

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

7	F		A	R	T	H	A	L	A	N	D		C	E	N	T	U	R	Y		P	A	C	I	F	I	C						
T	O	W	E	R	,		5	T	H		A	V	E	N	U	E		C	O	R	N	E	R		3	0	T	H					
S	T	R	E	E	T	,		B	O	N	I	F	A	C	I	O		G	L	O	B	A	L		C	I	T	Y	,				
T	A	G	U	I	G		C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A		1	6	3	4				

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

MARIVIC S. VICTORIA

(Contact Person)

(+632) 8403-6910

(Company Telephone Number)

1	2	3	1
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Month *Day*
(Fiscal Year)

2024

1	7	-	A	
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(Form Type)

0	6	Last	Fri
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Month *Day*
(Annual Meeting)

	N.A.
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(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

1,908¹

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Page 10

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

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Document ID

Cashier

STAMPS

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

¹ This is as of 31 December 2024 and refers to common shareholders only.

Daisy D. Cruz

From: PDEX Disclosure <pdex.disclosure@pds.com.ph>
Sent: Tuesday, April 15, 2025 2:59 PM
To: Marivic S. Victoria
Cc: Daisy D. Cruz; Ma. Eileen Belle G. Cruz; Riva Khristine Maala; Margeline C. Hidalgo
Subject: Re: [EXTERNAL] Arthaland Disclosure | Annual Report (SEC Form 17-A) December 31, 2024

Ladies and Gentlemen:

This is to acknowledge receipt of the disclosure and its attachment.

Thank you and regards,

Rodolfo "Rod" S. Cristobal III
Compliance & Disclosure Associate
Market Regulatory Services Group

Philippine Dealing & Exchange Corp.
29th Floor BDO Equitable Tower • 8751 Paseo de Roxas, Makati City, 1226 Philippines

Tel. No. (+632) 8884-4462
Email: rodolfo.cristobal@pds.com.ph
Web: www.pds.com.ph

From: Marivic S. Victoria <msvictoria@arthaland.com>
Sent: Tuesday, April 15, 2025 2:47 PM
To: PDEX Disclosure <pdex.disclosure@pds.com.ph>
Cc: Daisy D. Cruz <ddcruz@arthaland.com>; Ma. Eileen Belle G. Cruz <mebgcruz@arthaland.com>; Riva Khristine Maala <rvmaala@arthaland.com>; Margeline C. Hidalgo <mchidalgo@arthaland.com>
Subject: [EXTERNAL] Arthaland Disclosure | Annual Report (SEC Form 17-A) December 31, 2024

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ATTY. SUZY CLAIRE R. SELLEZA
Head - Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Subject: Annual Report (SEC Form 17-A) as of December 31, 2024

Ladies and Gentlemen:

Please find attached the subject disclosure made to the SEC and PSE today.

We trust you find the same in order.

Thank you.

MARIVIC S. VICTORIA

Chief Finance Officer
ARTHALAND CORPORATION
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SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: Ma. Theresa Mabuyo

Receipt Date and Time: April 15, 2025 01:25:06 PM

Company Information

SEC Registration No.: AS94007160

Company Name: ARTHALAND CORPORATION

Industry Classification: K70120

Company Type: Stock Corporation

Document Information

Document ID: OST10415202583173351

Document Type: ANNUAL_REPORT

Document Code: SEC_Form_17-A

Period Covered: December 31, 2024

Submission Type: Original Filing

Remarks: With FS and FS-Conso

Acceptance of this document is subject to review of forms and contents

Daisy D. Cruz

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Tuesday, April 15, 2025 1:51 PM
To: Daisy D. Cruz; g.vince.casanova@gmail.com; ggcasanova@arthaland.com; Margeline C. Hidalgo; Marivic S. Victoria; Riva Khristine Maala; Sheryll P. Verano; Siegfried S. Suarez; disclosure@pse.com.ph
Subject: Annual Report

Dear Sir/Madam:

Your disclosure was successfully submitted. Details are as follows:

Company Name: Arthaland Corporation

Reference Number: 0012562-2025

Date and Time: Tuesday, April 15, 2025 13:50 PM Template Name: Annual Report

Best Regards,
PSE EDGE

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2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638802930591848639%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiwlLjAuMDAwMCIsIlAiOiJXaW4zMilslkFOljoitWFPbClslldUljoyfQ%3D%3D%7C0%7C%7C%7C&sdata=MNUKKaX3UNnidKwu4FWF5LZTdr1%2B%2Fmsz6b%2FK0uLf%2BKQ%3D&reserved=0

The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **31 December 2024**
2. SEC Identification Number **ASO-94-007160** 3. BIR Tax Identification No. **004-450-721-000**
4. Exact name of issuer as specified in its charter **ARTHALAND CORPORATION**
5. **Metro Manila, Philippines** (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street**
Bonifacio Global City, Taguig City **1634**
Address of principal office Postal Code
8. **(+632) 8403-6910**
Issuer's telephone number, including area code
9. **Not Applicable**
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:

<u>Title of Each Class</u>	<u>Number of Shares Outstanding</u>	<u>Amount of Debt Outstanding</u>
Common Shares	5,318,095,199 (₱0.18 par value)	None
Preferred Shares – Series A	12,500,000 (₱1.00 par value)	None
Preferred Shares – Series D	6,000,000 (₱1.00 par value)	None
Preferred Shares – Series E	14,000,000 (₱1.00 par value)	None
Preferred Shares – Series F	4,964,860 (₱1.00 par value)	None

11. Are any or all of these securities listed on a Stock Exchange? Yes ☒ No ☐
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange – ALL Outstanding Common Shares and Preferred Shares Series D and F ONLY.

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

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

<u>Name of Shareholders</u>	<u>No. of Shares</u>	<u>Market Price (₱) as of 31 March 2025</u>	<u>Total Amount (₱)</u>
1. Tina Keng	25,000,000	0.315 per share	7,875,000.00
2. EQL Properties, Inc.	14,671,125		4,621,404.375
3. Urban Bank Trust Department – A/C No. 625	4,838,488		1,524,123.72
4. RBL Fishing Corporation	4,350,000		1,370,250.00
5. Veronica D. Reyes	3,799,272		1,196,770.68
6. Veronica D. Reyes and/or Cecilia D. Reyes	2,654,061		836,029.215
7. Theodore G. Huang and/or Corazon B. Huang	2,501,250		787,893.75
8. Anito Tan and/or Lita Tan	2,027,049		638,520.435
9. Lourdes D. Dizon	1,740,000		548,100.00
10. Kwan Yan Dee and/or Christina Dee	1,631,250		513,843.75

Documents Incorporated by Reference:

- Audited Financial Statements for the period ended as of 31 December 2024 (Consolidated and Separate) with Statement of Management Responsibility
- Sustainability Report for 2024

- 0 -

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

a. Corporate Overview

ARTHALAND CORPORATION (ALCO or the “Company”) is a world-class boutique real estate developer of enduring and sustainable properties recognized internationally as the best green residential and commercial developments. It is the recipient of various awards in the Philippines and internationally. It has built its mark in the Philippine real estate market with its unwavering commitment to sustainability and innovation, and by developing and managing world-class properties that adhere to the global and national standards in green buildings.

ALCO was incorporated on 10 August 1994² for the primary purpose of engaging in the realty development business, including home building and development, and to deal, engage, invest and transact, directly or indirectly, in all forms of business and mercantile acts and transactions concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property. Its principal office is at the 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City (BGC), Taguig City 1634.³

In 2007, a group of investors led by AO Capital Holdings 1, Inc. (AOCH1), an investment company specializing in investing in business opportunities in the Philippines, acquired 73.27% of ALCO’s then outstanding capital stock, marking the beginning of its renewed focus in real estate development.

The year 2011 marked the entry into ALCO of CPG Holdings, Inc. (CPG), a subsidiary of leading food manufacturer Century Pacific Food, Inc., which is listed with the Philippine Stock Exchange (PSE) under the stock symbol “CNPF”, through the acquisition of 1,800,000,000 ALCO common shares. In 2014, CPG purchased an additional 342,619,910 ALCO common shares.

On 22 September 2016, ALCO’s authorized capital stock was increased⁴ to ₱2,996,257,135.82 divided into ₱2,946,257,135.82 of Common shares (consisting of 16,368,095,199 Common shares with a par value of ₱0.18 per share), and ₱50,000,000.00 of redeemable, non-voting and non-participating Preferred shares (consisting of 50,000,000 Preferred shares with a par value of ₱1.00 per share).

Of the ₱50,000,000.00 increase in capital stock, ALCO issued 12,500,000 cumulative, non-voting, non-participating, non-convertible Peso-denominated Preferred shares to Manchesterland Properties, Inc. (the “Preferred Shares Series A”), and 20,000,000 Preferred shares which are likewise cumulative, non-voting, non-participating, non-

² The company was originally registered as Urbancorp Realty Developers, Inc. but was renamed in 2003 as EIB Realty Developers, Inc. On 26 January 2009, the Securities and Exchange Commission (SEC) approved anew the change of the corporate name to Arthaland Corporation (ALCO).

³ Approved by the SEC on 04 September 2018.

⁴ The authorized capital stock was originally ₱2,946,257,135.82 divided into 16,368,095,199 Common shares only at a par value of ₱0.18 per share.

convertible and Peso-denominated, among other conditions, to the public (the “Preferred Shares Series B”).

In June 2019, ALCO again issued to the public 10,000,000 Preferred shares which are also cumulative, non-voting, non-participating, non-convertible, and Peso-denominated, among other conditions (the “Preferred Shares Series C”).

On 03 December 2021, ALCO issued once more to the public 6,000,000 Preferred shares, which are similarly cumulative, non-voting, non-participating, non-convertible, and Peso-denominated, among other conditions (the “Preferred Shares Series D”).

On 06 December 2021, ALCO redeemed all the outstanding 20,000,000 Preferred Shares Series B. These were cancelled and thereafter recorded as treasury shares of the Company pursuant to the 2016 Terms of the Offer for the said shares.

During the Annual Stockholders’ Meeting on 24 June 2022, stockholders holding at least two-thirds (2/3) of the outstanding shares of ALCO approved the amendment of Article Seventh of its Articles of Incorporation by reducing the authorized capital stock by ₱20,000,000.00 resulting from the redemption and subsequent cancellation of the 20,000,000 Preferred Shares Series B.

With such approval, ALCO’s authorized capital stock was in effect reduced from ₱2,996,257,135.82 to ₱2,976,257,135.82 divided into ₱2,946,257,135.82 of common shares consisting of 16,368,095,199 common shares with a par value of ₱0.18 per share, and ₱30,000,000.00 of preferred shares consisting of 30,000,000 preferred shares with a par value of ₱1.00 per share.

During the Special Stockholders’ Meeting of ALCO held on 31 January 2024, stockholders representing at least sixty-seven percent (67%) of the outstanding common and preferred shares which were then entitled and qualified to vote approved and ratified the foregoing decrease of ALCO’s authorized capital stock by ₱20,000,000.00 and subsequently approved the proposal to amend Article Seventh of the Articles of Incorporation anew by increasing the authorized capital stock by ₱50,000,000.00 with the creation of 50,000,000 preferred shares with a par value of ₱1.00 per share.

Accordingly, the total authorized capital stock of ALCO became ₱3,026,257,135.82 divided into ₱2,946,257,135.82 of common shares consisting of 16,368,095,199 common shares with a par value of ₱0.18 per share, and ₱80,000,000.00 of preferred shares consisting of 80,000,000 preferred shares with a par value of ₱1.00 per share.

For purposes of implementing the foregoing increase of ALCO’s authorized capital stock, the Board of Directors, during a meeting also held on 31 January 2024, approved the issuance to Manchesterland Properties, Inc. of 14,000,000 Preferred shares which are cumulative, non-voting, non-participating, non-convertible and Peso-denominated, among other conditions, at an offer price of ₱1.00 per share (the “Preferred Shares Series E”), where 1,500,000 preferred shares were taken from the unissued capital stock at the time, and 12,500,000 preferred shares will come from the increase of 50,000,000 preferred shares upon approval by the Securities and Exchange Commission (SEC) of the amendment of ALCO’s Article Seventh of its Articles of Incorporation.

On 27 June 2024, ALCO redeemed all the outstanding 10,000,000 Preferred Shares Series C. These were cancelled and are presently recorded as treasury shares of the Company pursuant to the 2019 Terms of the Offer for the said shares.

On 14 August 2024, the SEC approved the amendments to ALCO's Articles of Incorporation – first, the decrease of the authorized capital stock by ₱20,000,000.00 resulting from the redemption and subsequent cancellation of the 20,000,000 Preferred Shares Series B, and thereafter, the increase of the same by ₱50,000,000.00 with the creation of 50,000,000 preferred shares with a par value of ₱1.00 per share.

On 14 November 2024, ALCO issued to the public 4,964,860 Preferred shares, which are cumulative, non-voting, non-participating, non-convertible, and Peso-denominated, among other conditions (the “Preferred Shares Series F”).

All of ALCO's issued and outstanding common shares, and Series D and Series F Preferred shares are listed with and traded in the Philippine Stock Exchange (PSE) with trading symbols “ALCO”, “ALCPD” and “ALCPF”, respectively. The PSE has delisted from its platform the Series B and Series C Preferred shares with the trading symbols “ALCPB” and “ALCPC”.

As of the date of this Report, CPG and AOC1 continue to be the largest stockholders of ALCO with 40.29% and 26.02%, respectively, of the total issued and outstanding shares.

b. Business/Projects

ALCO's main business activity is the development of premium, enduring and sustainable properties by bringing together a brain trust of experts in property development and management. It is focused on pursuing its unique developments independently and with its joint venture partners, as exemplified by its key projects and developments in the pipeline, to wit:

<u>Project Name</u>	<u>GFA⁵</u> (in <u>square</u> <u>meters</u> <u>[sqm]</u>)	<u>NLA⁶/</u> <u>NSA⁷</u> (in sqm)	<u>Location</u>	<u>Development</u> <u>Type</u>	<u>Year or</u> <u>Expected Year</u> <u>of Completion</u>
Arya Residences	76,284	67,876	BGC, Taguig City	Residential	Tower I - 2013 Tower II - 2016

⁵ GFA or Gross Floor Area, which is the total floor space within the perimeter of the permanent external building walls (inclusive of main and auxiliary buildings) such as office areas, residential areas, corridors, lobbies and mezzanine level/s. The GFA also includes building projections which may serve as floors or platforms that are directly connected to/integrated with areas within the building/structure, e.g., balconies, and the GFA excludes the following: (a) Covered areas used for parking and driveways, services and utilities; (b) Vertical penetrations in parking floors where no residential or office units are present; and (c) Uncovered areas for helipads, air-conditioning cooling towers or air-conditioning condensing unit balconies, overhead water tanks, roof decks, laundry areas and cages, wading or swimming pools, whirlpool or jacuzzis, terraces, gardens, courts or plazas, balconies exceeding ten square meters, fire escape structures and the like.

