As of end-2023, no major incident was recorded in ALLHC's properties. A total of 183 emergency response team drills were conducted across all managed properties.

Employee Wellness

Annual physical examinations were made available for employees. Health insurance coverage was also provided to both employees and their eligible family members.

Training and Development

<GRI 404; SDG 1, 8>

ALLHC believes in providing its employees professional growth opportunities for career and skills development. In 2023, ALLHC employees dedicated a total of 2,418 training hours to formal training, averaging 34 hours per employee. The average training hours for women was at 33, while average training hours for men was at 36.

ALLHC employees participated in learning sessions covering various topics and areas such as professional effectiveness and leadership, digitalization and technology, marketing and communications, management, ethics, sustainability, corporate governance, and personal mental health and well-being.

Apart from webinars and on-site training, employees were provided access to self-paced learning via online platforms such as LinkedIn Learning and Ayala Land PLUS.

Employee Training Hours		
	Male	**Female**
Total	1,101	1,318
Average	36	33

Stakeholder Relations

By engaging its stakeholders, ALLHC strives to identify, attend, and resolve their issues and concerns.

Property Buyers and Tenants, and Shoppers

Acknowledging the vital role its customers play in its success, ALLHC is committed to delivering quality, functional and reliable products that meet customer satisfaction and safety. The company continuously nurtures relationships with its customers by providing strong customer focus and satisfactory service levels.

On the front line, queries from potential lot buyers, warehouse lessees, and mall and office tenants are addressed by the sales and leasing teams of the respective business units. Operations and engineering teams handle turnovers and assist as necessary post-turnover.

Regular meetings are held with warehouses tenants with varying degrees of frequency, wherein facilities engineers and tenants closely collaborate to address any technical issues. Similarly, building engineers conduct coordination meetings with mall and office tenants. To ensure their businesses are running smoothly, operations teams hold meetings as needed with warehouse, mall, and office tenants to address any operational concerns and expansion plans.

To keep industrial lot buyers, warehouse lessees, and mall and office tenants informed about key developments affecting the properties, advisory notices such as memos, e-brochures and e-newsletters are disseminated. Other news and announcements are released to the general public via social media posts and the corporate website.

Third-party customer satisfaction surveys are conducted annually. In 2023, ALLHC commercial properties received an overall recommendation score of 84% (3.37/4).

Employees and Workers

<GRI 401, 407; SDG 8>

ALLHC is supported by a team of highly dedicated and diligent professionals. Placing importance on employee welfare, the company has capacity-building programs, encourages high performance levels, and promotes their health, safety, and well-being at all times.

Open lines of communication between management and employees are maintained through regular town halls, periodic updates, individual performance reviews, and regular discussions of managers with their direct reports. Based on the company's latest biennial employee engagement survey (2023), ALLHC group garnered a score of 82% with 100% direct employee participation, identifying collaboration, opportunities for personal and professional development & growth, mentorship, and team priority setting as among the company strengths.

Compensation and Rewards

<GRI 401, SDG 8>

ALLHC provides compensation and benefits mandated by national labor laws and based on its performance incentive program. It rejects any form of forced and compulsory labor.

All regular employees receive life insurance, in-patient and out-patient health coverage, medical allowances, and retirement benefits. ALLHC also provides variable pay such as a performance-based cash bonus directly linked to an individual's key deliverables established at the beginning of the year.

Employee Leaves

The company implements government-mandated leaves on paternity, maternity, and solo parent, with all employees entitled to parental leave.

Diversity and Equal Opportunity

<GRI 401, 405; SDG 10>

ALLHC recognizes the importance of diversity and equal opportunity in the workplace. Women account for 56% of the company's employees.

Ethical Behavior

<GRI 205, 402, 409; SDG 8>

In line with its Code of Ethics, ALLHC fosters high standards of accountability among its employees. The company regards its employees with utmost respect and professionalism. Employees are expected to uphold prescribed standards of conduct and integrity. The company has zero tolerance towards any form of corruption, fraud, bribery, or any other unethical practices.

Whistleblowing

ALLHC provides customers, employees, and the public grievance mechanisms such as customer service hotline, feedback form on the company website, email, and designated personnel handling such grievances.