⁶ NLA or Net Leasable Area, which is the total leasable area that includes, but is not limited to, all internal walls, mezzanines, bathrooms, pipe chases, columns and balconies depending on a specific project's terms of reference.

⁷ NSA or Net Saleable Area, which is the total saleable area that includes, but is not limited to, all internal walls, mezzanines, bathrooms, pipe chases, columns and balconies depending on a specific project's terms of reference.

Arthaland Century Pacific Tower	34,295	32,016	BGC, Taguig City	Office	2019
Cebu Exchange	108,564	89,018	Salinas Drive, Cebu City	Office	Q2 2022
Savya Financial Center	59,763	49,078	Arca South, Taguig City	Office	North Tower – Q2 2022 South Tower - Q4 2022
Sevina Park	130,976	97,834	Biñan, Laguna	Mixed use	In phases from 2022 onward
Lucima	28,063	21,927	Cebu Business Park, Brgy. Hipodromo, Cebu City	Residential	2024
Makati CBD Residential 1	15,313	11,485	Makati City	Residential	2029
Eluria	14,656	11,729	Makati City	Residential	2025
Project Olive	254,979	187,279	Metro Manila	Mixed Use	In phases from 2029 onward
Project Vanilla ⁸	200,158	144,114	Cebu City	Mixed Use	In phases from 2029 onward

ALCO's firm commitment to sustainability is manifested in its development portfolio which is composed entirely of certified sustainable projects. All its projects adhere to global and national standards for green buildings through the Leadership for Energy and Environmental Design™ (LEED™) rating system of the U.S. Green Building Council (USGBC) and the Building for Ecologically Responsive Design Excellence (BERDE) rating system of the Philippine Green Building Council (PHILGBC). Since 2019, ALCO has expanded its sustainability commitment by pursuing additional green building rating tools, specifically the Excellence in Design for Greater Efficiencies (EDGE) rating system of the International Finance Corporation (IFC), and the WELL Building Standard™ (WELL™) rating system of the International WELL Building Institute (IWBI).

ALCO is well known in the industry for its superior design, high quality standards with focus on sustainability, innovation, and excellent property management services, as seen in the following projects:

Arya Residences (Arya)

Arya is a multi-awarded, two-tower, high-end residential project located at the corners of Rizal Drive, 8th Avenue and McKinley Parkway, BGC, Taguig City. Tower 1 commenced construction in 2010, was completed in 2013, and handed over to buyers in 2014. Tower 2's construction commenced in 2012, and it was handed over to buyers in 2016. All the residential units in both Tower 1 and Tower 2 have been sold. At the ground floor of Arya is Arya Plaza, a canopied alfresco destination area in which a curated selection of restaurants, cafes and other retail establishments is located. ALCO retains ownership over Arya Plaza and recognizes lease income from it.

⁸ Formerly known as Project Midtown.

Arya has the distinction of being the first and only residential building in the Philippines to have received LEED Gold certification from the USGBC as well as BERDE 4-Star certification from the PHILGBC. It was also awarded with ANZ/PH 3-Star under the pilot program Advancing Net Zero Philippines.

Arya has garnered several international awards in previous years. The Southeast Asian Property Awards chose Arya as the Best Residential Development in the Philippines in 2012 and 2013, while the Asia Pacific Property Awards recognized Arya as the Best Residential High-rise Development in the Philippines for 2014-2015. Also, the Inaugural Philippines Property Awards acknowledged Arya to be the Best Residential Development in Manila and the Best Residential Architectural Design in 2013 and 2014. Arya's first tower was awarded the Best Residential Interior Design by the same body in 2014.

Arthaland Century Pacific Tower (ACPT)

ACPT is one of the first premium-grade offices in BGC. This 30-storey building is located along the prime 5th Avenue within BGC's E-Square, along the street where The Shangri La at the Fort and the new building of the Philippine Stock Exchange are located. ACPT was designed by Skidmore, Owings, and Merrill ("SOM") New York, the same group that designed One World Trade Center and Burj Khalifa in Dubai. ALCO initiated the development of ACPT in 2014 and started operations in 2018.

ACPT was recognized as the Best Green Feature Development by the Japan International Property Awards in 2019 and was 5-Star Winner for Best Office Architectural Design in Asia by the Asian Property Awards in 2017. ACPT also received awards for Best Green Development, Best Office Architectural Design and Special Recognition of Sustainable Design by the Southeast Asian Property Awards in 2016. Finally, the Philippines Property Awards recognized ACPT as the Best Office Development in 2019 and Best Green Development in 2016, 2017 and 2019.

In September 2019, ACPT was recognized as the first net zero carbon project in the world certified under the EDGE green building rating system of IFC. This is in addition to the LEED Platinum and the BERDE 5-star certifications which ACPT had achieved previously. These ratings are the highest and most prestigious in the respective green building rating standards. Finally, the IWBI awarded ACPT with the WELL Health-Safety Rating seal which certifies the building's safe operations even during the COVID-19 pandemic.

ALCO retains ownership over 21,089 sqm of ACPT which represents approximately 66% of its NLA.

Cebu Exchange

Cebu Exchange, a 39-storey office building with retail establishments, is Cebu's largest and tallest office development that caters to the city's booming office space market. It is built on an 8,440 sqm property located

along Salinas Drive directly across the Cebu IT Park, with a total NSA of almost 90,000 sqm. ALCO's design for Cebu Exchange serves the wide office space market in Cebu: (i) Cebu Exchange has a lower office zone of three levels with floorplates of around 5,900 sqm, which is targeted to cater to larger BPOs; (ii) It has a middle zone of nineteen levels with floorplates of approximately 3,400 sqm, which will cater to conventional offices and BPOs; and (iii) A high zone of eight levels with floorplates of approximately 2,200 sqm, catering to the needs of start-up businesses.

Cebu Exchange has achieved LEED Gold certification, EDGE Advanced, BERDE 5-Star, WELL Precertification and was awarded the WELL Health Safety Rating Seal. It is on-track to achieve EDGE Zero Carbon certification.

Phase 1 of Cebu Exchange, covering areas from the basement to the 15th level, and Phase 2, covering areas from the 16th level to the roof deck, successfully initiated handover to buyers in September 2020 and April 2022, respectively, in accordance with their pre-pandemic delivery dates.

In 2022 and 2023, CLLC converted from its inventory of real estate for sale a total of 13,375 sqm of office units⁹, 2,628 sqm of retail units, and 36 non-appurtenant parking slots into investment properties with the objective of leasing them to locators in Cebu Exchange and generate recurring income therefrom.

Sevina Park

Sevina Park is conceptualized to be a sustainable mixed-use community that will feature multiple components like designer villas, residential mid-rise buildings, commercial office buildings as well as retail and supplemental amenities. The masterplan was completed by global design firm Sasaki Associates of Boston. Sevina Park is envisioned to be the quintessential suburban respite for both growing families and empty nesters.

ALCO expects to fully develop Sevina Park in phases in step with the growth of the market demand and infrastructure in the area. The project will directly benefit from the development of the Cavite Laguna Expressway that will connect with the Manila-Cavite Expressway at Kawit, Cavite and the South Luzon Expressway at Mamplasan, Laguna. This vital road infrastructure is expected to further spur the demand for residential housing, together with the development of complementary commercial sites and industrial parks.

Sevina Park is recognized as the Philippines' first and only real estate development in the country to have received the LEED Platinum certification under the LEED for Neighborhood Development (LEED ND) category. Sevina Park also received the distinction of being the first development to have been awarded with BERDE 5-Star under the BERDE for Districts Rating scheme and its 4-bedroom villa model unit achieved LEED Platinum certification. All other villas are on-track for EDGE

⁹ 8,059 sqm in 2022 and 5,316 sqm in 2023.

Advanced certification under the EDGE green building program.

In September 2018, ALCO started operations of the Courtyard Hall, a 348-bed dormitory which was constructed on approximately a 4,000 sqm lot within Sevina Park. The world-class facility services primarily students, faculty, and staff of the De La Salle University Laguna campus.

In June 2019, ALCO launched the Sevina Park Villas which occupies approximately 3 hectares of the 8.1-hectare property. The Sevina Park Villas is a low-density residential development composed of 108 villas designed by Leandro V. Locsin and Partners. The villas are arranged into five blocks and each block is designed to have its own shared courtyard garden to provide residents generous green and open spaces for relaxation, convergence, and interaction.

Una Apartments Tower 1 was launched in September 2022. The mid-rise tower will have multiple sustainability certifications that will allow its residents to enjoy savings in water and electricity bills. One of its key features is the ventilation system's energy recovery which improves indoor air quality by bringing in fresh filtered air and controlling humidity levels. In addition, it will also house amenities that are aligned with ALCO's vision of promoting health and wellness like its own potager garden. This tower is poised to receive LEED, BERDE, EDGE, and WELL certifications.

The last component of Sevina Park is its six commercial blocks, where each lot has an average size of 2,500 sqm. Two commercial blocks will be developed into a commercial space that includes a supermarket and boutique establishments which will complement the everyday needs of the residents within.

In 2023, ALCO launched Una Apartments Tower 2, and in succeeding years will launch new residential towers that will cater to both the broader mid-scale and upscale market.

Savya Financial Center

In 2017, ALCO, together with its Filipino joint venture partner, acquired an approximately 6,000-sqm property within the Arca South development in Taguig City where ALCO expects the demand for office space to grow exponentially resulting from the property's direct access to major thoroughfares C-5 and Skyway, the presence of the proposed Taguig Integrated Transport Exchange inside Arca South, and the roll-out of the Metro Manila Subway which will have one of its stations inside Arca South itself. The property has been developed into Savya Financial Center, a two-tower commercial development designed and built with leading-edge sustainable building features. It has achieved LEED Gold pre-certification, WELL pre-certification, EDGE Advanced Preliminary Certification, and WiredScore Gold certification. It is on-track to achieve BERDE 4-Star and EDGE Zero Carbon certifications.

The North Tower handover to buyers was initiated in January 2022, consistent with pre-pandemic delivery dates. The South Tower was

inaugurated in October 2022.

In December 2023, SLDC identified from its inventory of real estate for sale 4,197.33 sqm of office units and 50 non-appurtenant parking slots in the South Tower for conversion to investment properties with the intention to retain these units and generate recurring income from their lease to locators in SFC.

Lucima

In August 2019, ALCO, through its special purpose company Bhavana Properties, Inc., purchased a prime property with a total area of 2,245 sqm, located at the corner of Cardinal Rosales Avenue and Samar Loop inside the Cebu Business Park, which is the foremost business district of Cebu City.

Lucima will be the newest signature residential address from ALCO and will be the first premier, multi-certified, sustainable residential condominium in Cebu City. The project is envisioned to be the first quadruple-certified sustainable high-rise residential condominium in the country. It is precertified LEED Gold and on-track to achieve BERDE, EDGE, and WELL certifications. Lucima is directly across the Ayala Center Cebu mall and other prominent business, commercial, and lifestyle destinations.

Designed by Saraiva & Associados, an internationally renowned architectural firm based in Lisbon, Portugal, Lucima features 265 residential units with a gross floor area of approximately 28,000 sqm. Each unit boasts a high floor-to-ceiling height of 2.9 meters allowing future residents to enjoy a view of either the ocean, the mountains, or the city.

Lucima has been enjoying strong market reception since its launch in July 2021 with expected completion by Q4 of 2025.

Eluria

In 2020, ALCO, through its special purpose company Bhavya Properties, Inc., completed the acquisition of a 916 sqm property in Legazpi Village, Makati City. The property will be the site of ALCO's pioneer residential project in Makati City, a low-density, multi-certified, ultra-luxury development that will offer large, limited edition designer residences. Once completed, its future residents will enjoy exceptional white glove butler services. This project was formally launched in Q4 2022.

The building has been Precertified LEED Gold and is vying for BERDE and WELL certifications. It will be the first multi-certified residential development of its kind and scale within Metro Manila. Individual units are also vying for EDGE certification.

The project offers only 37 residential units and will have a total gross floor area of approximately 14,600 sqm.

Makati CBD Residential Project 1

ALCO has acquired 47.4% of a 2,018-sqm property located along Antonio Arnaiz Avenue within the Makati Central Business District and plans to develop a high-rise luxury, sustainable, multi-certified residential property therein. ALCO expects to launch the project by Q2 2025.

Project Olive

ALCO is in the final phase of the acquisition of a property with a gross land area of 3.6 hectares located at the entry of one of the most prime CBDs in Metro Manila. The general area of the property is expected to benefit substantially from upcoming public infrastructure. The property is expected to result in 2.6 hectares of land, net of road lots. ALCO intends to complete the acquisition in phases which will allow it to manage funding requirements over time.

ALCO plans to develop the property into a boutique master planned mixed-use community. The development is envisioned to have quadruple certification from LEED, BERDE, EDGE and WELL certification programs of the USGBC, PHILGBC, IFC, and IWBI. Based on initial plans, the Project will feature twelve residential towers that will cater to both the upscale and midscale markets as well as some retail or commercial segment to support the residents of the area. This Project is expected to support ALCO's objective of maintaining a continuous pipeline of projects by scheduling the launch of the twelve residential towers in phases from 2025 to 2038. Completion will likewise be done in phases beginning 2029.

Project Vanilla

ALCO is negotiating the acquisition of an undivided interest in half of a 5-hectare property in the middle of the most prime city center area in southern Philippines. The acquisition program is expected to be completed between 2024 to 2027 to manage the funding requirements over time. ALCO plans to develop the property over multiple phases from 2025 to 2034 to provide a steady pipeline of projects which will contribute to the revenues of ALCO over the long-term. This Project is envisioned to be a sustainable master planned development which will have commercial, residential and retail components.

Aside from the projects mentioned above, ALCO is evaluating prospective acquisition targets within the business districts of Makati, BGC and Cebu as well as other emerging locations. ALCO will continue to disclose to its stakeholders, through the PSE and the SEC, material acquisitions as they become final.

What makes ALCO different from other developers is that after a project is completed and/or turned over to the respective buyers or tenants, ALCO continues to provide property management services to the condominium corporation or homeowners association of these developments. Post-completion involvement allows ALCO to maintain a high standard of quality in the maintenance of all its developments for years to come.

c. Subsidiaries

Below are the domestic companies in which ALCO has shareholdings. ALCO has 100% ownership interest in these companies as of 31 December 2024 with the exception of Bhavana Properties, Inc., Bhavya Properties, Inc., Kashtha Holdings, Inc., and Savya Land Development Corporation.

- i. **Arthaland Prestige Property Solutions, Inc. (APPS)** (formerly Emera Property Management, Inc.) was incorporated on 31 July 2008.¹⁰ The SEC approved the change of name to APPS on 25 May 2023.

APPS is the property management arm of ALCO and presently services Arya, ACPT, Cebu Exchange, Courtyard Hall in Sevina Park, and Savya Financial Center. It will likewise manage all succeeding development projects of ALCO to ensure the maintenance of high-quality standards therein.

On 02 October 2023, stockholders holding at least 67% of the total outstanding capital stock of APPS approved the amendment of the Articles of Incorporation to change its primary purpose by expanding its services to include providing project management, consultancy and other manpower services to property developers, among others, and to increase the authorized capital stock from ₱1,000,000.00 to ₱25,000,000.00 divided into 250,000 common shares with a par value of ₱100.00 per share in order to obtain the required licenses for such expanded purpose.

To implement the capital increase, in November 2023, ALCO subscribed to an additional 7,500 common shares of APPS from its unissued authorized capital stock and to 60,000 common shares from the increase of its authorized capital stock of 240,000 common shares, or a total of 67,500 common shares, at a subscription price of ₱100.00 per share.

The SEC approved the foregoing amendments to APPS's Articles of Incorporation on 02 February 2024.

- ii. **Bhavana Properties, Inc. (Bhavana)** was incorporated on 15 July 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle used to purchase a parcel of land with a total area of 2,245 sqm, more or less, at the corner of Cardinal Rosales Avenue and Samar Loop inside the Cebu Business Park, Cebu City, which is the site of *Lucima*.

On 23 December 2021, all of ALCO's rights, title and interest in and to 40% of the common shares of stock of Bhavana, or 10,000,000 common shares, as well as its shareholder advances therein, were sold, transferred and conveyed in favor of Narra Investment Properties Pte. Ltd. ("Narra")¹¹ by way of secondary sale.

¹⁰ APPS was originally registered as Technopod, Inc. but was renamed Emera on 30 October 2013.

¹¹ Narra is a private limited liability company existing and duly constituted under the laws of Singapore with principal office address at 10 Changi Business Park Central 2 #01-02, Hansapoint, Singapore 486030, and managed by Arch Capital Management Company Limited.

- iii. **Bhavya Properties, Inc. (Bhavya)** was incorporated on 19 July 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle used in acquiring the 916 sqm property¹² located at 119 Rada Street, Legaspi Village, Makati City, where *Eluria* will soon rise.

On 23 December 2021, ALCO sold, transferred and conveyed in favor of Narra¹³, by way of secondary sale, all of its rights, title and interest in and to 40% of the common shares of stock of Bhavya, or 10,000,000 common shares, as well as its shareholder advances therein.

In November 2023, ALCO and Narra subscribed to preferred shares of Bhavya equivalent to 663,000 and 442,000, respectively, at the subscription price of P100.00 per share.

In 2024, ALCO subscribed to additional 810,000¹⁴ preferred shares of Bhavya, while Narra subscribed to a total of 540,000¹⁵ preferred shares.

- iv. **Cazneau Inc.** was incorporated on 31 July 2008, principally to engage in the realty development business, including, but not limited to, the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer, of residential, industrial or commercial property. Cazneau acquired the 8.1-hectare property in Biñan, Laguna in September 2016 where Sevina Park is currently being developed.

- v. **Cebu Lavana Land Corp. (CLLC)** was incorporated on 11 September 2015 to principally engage in the realty development business. It is the vehicle used to acquire two parcels of adjacent land in Cebu City with a total area of 8,440 sqm on which Cebu Exchange now stands.

Rock & Salt B.V.¹⁶, a foreign private limited liability company existing and duly constituted under the laws of The Netherlands, and managed by Arch Capital Management Company, Ltd., subscribed to 40% of CLLC's shares of stock in January 2016.

On 23 December 2021, ALCO purchased and acquired by way of secondary sale all of the rights, title and interest of Rock & Salt B.V. in and to the said 40% of CLLC's issued and outstanding shares of stock and shareholder advances. ALCO now has 100% ownership interest over CLLC.

- vi. **Manchesterland Properties, Inc. (MPI)** was incorporated on 27 March 2008 and was the registered owner of the 6,357-sqm parcel of land located along McKinley Parkway on which Arya Residences now stands, prior to the conveyance thereof to Arya Residences Condominium Corporation in December 2016. It still owns Arya Plaza and several parking slots in said development.

¹² Formerly First Capital Condominium.

¹³ See Footnote 11.

¹⁴ ALCO subscribed to 450,000 preferred shares in March 2024, 180,000 in September 2024, and another 180,000 in December 2024, all of which at the subscription price of P100.00 per share.

¹⁵ Narra subscribed to 300,000 preferred shares in March 2024, 120,000 in September 2024, and another 120,000 in December 2024, all of which at the subscription price of P100.00 per share.

¹⁶ With principal office address at Naritaweg 165, 1043 BW Amsterdam, The Netherlands.

MPI is the lone shareholder of Preferred Shares Series A. On 31 January 2024, MPI subscribed also to Preferred Shares Series E equivalent to 14,000,000 at the price of ₱1.00 per share following the increase in ALCO's authorized capital stock and amendment of its Articles of Incorporation. Of the ₱14,000,000.00 subscription, the amounts of ₱1,500,000.00 was paid on 02 February 2024 for 100% of 1,500,000 preferred shares, and ₱3,125,000.00 was paid for 25% of the 12,500,000 preferred shares also on the same date. The balance of the subscription price, or the amount of ₱9,375,000.00, was paid in August 2024 upon SEC's approval of the amendment of ALCO's Articles of Incorporation increasing its authorized capital stock.

- vii. **Pradhana Land, Inc.** was incorporated on 09 September 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle that will be used for ALCO's succeeding projects, the details of which will be disclosed at the appropriate time.
- viii. **Savya Land Development Corporation (SLDC)** was incorporated on 10 February 2017 principally to engage in the realty development business. It is the vehicle ALCO used to acquire Lots 9 and 10 in Arca South located in Barangay West Bicutan, Taguig City. In August 2019, the SEC approved SLDC's application to merge with Arcosouth Development, Inc. ("Arcosouth"), with SLDC as the surviving entity. Arcosouth is the registered owner of Lot 11, the lot adjacent to SLDC's Lots 9 and 10. The objective of the merger was to jointly develop the three (3) lots into a two-tower office development to be known as Savya Financial Center.

Although SLDC issued shares to the shareholders of Arcosouth following the merger, to date, Kashtha Holdings, Inc. (described below) owns 98.5% of Savya. Currently, SLDC has an authorized capital stock of ₱200,000,000.00 where its total subscribed and paid up capital are at ₱50,750,000.00 and ₱12,750,000.00, respectively.

In a shareholders' agreement, it was agreed that SLDC will be owned 50:50 between Kashtha and the principal shareholder of Arcosouth¹⁷ such that the former will have 100% of the economic interest in the North Tower of Savya Financial Center, while the latter will have 100% economic interest in the South Tower. Under this arrangement, Kashtha is entitled to all the profits from and is responsible for all the funding requirements of the North Tower of Savya Financial Center only.

- ix. **Kashtha Holdings, Inc. (KHI)** was incorporated on 01 October 2019 as a joint venture company between ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan¹⁸, for purposes of holding their investment in SLDC. KHI is owned 60% by ALCO and 40% by MEC.
- x. **Urban Property Holdings, Inc. (UPHI)** was incorporated on 23 January 1995

¹⁷ Help Holdings, Inc.

¹⁸ With address at Otemachi Park Building, 1-1 Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8133 Japan.

and is presently the registered owner of a 33-hectare property located in Calamba, Laguna, which may be developed in the future subject to market conditions.

- xi. **Zileya Land Development Corporation** was incorporated on 28 December 2015 with the primary purpose of engaging in the realty development business. This is the investment vehicle ALCO used to acquire 47.4% of the property which will be the site for the Makati CBD Residential Project 1 located at 839 Antonio Arnaiz Avenue, Legazpi Village, 1200 Makati City.

Subject to matters disclosed in Item 3 (Legal Proceedings) of this Report, none of these subsidiaries are engaged in any bankruptcy, receivership or similar proceedings. Also, for the period covered by this Report, these subsidiaries are neither parties to any transaction which involves material reclassification, merger, consolidation or purchase or sale of a significant amount of assets, except as otherwise discussed in this Report.

d. **Competition**

Significant barriers to entry into the market are the considerable capital needed for the acquisition and development of land, the development expertise and reputation required from an experienced management team, and the technical know-how, to name a few.

ALCO faces competition from other domestic property developers and the level of competition depends on product types, target market segments, location of developments and pricing, among others. Competition is also present in the procurement of raw materials, particularly in a tight supply market.

ALCO views as direct competition the major property players which are into the middle and high market categories for high-rise residential developments in the vicinity of ALCO's investment properties. Further, ALCO competes with these property developers for high-caliber sales/leasing agents and brokers.

ALCO believes that given the desirability of the project locations, its strict adherence to quality, innovation and sustainability, its competitive pricing schemes and commitment to its projects even after sales, it is able to compete quite effectively.

ALCO considers two (2) direct competitors in the high-end residential market segment in terms of comparable quality of development and pricing of products – Ayala Land, Inc. and Rockwell Land Corporation. These companies have been in the business many years earlier than ALCO and they have strong brand equity, long track record, and big balance sheets. In the office development front, ALCO competes with both large and medium-scale developers such as Ayala Land, Inc., The Net Group, Daiichi Properties, and other local developers, particularly in Cebu City. These companies are considered to have the greater share of the market at the moment.

ALCO intends to primarily capitalize on its niche market by developing projects in distinct locations, which are unique and special in terms of design, high quality of construction, and sustainable and wellness features. ALCO is the pioneer in sustainable developments, being the first and only company to have a portfolio of office and residential projects that is 100% certified as sustainable under the LEED, BERDE, EDGE and WELL certification programs. It intends to continue to provide distinctive

products with better quality at competitive pricing. ALCO is able to achieve this given its strong but lean management team as well as its organization as a whole.

e. Industry Risk

The property development sector is cyclical in nature and is subject to the Philippine economic, political, and business performance.

The residential real estate sector is dependent primarily on consumer spending and investment for housing. In past years, a massive portion of housing demand, particularly on the low end of the spectrum, was driven by purchases from the overseas Filipino workers market. This exposes the industry to the economic performance of foreign countries in which the overseas workers are based such as the United States, the Middle East and countries in Europe.

The office market, on the other hand, has been driven by the BPO sector which caters principally to the US and European customers. It is important to note that while the US and Europe remain to be the largest client-based contributors to the country's information technology and business process management (IT-BPM) sector, the industry is currently moving to high value and high potential markets in Australia, New Zealand and other neighboring countries in the region. Other than voice-based offshore services, the IT-BPM industry is also gearing towards high-value knowledge-based services, including financial, legal, medical, architectural and animation sectors.

Overall, the industry, and necessarily ALCO and its subsidiaries, contend with risks relating to volatility in overseas remittances, interest rates, credit availability, foreign exchange, political developments, costs and supply of construction materials, wages, and changes in national and local laws and regulations governing Philippine real estate and investments. ALCO and its subsidiaries are sensitive to: (i) the political and security situations of the country since its sales comes from both foreign and local investors, and (ii) the performance of overseas remittances and the BPO sectors as these inflows find their way into investments in housing and other real estate products.

The country's gross domestic product (GDP) registered growth of 5.6% for the full year 2024. This is slightly higher than last year's 5.5%. Notably, the Philippines' GDP growth, although below target, is the second fastest in the region. It even outperformed forty-six (46) countries in the world based on the latest Q4 2024 data released in January 2025, making the Philippines as the eighth (8th) fastest-growing economy in 2024.

Inflation in 2024 averaged 3.2%, lower than last year's 6% and within *Bangko Sentral ng Pilipinas* range of 2% to 4%. This rate will expectedly decline in 2025.

The Philippines is bullish with its 2025 outlook with lower inflation and higher consumption and investments. The government will keep on deploying and implementing growth-enhancing strategies that will keep the Philippines on track with its medium-to long-term goals under the Philippine Development Plan (PDP) 2023-2028.

With these, Philippines GDP growth for 2025 is expected to rise between 6.1% to 8.0%.

To mitigate risks associated with the cyclicity of property development, ALCO

employs the following broad strategies:

- (1) Its development portfolio was carefully assembled to achieve a diversified, well-balanced portfolio of projects that yield a target portfolio return on a risk-adjusted basis. Diversification is monitored to minimize risk concentration on any one product type, geographic location, and target market segment. As a result, ALCO is more resilient to changes in macroeconomic fundamentals because specific real estate sub-sectors will respond differently to these changes. For instance, the Company notes that the effect of work from home requirements issued by the Fiscal Incentives Review Board and/or PEZA did not have a significant impact on ALCO's business because of its diversified sources of revenues.
- (2) ALCO's commitment to sustainability provides a clear point of differentiation, resulting in a very strong brand equity which helps sustain demand for its products even in periods within an economic cycle where there may be a glut in supply. For instance, despite the recent elevated vacancy in Cebu, new lease contracts were executed for the Company's investment property in Cebu Exchange because of its superior sustainability features and quality.
- (3) ALCO adheres to prudent financial management strategies even in periods of strong economic growth to survive downward economic turns. Even with the capital-intensive nature of real estate projects, the Company sets the capital structure for its projects to ensure that there is no over-reliance on debt to fund its growth. As a result, its leverage ratios are well within its internal guidance cap and financial covenants.
- (4) The premium nature of ALCO's development portfolio attracts high quality of buyers as well as established multinationals as tenants. ALCO has a very rigid credit approval system to ensure that its buyers are financially capable of meeting their payment schedules.
- (5) ALCO regularly monitors the economic performance of the country and global players through internal research and discussions with its property consultants to be able to timely adjust policies on pricing, payment schemes and timing of new project launches.

f. Sources and availability of raw materials

Construction of ALCO's projects is awarded to qualified reputable construction firms subject to a bidding process and Management's evaluation of contractors' qualifications and satisfactory working relationships. Construction materials, primarily cement and reinforcing bars (rebars), are normally provided by the contractors as part of their engagement. In instances when Management finds it to be more cost-effective, ALCO may opt to procure owner-supplied construction materials.

g. Advances to Related Parties

In the regular conduct of business, ALCO and its wholly owned subsidiaries enter into intercompany transactions, primarily advances necessary to carry out their respective functions subject to liquidation and reimbursements for expenses. ALCO ensures that

these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks, fair and treated at arm's length.

Intercompany transactions between and among ALCO, its subsidiaries and related companies are discussed in ALCO's 2024 Audited Financial Statements hereto attached.

h. Patents and Trademarks

ALCO's operations are not dependent on patents, trademarks, copyrights and the like, although ALCO, on its own behalf and those of its subsidiaries, sought from the Intellectual Property Office of the Philippines and was granted the exclusive use of the tradenames, logos and taglines "Arthaland Future Proof by Design", "Arthaland Century Pacific Tower", "ARTHALAND Building Sustainable Legacies", "Cebu Exchange", "Savya Financial Center", "Sevina Park", "Lucima", "Eluria", "Una Apartments", "The Potager Gardens by Arthaland", "The Potager Garden", "The Garden of Simples", "Emera", "Arthaland Prestige Property Solutions" and "NAVIS by Arthaland". The tradename "Arya Residences" now belongs to Arya Residences Condominium Corporation.

i. Government approval for principal products or services

ALCO secures various government approvals such as Environmental Compliance Certificates (ECCs), development permits and licenses to sell as part of its normal course of business.