Under the company's Whistleblowing Policy, any individual or entity that suspects or becomes aware of any irregularity or misconduct involving ALLHC employees, business partners, suppliers, and service providers may report such behavior to ALLHC management through secure channels. In 2023, no significant incident of illegal or unethical behavior was reported.

SEC Memorandum Circular No. 2003-13 defines an incident or unethical behavior as significant if it reduces the company's consolidated total assets by at least 5%.

For more information on the Whistleblowing Policy and other anti-corruption programs and procedures, see pages ___ of this report.

Non-Discrimination

<GRI 406>

The company does not tolerate discrimination based on race, gender, age, and religious affiliation. Employees and stakeholders are encouraged to report any discriminatory practice to Human Resources. In 2023, there were no reports of any act of discrimination.

Business Partners, Suppliers, and Service Providers

<GRI 204, 205, 308>

Recognizing the rights of all business partners, suppliers, and service providers, ALLHC strives to establish and maintain long-term and mutually beneficial relationships through impartial dealings and adherence to strict moral and ethical business conduct.

The company provides vendors and trade partners with equal opportunities for fair and open competition, encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness.

Suppliers across the Ayala Land Group, ALLHC included, are accredited upon their full compliance with Ayala Land's standards and requirements, with preference for those who practice environmental sustainability. To the best extent possible, materials and supplies are sourced locally.

To ensure business partners, suppliers, and service providers strictly comply with policies to prevent fraudulent activities, ALLHC's Internal Audit conducts vendor audits as needed in accordance with the provisions of its Vendor's Code of Ethics. In 2023, there were no audits conducted on vendors of ALLHC's properties.

Accredited suppliers abide by the Vendor's Code of Ethics. Child labor and modern slavery has no place in ALLHC. Accredited vendors, suppliers, and service providers are carefully audited to ensure that they do not employ underage or illegally deployed workers in their operations. No aspect of our operations has been identified as susceptible to child labor, forced labor, any other form of illegal labor, or exploitation.

Creditors

ALLHC acknowledges the rights of creditors and is committed to honoring its contracted financial obligations and any financial covenant they may contain. Creditors have access to readily available information about ALLHC for credit standing assessment. ALLHC has not defaulted on any loan or payment to creditors.

Shareholders and Analysts

As a publicly listed company, ALLHC provides timely, accurate, and materially relevant financial and operational information to its shareholders, analysts, and the investing public. Management and key company representatives make themselves available for one-on-one investor meetings and conferences.

The company maintains open communication by providing contact details of its Investor Relations Office to address information requests of the investing community.

ALLHC complies with all the disclosure and transparency rules of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) to ensure that all relevant information is publicly available. The company endeavors to protect and promote the rights and interests of all shareholders.

Communities and Non-Government Organizations

ALLHC strives to create significant impact and shared value for the local communities in the areas where its developments operate.

In 2023, ALLHC engaged in multiple community initiatives such as putting up a Laguindingan e-Library in partnership with the local government, providing assistance to Missionaries of Charity in Tondo, Manila, and distributing food packs to the communities in Naic, Mabalacat, Laguindingan, and Batangas.

Moreover, ALLHC also launched the Tutuban Railway Exhibit in connection to Tutuban Center's tie-up with Renacimiento Manila's Tondo Heritage Walks to promote cultural and heritage preservation. ALLHC continues to support small and medium enterprises through its TutuBuy e-commerce site and Alagang AyalaLand Centers in its commercial centers.

National and Local Government

ALLHC takes an active approach to ensuring compliance with all applicable laws and regulations mandated by government institutions and regulatory bodies. The company works together with the government, both at the local and national levels, to help address social issues.

The company participates in local government initiatives such as local business councils, job fairs, and medical missions. In 2023, ALLHC continued to support local government units and agencies for their initiatives such as Muntinlupa City's vaccination site for COVID and flu vaccines, and the PhilSys National ID registration site in South Park Center.

Media

Through ALLHC's corporate communications, the company regularly engages the media through channels such as news releases and features, social gatherings, and third-party consultants. Focusing on accessibility, the company makes sure that media inquiries and concerns are addressed in a timely manner via e-mail, phone, face-to-face interaction, and other available means of communication.

ALLHC aims to establish an honest and transparent relationship with media representatives. Media engagement is always guided by the company's commitment to good corporate governance and ethical standards.