ALCO does not foresee any material or adverse effect of existing and probable government regulations on its business.

j. Cost and Effects of Compliance with Environmental Laws

ALCO complied with all environmental regulatory requirements for both the pre-construction and operational phases of all its projects and paid for the imposed dues.

ALCO goes beyond the mandatory environmental framework, being a member and supporter of USGBC and PHILGBC. ALCO is also an EDGE Champion of the IFC and a supporter of the World Green Building Council.

ALCO will obtain the requisite government approvals for its subsequent projects based on the projects' timetable for development and pre-selling.

k. Employees

As of 31 December 2024, ALCO had a total of 172 personnel, 65 of whom are in management and 107 are non-managers¹⁹. As of the same period, ALCO also engaged 129 sales agents.

The above personnel are not covered by any collective bargaining agreement.

¹⁹ These employees do clerical, administrative and operational day to day tasks, are given directives, and do not have any authority to make decisions for the company.

Additional employees will be hired for the succeeding year but the same will be closely aligned with ALCO's actual and programmed growth.

I. Working Capital

ALCO finances its projects through internally generated funds, loans from banks, funds from joint venture partners, and funds raised from its public offering of preferred shares and bonds. ALCO may also obtain support from its major shareholders, such as the non-interest-bearing loans obtained from Centrobless Corporation²⁰, a majority owned subsidiary of Century Pacific Group, Inc., which is the same majority shareholder of CPG, ALCO's largest stockholder at present, and from Signature Office Property, Inc.²¹, which is majority-owned and chaired by ALCO Director Jaime Enrique Y. González.

The amount spent on development activities and its percentage vis-à-vis the revenues during the last two (2) fiscal years are reflected and discussed in ALCO's Audited Financial Statements for the period covered by this Report, a copy of which is hereto attached.

ITEM 2. Properties

ALCO, by itself or through special purpose companies, has interests in various properties in the country as discussed in *Item 1, paragraph c* above.

ALCO also has in its portfolio 8.5 hectares in Laurel, Batangas and 1.8 hectares in Tagaytay, but the plans for these properties have yet to be determined at this time.

Operating Lease Commitments as Lessee

ALCO is a lessee under non-cancellable operating leases. For short-term and low value leases, rent expense recognized amounted to ₱6.5 million in 2024, ₱6.10 million in 2023, and ₱3.60 million in 2022.

Operating Lease Commitments as Lessor

ALCO entered into various lease agreements for ACPT office units for periods ranging from one (1) year to 10 years. Majority of these lease agreements include an annual escalation clause of 5% of the existing lease rental. None of them provide for any contingent rent.

In addition, MPI has various lease agreements for the retail units in Arya Residences. The term of the lease ranges from two (2) to five (5) years. The agreements also provide for various escalation rates for the duration of the lease.

Cazneau also entered into lease agreements for its dormitory units in Courtyard Hall, the term of which is one (1) academic trimester equivalent to four (4) months, renewable for another trimester.

CLLC likewise entered into lease agreements covering approximately 42% of the net leasable

²⁰ The loan amounting to ₱1,650,643,779.00 was fully settled as of 31 December 2018.

²¹ This loan amounting to ₱207,051,912.00 was fully settled as of 31 December 2018.

area of its investment property in Cebu Exchange. The average term of the lease contracts is for five (5) years, renewable for a similar period, and also provide for escalation rates for the duration of the lease.

Leasing revenue recognized from these operating leases amounted to ₱414.9 million in 2024, ₱366.3 million in 2023, and ₱308.4 million in 2022. As at 31 December 2024 and 2023, lease receivables amounted to ₱163.1 million and ₱170.4 million, respectively, while accrued rent receivable amounted to ₱18.0 million and ₱39.4 million, respectively. Also as at 31 December 2024 and 2023, advance rent from tenants amounted to ₱58.5 million and ₱66.0 million, respectively, and security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to ₱125.3 million and ₱109.2 million, respectively.

ITEM 3. Legal Proceedings

As of the date of this Report, with the exception of the following cases, neither ALCO nor any of its subsidiaries is a party to any legal action arising from the ordinary course of its respective businesses:

1. Termination of Trust Account

In February 2015, ALCO filed a claim before the Regional Trial Court of Makati City, Branch 149 in relation to the petition for liquidation of Export and Industry Bank (EIB) represented by the Philippine Deposit Insurance Corporation (PDIC). ALCO maintained a Trust Account with EIB prior to its closure in April 2012 and had demanded from PDIC the termination of said account and the release of the owner's duplicate copies of three (3) transfer certificates of title (the "Titles") which had been placed in the custody of the EIB Trust Department. These Titles belong to ALCO and UPHI. ALCO does not have any interest in EIB's remaining assets to be liquidated, but it was constrained to make this claim before the liquidation court, given that PDIC refused to act on the matter.

In an Order dated 08 May 2017, ALCO was directed to file the necessary complaint and for PDIC to submit its Answer in order that there is a separate docket and hearing of the same and thereby enable the court to have a full and complete resolution of the issues presented by ALCO.

However, in view of Administrative Matter No. 19-12-02 or the *Rules on Liquidation of Closed Banks* issued on 16 April 2020, ALCO, upon advice of counsel, deemed it more appropriate to have all its claims against EIB ventilated before the liquidation court itself, *i.e.* the Regional Trial Court of Makati City, Branch 149, and for this purpose, filed an Urgent Motion before said court on 13 February 2023 for it to give due course to its foregoing claim.

On 20 October 2023, ALCO and UPHI filed a Motion to Resolve the *Entry of Appearance with Urgent Motion to Give Due Course to the Claim of ALCO and UPHI* stating that PDIC did not include or even mention the Titles in its recent Partial Asset Distribution Plan, which is the reason why it cannot yet file the Final Asset Distribution Plan.

On 15 February 2024, ALCO and UPHI filed its Second Motion to Resolve reiterating the foregoing claim. They are still awaiting resolution of the matter to date.

2. Quieting of Title

UPHI filed a complaint for quieting of title, among other reliefs, before the Regional Trial Court of Calamba, Laguna, Branch 36 because of the erroneous issuance of tax declarations to several individual defendants by the City of Tagaytay covering UPHI's 33-hectare property registered in Calamba City. It also wanted to seek clarification with respect to which city UPHI is under legal obligation to pay real property taxes, *i.e.*, Calamba City or Tagaytay City.

In a Decision dated 16 December 2019, the court dismissed the complaint for being premature considering both cities claim territorial jurisdiction over the property but there is no pending territorial dispute between them, and that said dispute may only be resolved through a joint session between their respective *Sangguniang Panlalawigan* (should be *Panlungsod*) pursuant to the Local Government Code. There is no cloud over the title and the court ruled that UPHI should continue paying real property tax to Calamba City because of the admission of Tagaytay City that UPHI's property is titled under the Torrens System which categorically states that it is located in Calamba City. Also, both cities had stipulated that the title to the property is in the custodial jurisdiction and safe keeping of the Register of Deeds of Calamba City, and Tagaytay City did not make any claim or request for the transfer of said title to its own custodial jurisdiction and safe keeping.

UPHI filed a Motion for Partial Reconsideration of the foregoing Decision. The court granted the same in an Order dated 05 June 2020 and declared, among others, that UPHI is the true and lawful owner of the 33-hectare property registered in its name and enjoined it to continue paying for the real property taxes in Calamba City. Further, in the event the local government of the City of Tagaytay insists that the subject property is within its territorial jurisdiction, the court directed the cities of Calamba and Tagaytay to make the initiative through their respective *Sangguniang Panlungsod* and through a joint session, resolve any territorial dispute between them in accordance with the Local Government Code of 1991.

The City of Tagaytay and one of the individual defendants²² filed an appeal before the Court of Appeals which affirmed the 05 June 2020 Order of the trial court on 31 July 2023 and denied their separate Motions for Reconsideration on 15 February 2024. Both filed petitions for review under Rule 45 of the Rules of Court before the Supreme Court in April 2024 while UPHI submitted its Comment/Opposition to the same in October 2024. There is no resolution on the matter as of the date hereof.

3. Expropriation

Petitioner National Power Corporation (NAPOCOR) filed in November 1995 before the Regional Trial Court of Calamba, Laguna, Branch 34, a Petition for Expropriation of Properties to be affected by the Tayabas-Dasmariñas 500 kV transmission line right, which included a portion of UPHI's property with an area of about one (1) hectare. The court issued a Writ of Possession in favor of NAPOCOR in 1996.

²² The lone defendant who appealed is Ms. Rosalinda Reyes.

In July 1999, NAPOCOR and UPHI agreed to refer to commissioners the determination of just compensation for UPHI. UPHI did not question the propriety of expropriation any further but continued to participate in the proceedings, having found NAPOCOR's valuation unreasonable, and to enable it to submit evidence as and when the commissioners required the same. The matter was eventually elevated before the Court of Appeals in 2015 and is still pending resolution to date.

UPHI and the National Transmission Corporation (successor-in-interest of NAPOCOR) instead agreed to enter into an amicable settlement and in April 2024, jointly sought the approval thereof by the trial court but the same was denied because allegedly, the latter had already lost jurisdiction over the main case and no longer has possession nor access to the records, all of which were transmitted to the Court of Appeals. The parties were enjoined to re-file their motion to approve their compromise agreement when the records of the case are remanded back to the trial court.

4. Claim for Refund

- a. A buyer²³ offered to purchase a unit in Arya Residences in November 2012, paid the reservation fee but failed to pay the final amortization and other charges which became due in January 2014, on the ground that a viewing of the unit was not allowed beforehand, notwithstanding that pursuant to the Contract to Sell signed, full payment of the account is required prior to turnover of the unit. A viewing of the unit is not scheduled until the account is fully paid since inspection is the initial step of the turnover process. All buyers of Arya Residences were treated in the same manner.

In November 2017, the buyer filed a complaint before the Housing and Land Use Regulatory Board (HLURB)²⁴ and demanded the return of all payments made in a span of one (1) year amounting to ₱942,718.53. In a Decision dated 05 April 2019, ALCO was directed to refund this amount to the buyer and pay attorney's fees and actual damages in the total amount of ₱70,000.00.

On 15 May 2019, ALCO appealed the foregoing Decision before the Office of the President arguing, among others, that Republic Act (R.A.) No. 6552 should have been applied as it is the special law governing transactions that involve, subject to certain exceptions, the sale on installment basis of real property. However, the adverse Decision was affirmed in a Resolution dated 01 October 2021 on the ground of lack of jurisdiction per Section 42 of the Implementing Rules and Regulations of R.A. No. 11201²⁵, *i.e.* the matter should have been brought before HLURB Arbiters and Commissioners and thereafter, to the Court of Appeals, and not the Office of the President.

In July 2022, ALCO filed before the Court of Appeals a Petition for Certiorari under Rule 65 of the Rules of Court to annul and reverse the Resolution of the Office of the President as it acted with grave abuse of discretion amounting to lack of jurisdiction, and there being no plain, speedy and adequate remedy in the ordinary course of law available to ALCO. Notwithstanding R.A. No. 11201,

²³ The complainant is Ms. Anita Medina-Yu.

²⁴ Now Department of Human Settlements and Urban Development.

²⁵ Department of Human Settlements and Urban Development Act

HLURB itself had stated in its Notice that *“Since the Resolution was promulgated by the Board xxx, appeal therefrom shall still be brought to the Office of the President in accordance with Section 5 of Executive Order No. 648, series of 1981”*. With this instruction from the quasi-judicial body itself the appeal of whose resolution is sought, ALCO had to follow the said quasi-judicial agency’s directive to file its appeal before the Office of the President. The merits of the case should have been looked into and the appeal not denied on a mere technicality.

In its Decision dated 11 September 2023, the Court of Appeals denied ALCO’s Petition for Certiorari. ALCO filed a Motion for Reconsideration and is awaiting resolution of the matter.

- b. In March 2019, a husband and his wife²⁶ agreed to purchase (6) condominium units in Savya Financial Center North Tower, paid the initial downpayment of ₱20,416,226.20 but defaulted in the rest of their obligations. The sale was duly cancelled, and all payments made were forfeited pursuant to the provisions in the contracts to sell they have executed with SLDC.

The buyers filed a complaint before the Human Settlements Adjudication Commission (HSAC) on 15 October 2023 demanding a refund of all payments made, as well as interests, damages, and attorney’s fees against SLDC and certain ALCO officers, claiming that SLDC failed to comply with its undertaking to complete the development and delivery of their units in December 2021.

After undergoing mediation, the spouses agreed to apply their payments to SLDC to the acquisition of another property of ALCO in Cebu City. The Regional Adjudication Branch-National Capital Region of the HSAC rendered judgment based on the said compromise agreement on 29 August 2024.

5. Labor

- a. In an Order dated on 03 July 2017, the Department of Labor and Employment (DOLE) found ALCO non-compliant with certain labor standards per Rules 1020, 1030, 1040, 1050 and 1065. Records, however, show that ALCO was in fact compliant. A Memorandum of Appeal was filed in October 2017 because serious errors in the finding of facts were committed by DOLE which, if not corrected, would cause grave or irreparable damage or injury to ALCO. Among the reliefs sought are the recall of the Order for Compliance and a finding that ALCO is fully compliant with labor laws and occupational health and safety standards.

In a Resolution dated 24 March 2021, the DOLE granted ALCO’s appeal and found the Order dated 03 July 2017 complied with.

- b. In an Order dated 29 November 2017, the DOLE found that ALCO did not comply with and failed to effect corrective actions on noted deficiencies per Rules 1050, 1060 and 1065 within the period prescribed by the Labor Laws Compliance Officer. A Memorandum of Appeal was filed in February 2018 seeking, among others, the recall of the Order for Compliance and a finding that ALCO is fully

²⁶ The complainants are Spouses Cecilia Cuevas and Roger Cuevas.

compliant. ALCO did institute corrective measures and in fact completed the noted deficiencies prior to the issuance of the Order for Compliance.

In a Resolution dated 20 April 2021, the DOLE granted ALCO's appeal and set aside the Order dated 29 November 2017.

- c. On 28 June 2022, a former Sales Agent²⁷ of CLLC filed a complaint against ALCO before the National Labor Relations Commission Regional Arbitration Branch No. VII, Cebu City (NLRC) claiming illegal suspension and demanding payment of back wages, separation pay, 13th month pay, incentive and damages.

In a Decision dated 17 February 2023, the Labor Arbiter dismissed the complaint for lack of merit as the complainant failed to prove that an employer-employee relationship exists between her and ALCO. Complainant's appeal before the NLRC was denied on 15 June 2023. In its Resolution dated 28 September 2023, the NLRC denied complainant's Motion for Extension to File a Motion for Reconsideration and the appended Motion for Reconsideration dated 07 August 2023 for lack of merit and for being filed out of time, respectively.

The complainant filed on 07 December 2023 before the Court of Appeals a Petition for Certiorari under Rule 65 of the Rules of Court to set aside the foregoing decisions of the Labor Arbiter and the NLRC, which was later dismissed in a Decision dated 31 January 2024.

On 13 February 2024, an Entry of Judgement was issued by the NLRC stating that the Resolution dated 28 September 2023 has already become final and executory on 11 November 2023 and is now being recorded in the Book of Entries of Judgement.

6. Liquidation Proceedings of Former Lessee

On 15 November 2021, Common Ground Works Philippines, Inc. (CGWPI), a former lessee of ALCO in ACPT (the "Leased Premises"), filed a Petition for Voluntary Liquidation with the Regional Trial Court of Taguig City, Branch 271 seeking to be declared insolvent and praying for the issuance of a liquidation order. ALCO was impleaded as a creditor for unpaid rentals, CUSA, other dues and penalties arising from the leased premises. The Court issued a Liquidation Order dated 19 November 2021 declaring CGWPI insolvent and dissolved.

ALCO filed its Statement of Claims on 14 September 2022 against CGWPI amounting to ₱172,666,437.23 as of 29 July 2022.

On 03 July 2023, the appointed liquidator filed a Motion for Leave of Court to conduct an inventory of CGWPI's assets allegedly being held by ALCO, which Motion was granted *ex parte* in an Order dated 14 July 2023. ALCO filed a Motion for Reconsideration on 31 July 2023 on the ground that all improvements and fixtures introduced by CGWPI in the Leased Premises have already become ALCO's property pursuant to the Contract of Lease given CGWPI's default. The parties are awaiting resolution of the matter.

²⁷ The complainant is Ms. Ella Dior O. Abad.

7. Republic Act No. 26

CLLC filed a Petition to cancel the annotation in Transfer Certificate of Title No. 107-2015002572, one of the parcels of land on which Cebu Exchange is constructed. The said annotation is pursuant to Section 7 of Republic Act No. 26 (otherwise known as “*An Act Providing a Special Procedure for the Reconstitution of Torrens Certificates of Title Lost or Destroyed*”). CLLC’s title originated from reconstituted certificates of title that were judicially reconstituted on 02 March 1950. More than two years have lapsed since then; hence, the recorded encumbrance may now be canceled.

In a Decision dated 17 October 2022, the Regional Trial Court of Cebu City – Branch 23 granted the Petition and directed the Register of Deeds of Cebu City to cancel the annotation pertaining to the reservation or encumbrance made pursuant to Section 7 of Republic Act No. 26. An Order of Finality of said decision was issued on 09 May 2023.

The potential effect of the foregoing cases on the financial statements of ALCO and its subsidiaries cannot be determined at the moment. However, it is believed that the effect thereof, if there is any, is not significant.

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

During the Special Stockholders’ Meeting held on 31 January 2024, stockholders representing at least sixty-seven percent (67%) of ALCO’s outstanding common and preferred shares which are entitled and qualified to vote:

- a. confirmed and ratified their approval granted on 24 June 2022 to amend Article Seventh of the Articles of Incorporation for purposes of decreasing the authorized capital stock by ₱20,000,000.00 to cancel the 20.0M Preferred Shares Series B that had been redeemed in December 2021 from the holders thereof, and
- b. approved the amendment of Article Seventh of the Articles of Incorporation by increasing ALCO’s authorized capital stock by ₱50,000,000.00 with the creation of 50.0M preferred shares with a par value of ₱1.00 per share.

During the Annual Stockholders’ Meeting held on 28 June 2024, in addition to the election of the members of the Board of Directors for the year 2024-2025, the following matters were submitted to the vote and were subsequently approved, noted and/or ratified by the stockholders: (1) the minutes of the Annual Stockholders Meeting held on 30 June 2023 and the minutes of the Special Stockholder’s meeting held on 31 January 2024, (2) Management Report, (3) the acts of the Board of Directors and Management for the year 2024-2025, and (4) the appointment of Reyes Tacandong & Co. as external auditor of ALCO for 2024.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. Market for Issuer’s Common Equity and Related Stockholder Matters

a. Market Information

For the period covered by this Report, only the Common shares and the Preferred shares Series C, Series D and Series F were traded in the Philippine Stock Exchange. Below

are the highlights of quarterly trading of these shares:

Common

	<u>2024</u>			<u>2023</u>			<u>2022</u>		
Quarter	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
1	0.51	0.30	0.49	0.52	0.50	0.51	0.64	0.53	0.59
2	0.50	0.44	0.485	0.50	0.49	0.50	0.60	0.52	0.57
3	0.465	0.36	0.405	0.485	0.470	0.485	0.62	0.50	0.53
4	0.41	0.30	0.365	0.46	0.435	0.46	0.56	0.54	0.56

Preferred Shares Series C

	<u>2024</u>			<u>2023</u>			<u>2022</u>		
Quarter	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
1	101.90	95.00	95.05	100.00	100.00	100.00	109.90	102.00	102.00
2	97.00	95.10	N.A. ²⁸	101.40	101.40	101.40	108.60	100.20	105.00
3	N.A.	N.A.	N.A.	101.30	101.30	101.30	105.00	100.80	104.70
4	N.A.	N.A.	N.A.	99.95	99.95	99.95	102.00	102.00	102.00

Preferred Shares Series D

	<u>2024</u>			<u>2023</u>			<u>2022</u>		
Quarter	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
1	500.00	432.00	451.00	500.00	494.80	500.00	525.00	512.00	518.00
2	479.80	400.00	430.00	490.00	489.80	490.00	519.00	505.00	505.00
3	480.00	430.40	450.20	450.00	440.00	450.00	509.00	450.00	499.00
4	476.40	445.20	464.40	500.00	500.00	500.00	499.20	499.00	499.00

Preferred Shares Series F

	<u>2024</u>		
Quarter	<u>High</u>	<u>Low</u>	<u>Close</u>
1	N.A.	N.A.	N.A.
2	N.A.	N.A.	N.A.
3	N.A.	N.A.	N.A.
4	505.20	430.00	502.50

b. Security Holders

ALCO's total shares issued and outstanding to date are as follows:

Common	-	5,318,095,199
Preferred Series A	-	12,500,000
Preferred Series D	-	6,000,000
Preferred Series E	-	14,000,000 ²⁹
Preferred Series F	-	4,964,860

As of 31 December 2024, the number of shareholders of record is as follows:

²⁸ Preferred Shares Series C were redeemed on 27 June 2024 and are presently recorded as treasury shares.

²⁹ 1,500,000 shares were issued on 05 March 2024 while 12,500,000 were issued on 15 August 2024.

Common	-	1,908
Preferred Series A	-	1
Preferred Series D	-	6
Preferred Series E	-	1
Preferred Series F	-	2

ALCO's public ownership percentage as of 31 December 2024 is 29.905%.

Article Seventh of ALCO's Articles of Incorporation provides that its shares of stock are not subject to pre-emptive rights of the stockholders and may therefore be issued in such quantities at such times and with such features as the Board of Directors may determine and prescribe provided, that the Preferred shares shall be redeemable, non-voting and non-participating. Article Tenth further provides that no issuance or transfer of shares of stock shall be allowed if it will reduce the ownership of Filipino citizens to less than the percentage required by law.

The top 20 stockholders of Common shares as of 31 December 2024 are as follows:

Name of Shareholders	No. of Shares	%
1. CPG Holdings, Inc.	2,017,619,910	37.938
2. PCD Nominee Corporation – Filipino	1,648,268,874	30.994
3. AO Capital Holdings I, Inc.	1,383,730,000	26.019
4. Elite Holdings, Inc.	119,809,996	2.253
5. Tina Keng	25,000,000	0.470
6. EQL Properties, Inc.	14,671,125	0.276
7. PCD Nominee Corporation – Non-Filipino	13,748,185	0.259
8. Urban Bank Trust Department – A/C No. 625	4,838,488	0.091
9. RBL Fishing Corporation	4,350,000	0.082
10. Veronica D. Reyes	3,799,272	0.071
11. Veronica D. Reyes and/or Cecilia D. Reyes	2,654,061	0.050
12. Theodore G. Huang and/or Corazon B. Huang	2,501,250	0.047
13. Anito Tan and/or Lita Tan	2,027,049	0.038
14. Lourdes D. Dizon	1,740,000	0.033
15. Kwan Yan Dee and/or Christina Dee	1,631,250	0.031
16. Dante Garcia Santos	1,631,250	0.031
17. Luciano H. Tan	1,505,950	0.028
18. Josefina Tan Cruz	1,488,000	0.028
19. Samuel Uy	1,087,500	0.020
20. Datacom Systems Corp.	1,004,394	0.019
Total	5,266,498,554.00	98.778

The sole shareholder of Preferred Shares Series A is MPI, a wholly owned subsidiary of ALCO.

All 20,000,000 Preferred Shares Series B were redeemed as of 06 December 2021 and have been cancelled and removed from ALCO's authorized capital stock.

All 10,000,000 Preferred Shares Series C were redeemed on 27 June 2024 and are presently recorded as treasury shares.

The top stockholders of Preferred Shares Series D as of 31 December 2024 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	5,914,540	98.5757
2. PCD Nominee Corporation – Non-Filipino	70,410	1.1735
3. G.D. Tan & Co., Inc.	13,000	0.2167
4. Knights of Columbus Fr. George J. Willman Charities, Inc.	1,000	0.0167
5. KC Philippines Foundation, Inc.	1,000	0.0167
6. Myra P. Villanueva	50	0.0008
Total	6,000,000	100.000

The sole shareholder of Preferred Shares Series E is also MPI.

The top stockholders of Preferred Shares Series F as of 31 December 2024 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	4,950,990	99.7206
2. PCD Nominee Corporation – Non-Filipino	13,870	0.2793
Total	4,964,860	100.000

c. Dividends

ALCO declared cash dividends to Common stockholders, as follows:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount/Share</u>
28 June 2013	26 July 2013	22 August 2013	₱0.012
10 March 2014	28 March 2014	22 April 2014	₱0.036
09 March 2015	23 March 2015	08 April 2015	₱0.012
28 February 2017	14 March 2017	07 April 2017	₱0.012
21 March 2018	06 April 2018	02 May 2018	₱0.012
21 June 2019	08 July 2019	31 July 2019	₱0.012
26 June 2020	10 July 2020	31 July 2020	₱0.012
25 June 2021	09 July 2021	30 July 2021	₱0.012
24 June 2022	11 July 2022	04 August 2022	₱0.012
30 June 2023	17 July 2023	10 August 2023	₱0.012
28 June 2024	19 July 2024	09 August 2024	₱0.012

ALCO declared cash dividends to holders of Preferred Shares Series B until the date these shares were redeemed on 06 December 2021, as follows:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount/Share</u>
08 February 2017	24 February 2017	06 March 2017	₱1.76145
10 May 2017	25 May 2017	06 June 2017	₱1.76145
09 August 2017	23 August 2017	06 September 2017	₱1.76145
26 October 2017	24 November 2017	06 December 2017	₱1.76145
10 January 2018	09 February 2018	06 March 2018	₱1.76145
09 May 2018	23 May 2018	06 June 2018	₱1.76145
01 August 2018	16 August 2018	06 September 2018	₱1.76145
24 October 2018	12 November 2018	06 December 2018	₱1.76145
21 February 2019	01 March 2019	06 March 2019	₱1.76145
08 May 2019	22 May 2019	06 June 2019	₱1.76145
07 August 2019	22 August 2019	06 September 2019	₱1.76145
23 October 2019	15 November 2019	06 December 2019	₱1.76145

29 January 2020	14 February 2020	06 March 2020	₱1.76145
06 May 2020	21 May 2020	06 June 2020	₱1.76145
05 August 2020	19 August 2020	06 September 2020	₱1.76145
21 October 2020	13 November 2020	06 December 2020	₱1.76145
27 January 2021	15 February 2021	06 March 2021 ³⁰	₱1.76145
05 May 2021	19 May 2021	06 June 2021 ³¹	₱1.76145
04 August 2021	20 August 2021	06 September 2021	₱1.76145
20 October 2021	16 November 2021	06 December 2021	₱1.76145

ALCO declared cash dividends to holders of Preferred Shares Series C until the date these shares were redeemed on 27 June 2024, as follows:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount/Share</u>
08 August 2019	06 September 2019	27 September 2019	₱1.7319
23 October 2019	29 November 2019	27 December 2019	₱1.7319
29 January 2020	06 March 2020	27 March 2020	₱1.7319
06 May 2020	04 June 2020	27 June 2020	₱1.7319
05 August 2020	04 September 2020	27 September 2020	₱1.7319
21 October 2020	04 December 2020	28 December 2020	₱1.7319
27 January 2021	08 March 2021	27 March 2021 ³²	₱1.7319
05 May 2021	07 June 2021	27 June 2021 ³³	₱1.7319
04 August 2021	07 September 2021	27 September 2021	₱1.7319
20 October 2021	03 December 2021	27 December 2021	₱1.7319
23 February 2022	10 March 2022	28 March 2022	₱1.7319
04 May 2022	02 June 2022	27 June 2022	₱1.7319
05 August 2022	01 September 2022	27 September 2022	₱1.7319
26 October 2022	05 December 2022	27 December 2022	₱1.7319
25 January 2023	01 March 2023	27 March 2023	₱1.7319
03 May 2023	01 June 2023	27 June 2023	₱1.7319
02 August 2023	04 September 2024	28 September 2023	₱1.7319
25 October 2023	29 November 2023	27 December 2023	₱1.7319
31 January 2024	01 March 2024	27 March 2024	₱1.7319
08 May 2024	03 June 2024	27 June 2024	₱1.7319

ALCO declared cash dividends to holders of Preferred Shares Series D, as follows:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount/Share</u>
26 January 2022	11 February 2022	03 March 2022	₱7.50
04 May 2022	19 May 2022	03 June 2022	₱7.50
08 August 2022	19 August 2022	03 September 2022 ³⁴	₱7.50
26 October 2022	14 November 2022	05 December 2022 ³⁵	₱7.50
25 January 2023	08 February 2023	03 March 2023	₱7.50
03 May 2023	17 May 2023	03 June 2023 ³⁶	₱7.50

³⁰ Following the terms of the offering of Preferred Shares Series B, as the scheduled payment date fell on a weekend, payment of the dividends was made the following business day.

³¹ *Ibid.*

³² Following the terms of the offering of Preferred Shares Series C, as the scheduled payment date fell on a weekend, payment of the dividends was made the following business day.

³³ *Ibid.*

³⁴ Following the terms of the offering of Preferred Shares Series D, as the scheduled payment date fell on a weekend, payment of the dividends was made the following business day.

³⁵ *Ibid.*

³⁶ *Id.*

02 August 2023	16 August 2023	03 September 2023 ³⁷	₱7.50
25 October 2023	10 November 2023	03 December 2023 ³⁸	₱7.50
31 January 2024	15 February 2024	03 March 2024 ³⁹	₱7.50
08 May 2024	23 May 2024	03 June 2024	₱7.50
06 August 2024	23 August 2024	03 September 2024	₱7.50
05 November 2024	19 November 2024	03 December 2025	₱7.50
22 January 2025	07 February 2025	03 March 2025	₱7.50

No dividends were declared for Preferred Shares Series A, E and F for the period covered by this Report.

No dividends were declared for any of the foregoing shares in 2016.

Whether ALCO still plans to declare dividends within the next twelve (12) months is uncertain but the same shall always be subject to Section 2, Article VII of ALCO's By-laws which provides, as follows:

“Dividends shall be declared from the unrestricted retained earnings of the Corporation, including stock dividends from paid-in surplus, at such time and in such amounts as the Board of Directors may determine. Dividend declarations shall not in any manner reduce the paid-in capital of the Corporation. Unless otherwise resolved by the Board of Directors, a fraction of one-half or more of a share owing to a stockholder resulting from a declaration of stock dividends shall be issued as one full share, while a fraction of less than one-half share shall be disregarded.

“Declaration of stock dividends shall be submitted to a stockholders' meeting for approval within forty (40) business days from such approval by the Board of Directors. The record date for stock dividends shall not be earlier than the date of approval by the stockholders.

“Declaration of cash dividends shall have a record date which shall not be less than ten (10) business days but not more than thirty (30) business days from the date of declaration by the Board of Directors.”

d. Recent Sales of Unregistered or Exempt Securities

There are no recent sales of unregistered or exempt shares of ALCO.

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

FINANCIAL POSITION

31 December 2024 vs. 31 December 2023

	<u>31 Dec 2024</u>	<u>31 Dec 2023</u>	<u>Change</u>
Cash and cash equivalents	₱4,045,963,662	₱5,605,296,553	-28%

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

Financial assets at fair value through profit or loss (FVPL)	1,895,958,320	877,853,288	116%
Receivables	1,771,675,289	2,211,302,746	-20%
Real estate for sale	7,271,174,737	7,548,831,703	-4%
Contract Assets	7,625,261,813	5,608,780,240	36%
Investment properties	14,590,019,555	13,175,632,447	11%
Property and equipment	301,618,461	315,768,669	-4%
Net retirement asset	—	14,151,768	-100%
Other Assets	3,040,062,731	1,906,428,476	59%
Total Assets	40,541,734,568	37,264,045,890	9%
Accounts payable and other liabilities	4,262,192,735	3,621,061,114	18%
Loans payable	12,476,024,751	11,186,817,196	12%
Bonds payable	5,955,532,419	5,941,522,413	0%
Contract liabilities	428,492,840	198,350,664	116%
Advances from non-controlling interests	1,010,119,597	1,102,119,597	-8%
Net retirement liability	27,371,514	5,145,894	432%
Net deferred tax liabilities	2,129,697,872	2,092,857,227	2%
Total Liabilities	26,289,431,728	24,147,874,105	9%
Capital stock	1,004,721,996	1,005,757,136	0%
Additional paid-in capital	6,464,321,710	5,973,360,513	8%
Treasury stock – at cost	(1,000,000,000)	(2,000,000,000)	-50%
Parent Company's shares held by a subsidiary	(26,500,000)	(12,500,000)	112%
Retained earnings	5,263,177,339	5,547,760,292	-5%
Other equity reserves	208,982,963	216,566,831	-4%
Total equity attributable to Equity Holders of the Parent Company	11,914,704,008	10,730,944,772	11%
Non-controlling interests	2,337,598,832	2,385,227,013	-2%
Total Equity	14,252,302,840	13,116,171,785	9%
Total Liabilities and Equity	₱40,541,734,568	₱37,264,045,890	9%

ALCO's total resources reached ₱40.54 billion as of 31 December 2024, higher by 9% from the ₱37.26 billion recorded on 31 December 2023, due to the following:

28% Decrease in Cash and Cash Equivalents

The decrease is mainly due to payments for project development costs, dividends, taxes and investments in money market funds.

116% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)

The increase is attributed to additional investments in money market funds.

20% Decrease in Receivables

The decrease is due to collections from buyers of office and retail units and parking slots of completed projects.

36% Increase in Contract Assets

The increase is due to new real estate contracts recognized during the year primarily from buyers of the residential projects of the Group.

11% Increase in Investment Properties

The increase is attributed to the revaluation of office and retail units and land properties of the Group.

100% Decrease in Net Retirement Asset

The decrease is due to higher retirement expense resulting to net retirement liability.

59% Increase in Other Asset

The increase is largely due to downpayment for property acquisition, advances for project development costs and creditable withholding taxes.

18% Increase in Accounts Payable and Other Liabilities

The increase is mainly due to accrual of construction costs of the ongoing projects of the Group.

12% Increase in Loans Payable

The increase pertains mainly due to additional loans to finance the Group's working capital requirements and on-going project development.

116% Increase in Contract Liabilities

The increase refers to customers deposits received from buyers of residential units for which the related revenue has not yet been recognized.

8% Decrease in Advances from Non-Controlling Interests

This pertains to repayment of advances from non-controlling interests.

432% Increase in Net Retirement Liability

The increase is due to recognition of retirement expense for the year.

8% Increase in Additional Paid-In Capital

The increase is due to the issuance of Preferred Shares Series F with ₱1 par value per share at the issuance price of ₱500 per share, net of transaction costs.

50% Decrease in Treasury Stock – at cost

The decrease is largely due to retirement of Preferred Shares Series B for the year.

112% Increase in Parent Company's Shares Held by a Subsidiary

The increase pertains to the subscription of MPI to ALCO's Series E Preferred Shares.

5% Decrease in Retained Earnings

The decrease is due to the restatement of retained earnings resulting from the change in accounting policies and retirement of Preferred Shares Series B.

FINANCIAL POSITION

31 December 2023 vs. 31 December 2022

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>	<u>Change</u>
Cash and cash equivalents	₱5,605,296,553	₱4,796,293,662	17%

Financial assets at fair value through profit or loss (FVPL)	877,853,288	2,246,039,822	-61%
Receivables	2,211,302,746	2,380,054,645	-7%
Contract Assets	5,608,780,240	3,920,367,468	43%
Real estate for sale	7,548,831,703	9,381,383,586	-20%
Investment properties	13,175,632,447	11,273,784,260	17%
Property and equipment	315,768,669	333,940,003	-5%
Net retirement asset	14,151,768	36,058,483	-61%
Other Assets	1,906,428,476	2,024,785,160	-6%
Total Assets	37,264,045,890	36,392,707,089	2%
Accounts payable and other liabilities	3,621,061,114	3,382,198,303	7%
Loans payable	11,186,817,196	11,764,154,679	-5%
Bonds payable	5,941,522,413	5,925,771,148	0%
Contract liabilities	198,350,664	231,469,884	-14%
Advances from non-controlling interests	1,102,119,597	1,102,119,597	0%
Net retirement liability	5,145,894	2,545,060	102%
Net deferred tax liabilities	2,092,857,227	1,924,137,488	9%
Total Liabilities	24,147,874,105	24,332,396,159	-1%
Capital stock	1,005,757,136	1,005,757,136	0%
Additional paid-in capital	5,973,360,513	5,973,360,513	0%
Treasury stock – at cost	(2,000,000,000)	(2,000,000,000)	0%
Parent Company's shares held by a subsidiary	(12,500,000)	(12,500,000)	0%
Retained earnings	5,547,760,292	4,912,544,253	13%
Other equity reserves	216,566,831	221,696,435	-2%
Total equity attributable to Equity Holders of the Parent Company	10,730,944,772	10,100,858,337	6%
Non-controlling interests	2,385,227,013	1,959,452,593	22%
Total Equity	13,116,171,785	12,060,310,930	9%
Total Liabilities and Equity	₱37,264,045,890	₱36,392,707,089	2%

ALCO's total resources reached ₱37.26 billion as of 31 December 2023, higher by 2% from the ₱36.39 billion recorded on 31 December 2022, due to the following:

17% Increase in Cash and Cash Equivalents

The increase in cash is largely due to collections from buyers of completed projects and proceeds from the termination of money market placements.

61% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)

The decrease is due to termination of money market placements for loan repayments and project development expenses.

7% Decrease in Receivables

The decrease is due to collections from buyers of office and retail units and parking slots of completed projects.

43% Increase in Contract Assets

The increase pertains to new real estate contracts recognized during the period primarily

from buyers of Lucima, Eluria and Savya Financial Center.

20% Decrease in Real Estate for Sale

The decline is driven mainly by the higher sales activities during the year, as well as transfer of office units and parking slots of Cebu Exchange and Savya Financial Center from their respective inventory of real estate for sale to investment properties.

17% Increase in Investment Properties

The increase is attributed to the retention of office units and parking slots in Cebu Exchange and Savya Financial Center due to the change of intention in the use of these properties. These properties were remeasured at fair value and included in investment properties for lease.

5% Decrease in Property, Plant and Equipment

The decrease is due to the disposal of transportation equipment and depreciation expense during the year.

61% Decrease in Net Retirement Asset

The decrease is attributable to changes in actuarial assumptions.

6% Decrease in Other Assets

The decrease is largely due to input VAT that were claimed against output VAT due to higher revenues.

7% Increase in Accounts Payable and Other Liabilities

The increase is due to accrual of construction costs for the ongoing projects of the Group.

5% Decrease in Loans Payable

The decrease results from the net repayment of term and short-term loans.

14% Decrease in Contract Liabilities

The decrease refers to the reclassification of customer's deposits to receivables or contract assets from buyers of Eluria as initial revenue recognition commenced this year.

102% Increase in Net Retirement Liability

The increase is due to additional retirement expense for the year.

9% Increase in Net Deferred Tax Liabilities

The increase can be attributed mainly to the provision for taxes in relation to the gain recognized on the change in fair value of investment properties.

13% Increase in Retained Earnings

The increase is due to net income attributable to ALCO for the year, net of dividends declared to ALCO's shareholders.

22% Increase in Non-Controlling Interests

The increase is due to the share in net income, additional subscriptions to preferred shares from the non-controlling shareholders of Bhavya and SLDC, net of the share of non-controlling shareholders in the dividends declared by these subsidiaries.

FINANCIAL POSITION

31 December 2022 vs. 31 December 2021

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>	<u>Change</u>
Cash and cash equivalents	₹4,796,293,662	₹1,949,257,156	146%
Financial assets at fair value through profit or loss (FVPL)	2,246,039,822	4,378,607,744	-49%
Receivables	2,380,054,645	1,563,406,726	52%
Contract Assets	3,920,367,468	6,238,880,086	-37%
Real estate for sale	9,381,383,586	8,988,754,987	4%
Investment properties	11,273,784,260	9,026,428,319	25%
Property and equipment	333,940,003	273,213,366	22%
Net retirement asset	36,058,483	-	100%
Other Assets	2,024,785,160	2,252,738,463	-10%
Total Assets	36,392,707,089	34,671,286,847	5%
Accounts payable and other liabilities	3,382,198,303	4,218,822,302	-20%
Loans payable	11,764,154,679	13,436,717,469	-12%
Bonds payable	5,925,771,148	2,966,594,179	100%
Contract liabilities	231,469,884	62,154,096	272%
Advances from non-controlling interests	1,102,119,597	1,102,119,597	0%
Net retirement liability	2,545,060	118,443,498	-98%
Net deferred tax liabilities	1,924,137,488	1,714,298,793	12%
Total Liabilities	24,332,396,159	23,619,149,934	3%
Capital stock	1,005,757,136	1,005,757,136	0%
Additional paid-in capital	5,973,360,513	5,973,360,513	0%
Retained earnings	4,912,544,253	4,404,555,747	12%
Other equity reserves	221,696,435	177,630,403	25%
Treasury stock – at cost	(2,000,000,000)	(2,000,000,000)	0%
Parent Company's shares held by a subsidiary	(12,500,000)	(12,500,000)	0%
Total equity attributable to the Parent Company	10,100,858,337	9,548,803,799	6%
Non-controlling interests	1,959,452,593	1,503,333,114	30%
Total Equity	12,060,310,930	11,052,136,913	9%
Total Liabilities and Equity	₹36,392,707,089	₹34,671,286,847	5%

ALCO's total resources as of 31 December 2022 amounting to ₹36.39 billion is 5% higher than the 31 December 2021 level of ₹34.67 billion due to the following:

146% Increase in Cash and Cash Equivalents

The increase in cash is largely due to net proceeds from the ASEAN Green Bonds' Tranche 2 offering of ALCO.

49% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)

The decline is due to partial termination of money market placements for loan

repayments and project development costs.

52% Increase in Receivables

The increase is mainly due to maturity of Contract to Sell with buyers of Cebu Exchange following its completion, as well as the receivables arising from the initial revenue recognition from Lucima project.

37% Decrease in Contract Assets

The decline is largely due to maturities of Contracts to Sell with buyers of Cebu Exchange which were subsequently accounted for as billed receivables.

25% Increase in Investment Properties

The increase is largely attributed to the retention of 8,059 sqm of office units, 72 parking slots, 2,628 sqm of retail units, and 36 non-appurtenant parking slots in Cebu Exchange. As a result, these properties were removed from the inventory for sale and included in investment properties for lease. The initial cost of these properties was ₱844 million, which were later revalued at a fair value of ₱1.8 billion.

22% Increase in Property, Plant and Equipment

The increase is largely attributable to construction cost of projects' gallery and model units.

100% Increase in Net Retirement Asset

The increase is primarily attributable to additional contributions made to the retirement plan.

10% Decrease in Other Assets

The decrease is mainly caused by the advance payments made to a seller of land which was subsequently acquired and reclassified as "real estate for sale".

20% Decrease in Accounts Payable and Other Liabilities

The decrease is the result of ALCO's settlement of the outstanding balance to Rock & Salt B.V., arising from the purchase of common and preferred shares and assignment of shareholder advances and accrued interest receivables in CLLC.

12% Decrease in Loans Payable

The decline is primarily due to CLLC's repayment of its term loan and CTS loans.

100% Increase in Bonds Payable

This refers to the issuance of the 2nd tranche of ASEAN Green Bonds, net of debt issuance costs, to be used in the acquisition and development of eligible green projects.

272% Increase in Contract Liabilities

The increase refers to the payments received from buyers of units in Lucima, Eluria and Sevina Park, for which the related revenue has not yet been recognized.

98% Decrease in Net Retirement Liability

The decline is primarily due to settlement of past service cost resulting to a fully funded retirement plan of ALCO.

12% Increase in Net Deferred Tax Liabilities

The increase can be attributed directly to the additional gain that was recognized during the year on the change in fair value of investment properties.

12% Increase in Retained Earnings

The increase is due to net income for the year, net of dividends declared.

25% Increase in Other Equity Reserves

The increase is mainly due to remeasurement gains on net retirement liability.

30% Increase in Non-Controlling Interests

The net increase is largely due to additional deposits for future stock subscription from SLDC shareholder.

RESULTS OF OPERATIONS

31 December 2024 vs. 31 December 2023

	31 Dec 2024	% of Sale	31 Dec 2023	% of Sale	Change
Revenues	₱6,224,024,138	100%	₱6,638,923,582	100%	-6%
Cost and expenses	4,529,324,957	73%	3,924,713,673	59%	15%
Gross income	1,694,699,181	27%	2,714,209,909	41%	-38%
Administrative expenses	1,009,172,950	16%	821,439,823	12%	23%
Selling and marketing expenses	454,809,392	7%	529,115,673	8%	-14%
Operating expenses	1,463,982,342	24%	1,350,555,496	20%	8%
Income from operations	230,716,839	4%	1,363,654,413	21%	-83%
Net gain on change in fair value of investment properties	1,933,989,204	31%	974,092,333	15%	99%
Finance costs	(1,486,928,815)	24%	(1,020,350,432)	15%	46%
Other income – Net	425,884,378	7%	521,253,473	8%	-18%
Income before income tax	1,103,661,606	18%	1,838,649,787	28%	-40%
Provision for income tax	345,285,691	6%	449,666,103	7%	-23%
Net income	758,375,915	12%	₱1,388,983,684	21%	-45%
Other comprehensive income (loss)					
Remeasurement losses on net retirement asset or liability	(10,111,824)	-	(6,839,472)	-	48%
Income tax benefit on remeasurement gains or losses	2,527,956	-	1,709,868	-	48%
	(7,583,868)		(5,129,604)		
Total comprehensive income	₱750,792,047	12%	₱1,383,854,080	21%	-46%

Results of Operations for the year ended 31 December 2024 compared to the year ended 31 December 2023

6% Decrease in Revenues

This is mainly due to higher sales from previous year contributed by the bulk sale of Savya Financial Center's commercial units.

15% Increase in Cost and Expenses

The increase is due to incremental percentage of completion and step-up cost of repossessed units sold for the year.

23% Increase in Administrative Expenses

The increase was largely driven by higher personnel costs and benefits for the year.

14% Decrease in Selling and Marketing Expenses

The decrease is mainly attributed to higher commission expenses incurred last year from the sale of Sevina's commercial lot and bulk sale of Savya Financial Center's commercial units.

46% Increase in Finance Costs

The increase is largely due to the adoption of new accounting standard relative to non-capitalization of borrowing cost and recording the same as part of period cost.

99% Increase in Net Gain on Change in Fair Value of Investment Properties

This pertains to the appraisal gain recognized for office and retail units and land properties of the Group.

18% Decrease in Other Income – Net

The decrease is due to lower interest income and gain on repossession.

23% Decrease in Provision for Income Tax

The decrease is primarily attributed to lower taxable income for the year.

48% Increase in Remeasurement Gains (Losses) on Net Retirement Asset or Liability

This is due to changes in actuarial assumptions or adjustments in the valuation of the retirement plan.

RESULTS OF OPERATIONS

31 December 2023 vs. 31 December 2022

	<u>31 Dec 2023</u>	<u>% of Sale</u>	<u>31 Dec 2022</u>	<u>% of Sale</u>	<u>Change</u>
Revenues	₱6,638,923,582	100%	₱2,922,691,194	100%	127%
Cost and expenses	(3,924,713,673)	59%	(1,804,061,411)	62%	118%
Gross income	2,714,209,909	41%	1,118,629,783	38%	143%
Administrative expenses	821,439,823	12%	616,716,251	21%	33%
Selling and marketing expenses	529,115,673	8%	255,280,513	9%	107%
Operating expenses	1,350,555,496	20%	871,996,764	30%	55%
Income from operations	1,363,654,413	21%	246,633,019	8%	453%
Finance costs	(1,020,350,432)	15%	(500,672,464)	17%	104%
Net gain on change in fair value of investment properties	974,092,333	15%	1,435,889,906	49%	-32%
Other income – Net	521,253,473	8%	68,051,894	2%	666%
Income before income tax	1,838,649,787	28%	1,249,902,355	43%	47%

Provision for income tax	449,666,103	7%	376,837,638	13%	19%
Net income	₱1,388,983,684	21%	₱873,064,717	30%	59%
Other comprehensive income (loss)					
Remeasurement gains (losses) on net retirement asset or liability	(6,839,472)	-	58,645,826	2%	-112%
Income tax benefit (expense) on remeasurement gains or losses	1,709,868	-	(14,661,457)	1%	-112%
	(5,129,604)		43,984,369		
Total comprehensive income	₱1,383,854,080	21%	₱917,049,086	31%	51%

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

127% Increase in Revenues

The increase was driven by strong sales of office units at Savya Financial Center and Cebu Exchange, as well as residential units in Lucima, commercial lot sale in Sevina, along with the initial revenue recognition from Eluria.

118% Increase in Cost and Expenses

The increase is due to higher sales booking and incremental percentage of completion.

33% Increase in Administrative Expenses

The increase is mainly attributed to increase in personnel cost, taxes and office expenses.

107% Increase in Selling and Marketing Expenses

The increase is mainly attributed to increase in commission relative to higher sales and increased marketing activities.

104% Increase in Finance Costs

The increase resulted from the non-capitalization of borrowing costs for completed projects, as well as interest associated to proceeds from the ASEAN green bonds, pending disbursement for the new projects.

32% Decrease in Net Gain on Change in Fair Value of Investment Properties

The decline is mostly attributable to the larger net saleable area of office and retail units in Cebu Exchange that were reclassified to investment properties and revalued to fair value in 2022 compared to 2023.

666% Increase in Other Income – Net

The increase is due to higher interest income from short term money market placements and gain on repossession arising from sales cancellation.

19% Increase in Provision for Income Tax

The increase is primarily attributed to higher revenues recognized this year.

112% Decrease in Remeasurement Gains (Losses) on Net Retirement Asset or Liability

This results from adjustments in financial assumptions and other factors considered in the valuation of the retirement plan.

RESULTS OF OPERATIONS

31 December 2022 vs. 31 December 2021

	<u>31 Dec 2022</u>	<u>% of Sale</u>	<u>31 Dec 2021</u>	<u>% of Sale</u>	<u>Change</u>
Revenues	₱2,922,691,194	100%	₱2,972,199,256	100%	-2%
Cost and expenses	(1,804,061,411)	62%	(1,728,843,604)	58%	4%
Gross income	1,118,629,783	38%	1,243,355,652	42%	-10%
Administrative expenses	616,716,251	21%	438,756,665	15%	41%
Selling and marketing expenses	255,280,513	9%	299,702,134	10%	-15%
Operating expenses	871,996,764	30%	738,458,799	25%	18%
Income from operations	246,633,019	8%	504,896,853	17%	-51%
Finance costs	(500,672,464)	17%	(277,828,945)	9%	80%
Net gain on change in fair value of investment properties	1,435,889,906	49%	872,263,700	29%	65%
Other income – Net	68,051,894	2%	27,647,106	1%	146%
Income before income tax	1,249,902,355	43%	1,126,978,714	38%	11%
Provision for income tax	376,837,638	13%	11,895,600	0%	3068%
Net income	₱873,064,717	30%	₱1,115,083,114	38%	-22%
Other comprehensive income (loss)					
Remeasurement gains on net retirement liability	58,645,826	2%	10,211,359	0%	474%
Income tax expense on remeasurement gains or losses	(14,661,457)	1%	(2,639,131)	0%	456%
	43,984,369		7,572,228		
Total comprehensive income	₱917,049,086	31%	₱1,122,655,342	38%	-18%

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

41% Increase in Administrative Expenses

The increase is largely due to real estate taxes and other related pre-operating expenses arising from the completion of Cebu Exchange property.

15% Decrease in Selling and Marketing Expenses

The decline is mainly due to lower commission expense for Cebu Exchange, as the project is at completion stage.

80% Increase in Finance Costs

The increase is mainly attributed to non-capitalization of borrowing costs due to substantial completion of Cebu Exchange and Savva Financial Center.

65% Increase in Net Gain on Change in Fair Value of Investment Properties

The increase is due to gains from revaluation of ACPT units and recognition of fair market value of Cebu Exchange units and parking slots, which were reclassified from Real estate for sale to Investment properties for lease. Initially, these properties were valued at ₱844

million but were subsequently revalued at a fair value of ₱1.8 billion.

146% Increase in Other Income – Net

The increase is due to higher interest income for the year.

3068% Increase in Provision for Income Tax

The increase in this account is primarily attributed to the gain recognized for the year due to the change in the fair value of investment properties. This was compared against lower income tax in 2021 after the full effect of the reduced tax rate per CREATE law.

474% Increase in Remeasurement Gains on Net Retirement Liability

This is due to the change in financial assumptions and other variables used in the valuation of the retirement plan.

FINANCIAL RATIOS

	December 2024	December 2023	December 2022
Current/Liquidity Ratio (Current Assets over Current Liabilities)	1.58:1	2.32:1	2.44:1
Solvency Ratio (Net income before Depreciation over Total Liabilities)	0.03:1	0.06:1	0.04:1
Debt-to-Equity Ratio (Total Liabilities to Total Equity)	1.84:1	1.84:1	2.02:1
Debt-to-Equity Ratio for Loan Covenant (Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity)	1.36:1	1.39:1	1.56:1
Asset-to-Equity Ratio (Total Assets over Total Equity)	2.84:1	2.84:1	3.02:1
Interest Rate Coverage Ratio (Pre-tax income before Interest over Interest Expense)	1.74:1	2.81:1	3.51:1
Profitability Ratio (Net income over Total Equity)	0.05:1	0.11:1	0.07:1

There are no known trends, events or uncertainties that are expected to affect ALCO's continuing operations.

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), entities or other persons created during the reporting period.

Except as otherwise disclosed separately and excluding those projects already in ALCO's pipeline as outlined in this Report, there are no other material commitments for capital expenditures as of the period herein.

There are no known trends, events or uncertainties that will materially impact sales.

There are no known significant elements of income or loss from continuing operations.

There are no known seasonal aspects that has material effect on the financial statements.

ITEM 7. Financial Statements

ALCO's consolidated financial statements for the period ended as of 31 December 2024 were audited by Reyes Tacandong & Co., the details of which are stated below:

Accountant	:	Reyes Tacandong & Co.
Mailing Address	:	BDO Towers Valero 8741 Paseo de Roxas, Bel-Air 1209 Makati City
Certifying Partner	:	Ms. Carolina P. Angeles
C.P.A. Reg. No.	:	86981
TIN No.	:	205-067-976-000
BOA Accreditation No.	:	4782 (valid until 06 June 2026)
SEC Accreditation No.	:	86981-SEC Group A issued on 24 March 2020 (Valid for Financial Periods 2019 to 2025)
PTR No.	:	10467120 issued on 02 January 2025 at Makati City
BIR Accreditation No.	:	08-005144-007-2022 (Valid until 16 October 2025)

ALCO's consolidated and separate financial statements for the period ended as of 31 December 2023 are hereto attached and incorporated herein by reference.

ITEM 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Article V of ALCO's By-laws provides, among others, that the External Auditor shall be appointed by its Board of Directors and shall receive such compensation or fee as may be determined by the Chairman or such other officer(s) as the Board of Directors may authorize.

Reyes Tacandong & Co. (RT&Co) was first appointed as ALCO's external auditor in 2012 and remains such to date. Ms. Carolina P. Angeles was the Certifying Partner for the years 2012-2016 and for the year 2024. Ms. Michelle R. Mendoza-Cruz was the Certifying Partner for the years 2017-2023.

ALCO has not had any disagreement with its external auditor.

Fees and Other Arrangements

The external auditor's fees are based on the estimated time that would be spent on an engagement and ALCO is charged on the experience level of the professional staff members who will be assigned to work for the purpose and generally, on the complexity of the issues involved and the work to be performed, as well as the special skills required to complete the work.

The fees of RT&Co insofar as ALCO is concerned are as follows:

<u>Audit and Non-audit Fees</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Audit Fees	₱2.20 MM	₱1.80 MM	₱1.75 MM
Non-audit service fees			
Other assurance services ⁴⁰	3.50 MM	0.25 MM	1.00 MM
Tax services ⁴¹	0.89 MM	—	—
All other services ⁴²	0.54 MM	0.18 MM	0.18 MM
Total Non-Audit Fees	₱4.93 MM	₱0.43 MM	₱1.18 MM
Total Audit and Non-Audit Fees	₱7.13 MM	₱2.23 MM	₱2.93 MM

The fees of RT&Co. for ALCO's consolidated subsidiaries are as follows:

<u>Audit and Non-audit Fees</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Audit Fees	₱3.47 MM	₱2.57 MM	₱2.40 MM
Non-audit service fees			
Other assurance services	—	—	—
Tax services	—	—	—
All other services	—	—	—
Total Audit and Non-Audit Fees	₱3.47 MM	₱2.57 MM	₱2.40 MM

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors, including Independent Directors, and Executive Officers

a. Incumbent Directors and Positions Held/Business Experience for the Past Five (5) Years

<u>Name of Director</u>	<u>Directorship</u>	<u>Date of First Appointment</u>	<u>Age⁴³</u>
Ernest K. Cuyegkeng	Non-Executive	21 May 2007	78
Jaime C. González	Executive	21 May 2007	79
Jaime Enrique Y. González	Non-Executive	24 June 2011	48
Christopher Paulus Nicolas T. Po	Non-Executive	24 June 2011	54
Cornelio S. Mapa, Jr.	Executive	25 June 2021	58
Ricardo Gabriel T. Po	Non-Executive	28 March 2012	57
Denise Loreena V. De Castro	Independent	30 June 2023	49
Hans B. Sicat	Independent	30 June 2017	64
Andres B. Sta. Maria	Independent	24 June 2016	76

⁴⁰ Relates to the listing of Preferred Shares Series F and the Green Bonds issuance and subsequent allocation reporting.

⁴¹ Fees for transfer pricing study.

⁴² Refers to fees for Use of Proceed certifications for the Green Bonds Tranche 2 and Preferred Shares Series D (2023) and Series F (2024), and Amendment of the Articles of Incorporation (Increase of authorized capital stock).

⁴³ As of the date of this Report.

Ernest K. Cuyegkeng, Filipino, is presently the President and Chief Executive Officer of Phelps Dodge Philippines International and a Consultant and Director of A. Soriano Corporation. His other concurrent positions include President and Director of Seven Seas Resorts & Leisure and Sumifru Philippines, and Directorships in Prople, KSA Realty, Phinma Insurance Brokers, Inc., and Sumifru Singapore. He is also a Trustee of Andres Soriano Foundation and a member of the Management Association of the Philippines and Financial Executive Institute of the Philippines. He holds a Bachelor of Arts degree in Economics and a Bachelor of Science degree in Business Administration, both from the De La Salle University. He also obtained a Master's degree in Business Administration from the Columbia Graduate School of Business in New York.

Jaime C. González, Filipino and a graduate of Harvard Business School (MBA) and De La Salle University in Manila with degrees in Bachelor of Arts in Economics (*cum laude*) and Bachelor of Science in Commerce (*cum laude*), is a visionary leader in the Philippine real estate industry, serving as ALCO's Vice Chairman and President since 2017. He is also the founder and Chairman of AO Capital Partners, a financial and investment advisory firm with headquarters in Hong Kong, originally a joint venture with AIG, New York. Mr. González has been involved with a number of other companies internationally, including as an independent director of Euromoney Institutional Investor PLC, a UK publicly listed media company. Apart from these, he was a Managing Director of a large US investment bank with regional responsibilities. He also held the position of Special Trade Negotiator at the Ministry of Trade and Industry in the Philippines and served as the Vice Chairman and President of the Philippine International Trading Corporation, the government's international trading arm. He was once a partner of SGV & Co. with a principal focus on assisting clients in establishing and arranging funding for projects throughout the Asian region. His dedication and passion extend beyond the realm of business. Mr. González is active in socio-cultural organizations such as the Philippine Map Collectors Society, where he is the President, the World President's Organization, and the International Wine and Food Society.

Jaime Enrique Y. González, Filipino, is currently the CEO of IPVI, the Philippines leading venture builder and accelerator. He is also the founder of IPVG Corp., Egames, and IP-Converge, Inc., which all listed on the PSE. Enrique has spent the last two decades building leading internet, technology and telecom businesses in the Philippines which include leading data center provider that serviced Philippines, HK and Singapore. He has also invested in on-shore and undersea fiber optic cable networks and was the principal shareholder behind Prolexic Technologies (which was acquired by Akamai). He sits on the investment committee of several venture capital funds including Emissary Capital and is an active investor in the Southeast Asia technology eco-system. Enrique is committed to continuous learning. He went to Harvard Business School (Owner-President Management [OPM] Program), is a Kauffman Fellow and a London Business School alumni, and is also completing another Master's program with Tsinghua University. He allocates a fair amount of time to serve non-profit boards and to 'pay it forward'. He is on the board of Young Presidents' Organization (Philippines), Board of Trustees of Asia Society (Philippines), and serves on the board of the Harvard Business School OPM alumni of the Philippines.

Christopher Paulus Nicholas T. Po, Filipino, is the Executive Chairman of

Century Pacific Food, Inc., a food company listed in the PSE. He concurrently serves as Chairman of Shakey's Pizza Asia Ventures, Inc., likewise a listed chain restaurant business, and is an independent director of Maya Bank, Inc. and a director of AB Capital and Investment Corporation. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey & Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines and retail. He graduated in 1991 from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering). He holds a Masters degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University, serves as a Board member of the Child Protection Network as well as Asia Society Philippines, and is the President of the CPG-RSPo Foundation.

Cornelio S. Mapa, Jr., Filipino, presently the Treasurer and Executive Vice President of ALCO, oversees the Finance Group and the Information Technology Department. He previously had several senior executive roles with the Gokongwei Group of companies and its subsidiaries until 2020. His last position was Senior Vice President, Investments and New Builds of JG Summit Holdings, Inc., a role he carried out concurrently as Executive Vice President for Corporate Strategy of Universal Robina Corporation (URC). He was also the Executive Vice President and Managing Director of the URC Branded Consumer Food Group and before then, he served as Senior Vice President at Robinsons Land Corporation, with the functional role of General Manager of the Commercial Centers Division. Prior to joining the Gokongwei Group of companies, he was Senior Vice President and Chief Financial Officer of Coca Cola Bottlers Philippines, including its subsidiaries, Cosmos Bottling and Philippine Beverage Partners. He was also Senior Vice President and Chief Financial Officer of La Tondeña Distillers, Inc. Mr. Mapa earned his Bachelor of Science degrees in Economics and International Finance from New York University, and obtained his Masters in Business Administration from International Institute for Management Development in Lausanne, Switzerland.

Ricardo Gabriel T. Po, Filipino, is the Vice Chairman of Century Pacific Food, Inc. (CNPF), and concurrently serves as Vice Chairman of Shakey's Pizza Asia Ventures, Inc. He was the Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated *magna cum laude* from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Denise Loreena V. de Castro, Filipino, is the Principal Architect of DEQA Design Collaborative (formerly DDC Architectural Studio), an award-winning studio she founded in 2010 which integrates planning, architecture, interior, and product design with the expertise of affiliated specialty consultants. She is recognized as one of the Philippines' Best Architects by multiple publications and associations.

She worked previously at IDEO (San Francisco) and Lor Calma Design Associates (Manila). She obtained her Bachelor of Arts degree in Architecture in Wellesley College, and earned her Master's degree in Architecture from Harvard University Graduate School of Design.

Hans Brinker Sicut, Filipino, is currently a Managing Director in Ares Management Corporation, a U.S. publicly listed alternative investment manager. Hans is with Ares' private equity group, which used to be known as Crescent Point. He has been a leader in the financial services industry for many years and was most recently the Country Manager and Managing Director of ING Bank in the Philippines, a post he occupied from 2017 to 2022. Prior to joining ING, he was the CEO of the PSE from 2011 to 2017 and was concurrent President & CEO of the Securities Clearing Corporation of the Philippines and a Director of the Philippine Dealing System Holdings Corporation, the country's Fixed Income Exchange. Mr. Sicut has been involved with various global and sectoral activities, and has been an Independent Director of a number of private firms in the Conglomerates, TMT and Real Estate spaces. He has been with the Young Presidents' Organization (YPO and YPO Gold) for nearly two decades, an active leader in different roles, including the Chairman for the Philippines' chapter, and a member of the regional South East Asian board and the country Executive Committee. He has also served as a Member of the Board of Directors of the Bankers Association of the Philippines (BAP) and the Investment House Association of the Philippines (IHAP), serving as Committee Chairman for different roles. A mathematician and economist, Mr. Sicut has been a practitioner in the Global Capital Market for over three decades – he was an investment banker with Citigroup and its predecessor firms (Salomon Brothers & Citicorp Securities) in various roles in New York, Hong Kong and the Philippines, including the Country Board of Citigroup Philippines. He finished his coursework for Ph.D. Economics Program at the University of Pennsylvania, Philadelphia. He was conferred an Honorary Doctorate Degree in Business Administration by the Western University in Thailand. He earned his Master of Arts in Economics and Bachelor of Science in Mathematics at the University of the Philippines.

Andres B. Sta. Maria, Filipino, was senior partner and a member of the executive committee of the law firm SyCip Salazar Hernandez & Gatmaitan. For over 25 years until he retired, he headed the firm's Special Projects Group, which focused on acquisitions, privatization, power and energy, and industrial and infrastructure projects. He studied at the University of the Philippines, Cornell University and New York University and holds Bachelor of Science in Business Administration, Bachelor of Laws, and Master of Laws degrees. Before SyCip, he worked with the New York law firms Cleary Gottlieb Steen & Hamilton and Coudert Brothers. Mr. Sta. Maria maintains a private practice in commercial and corporate law.

Term of Office

The Board of Directors is composed of nine (9) members who are generally elected at an annual stockholders' meeting, and their term of office shall be one (1) year and until their successors shall have been elected at the next annual stockholders meeting and have qualified in accordance with the By-laws of ALCO.

b. Corporate and Executive Officers and Positions Held/Business Experience for the Past Five (5) Years

The following are the incumbent principal corporate officers of ALCO:

Chairman of the Board	Ernest K. Cuyegkeng
Vice Chairman and President	Jaime C. González
Vice Chairman	Ricardo Gabriel T. Po
Treasurer and Executive Vice President	Cornelio S. Mapa, Jr.
Corporate Secretary and General Counsel	Atty. Riva Khristine V. Maala
Assistant Corporate Secretary	Atty. Margeline C. Hidalgo

Riva Khristine V. Maala, Filipino, holds a Bachelor of Arts degree in Philosophy (*cum laude*) and a Juris Doctor degree, both from the University of the Philippines. She was an Associate Attorney of Fortun Narvasa and Salazar Law Offices before working in the banking industry for eleven years as documentation lawyer, among others. Atty. Maala became ALCO's Head of Legal Affairs and Investor Relations on 01 October 2012, and likewise acted as its Assistant Corporate Secretary and Corporate Information Officer until 08 February 2017 when she was appointed as Corporate Secretary and General Counsel. In addition, she performs the responsibilities of ALCO's Compliance Officer, having assisted ALCO's previous compliance officers on their tasks as such.

Margeline C. Hidalgo, Filipino, holds a Bachelor of Science degree in Economics (*cum laude*) and a Juris Doctor degree, both from the University of the Philippines. She was an Associate Attorney of Angara Abello Concepcion Regala & Cruz Law Offices before working at Bank of Commerce as Legal Officer and subsequently at CBRE GWS Business Support Services Philippines, Inc. as Commercial Counsel for the Asia Pacific region. She joined ALCO in January 2020 and is currently also one of its Legal Counsels.

Term of Office:

The corporate officers of ALCO are appointed/elected by the Board of Directors at the organizational meeting following the stockholders' meeting for a term of one (1) year, and until their successors are appointed/elected and have qualified in accordance with the By-laws of ALCO. Further, any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

c. Significant Employees

Other than the above-named directors and corporate officers, the following are significant or key personnel of ALCO as of the date of this Report who make a significant contribution to its business:

Christopher G. Narciso, Filipino, is the Executive Vice President who oversees the concerns of ALCO's Business and Project Development, Customers Account Management, Construction Management, Planning and Design, Construction Cost Management, and Strategic Procurement. Prior to joining ALCO in 2018, Mr. Narciso

was an Executive Director of the Philippine Transmarine Carriers Group and the Concurrent Chief Operating Officer of ACM Landholdings, Inc. He was also at one time the Chief Operating Officer of Taft Property Ventures Development Corporation, a member of Metro Gaisano Vicsal Development Corporation. He worked at Robinsons Land Corporation from 2007 until 2013, and Narel Realty and Development Corporation from October 1995 to March 2007. Mr. Narciso graduated from the De La Salle University with a Bachelor of Science degree in Industrial Management Engineering, minor in Chemical Engineering, and also earned units in Masters in Business Administration from the University of Western Australia. He is a past National President of the Subdivision and Housing Developers Association.

Oliver L. Chan, Filipino, is the Head of Sales and Leasing Operations and oversees Marketing and Corporate Communications. He is a mechanical engineer who obtained his degree from the University of Santo Tomas. Prior to joining ALCO in 2008, he was the Property Manager of Ayala Property Management Corporation who handled the operations of Ayala Land Inc.'s premiere retail and recreation centers, namely, the Greenbelt complex, Ayala Museum, San Antonio Plaza in Forbes Park and the retail spaces at The Residences at Greenbelt. Because of his strong customer service background, he is concurrently the President of Arthaland Prestige Property Solutions, Inc. (formerly Emera Property Management, Inc.), the property management arm of ALCO, and effective 16 October 2022, he was appointed as ALCO's Chief Sustainability Officer.

Sheryll P. Verano, Filipino, is the Head of Strategic Funding & Investments and Corporate Planning and is ALCO's Investor Relations Officer. She is a finance professional with over 20 years-experience in financial advisory, debt and equity capital raising, debt restructuring and mergers and acquisitions. Prior to joining ALCO in June 2016, she was Associate Director in American Orient Capital Partners (Philippines) and was with the Global Corporate Finance group of SGV and Co. She received her CFA Charter in 2006 and was one of the topnotchers in the 1999 CPA Board Exams. She graduated *cum laude* from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy.

Marivic S. Victoria, Filipino, was appointed as Chief Finance Officer on 01 October 2022. She is a seasoned executive with more than two (2) decades of experience in Finance, Controllershship, Audit and Taxation. Prior to joining ALCO as Deputy Chief Finance Officer on 15 December 2021, she was the Treasurer and CFO of the Philippine office of Capmark Financial Group and Elite Union Group. She started her career in SGV and Company. She is a Certified Public Accountant who obtained her MBA from the joint program of Ateneo de Manila University and Regis University. She completed the Executive Development Program of the Wharton School of the University of Pennsylvania and attended the training on Circular Economy and Sustainability Strategies of the Judge Business School of the University of Cambridge.

Joseph R. Feliciano, Filipino, was appointed Internal Audit Head in 2020 and was thereafter promoted to Internal Audit and Risk Management Officer on 15 December 2021. He obtained from Far Eastern University his Bachelor of Science degree in Commerce major in Accounting (*cum laude*). He also earned several units of Masters of Business Administration from the De La Salle University-Graduate School of Business. Mr. Feliciano is a seasoned internal audit professional with more than 25 years work experience. He is a Certified Internal Auditor (CIA) and Certified Public

Accountant (CPA). Prior to joining ALCO, he was the Head of Internal Audit of TrueMoney Phils. He was also previously the Regional Audit Manager for the Asian region of VisionFund International and the Country Audit Head of Sun Life of Canada. He held key audit positions in companies such as Sumisho (subsidiary of Sumitomo Corporation of Japan), Citigroup, ABS-CBN and Manulife. He has recently been elected as a member of the Board of Trustees of the Institute of Internal Auditors (IIA)-Phils for 2023-2024. IIA is a global institute that has a network of affiliates serving members in the fields of internal auditing, risk management, governance, internal control, IT audit, education, security, and management. He has experience in controllership and finance as well.

Leilani G. Kanapi, Filipino, joined ALCO in March 2008 initially as part of the Technical Services team. She was eventually tasked to head the Procurement Department in August 2009. She worked previously with Rockwell Land Corporation where she took on roles in Estate Management, Handover and Project Development. Prior to that, she was with CB Richard Ellis as Business Development and Operations Manager for the Property and Facilities Management Group. Ms. Kanapi graduated from the University of Santo Tomas with a Bachelor of Science degree in Civil Engineering and obtained a Masters Degree in Business Administration from Pepperdine University, USA where she also had the opportunity to join the Student Exchange Program in Marseille, France. She has been among the representatives of ALCO to the Philippine Green Building Council since 2010 and she was recently elected as a member of its Board of Trustees.

Alex D. Miguel, Filipino, was appointed as one of the Vice Presidents of the Technical Services Group on 05 August 2022. He is a graduate of the Holy Angel University in Angeles City, Pampanga, with a Bachelor of Science degree in Civil Engineering. He has more than 36 years of work experience in Construction Management, specifically estate development and residential and commercial construction for vertical and horizontal projects. He worked previously with D.M. Consunji, Inc., Makati Development Corporation, Alveo Land Corporation, Taft Property Ventures & Development Corporation, Federal Land, and most recently, Shang Properties, Inc.

Felix Cicero C. Tiukinhoy, Filipino, was appointed as Head of Customer Account Management on 01 August 2023. He finished his formal education from De La Salle University with an Economics Degree. He took up his Masters in Business Management from the Asian Institute of Management. Prior to joining ALCO, he was the Group CFO of Taft Property Ventures Development Corp. and Midland Development Corp., and, previous to that, the Group Head of their Customer Account Management.

Maria Elena M. Fajardo, Filipino, was appointed as the Head of the Human Resources and Administration Department on 25 October 2023. She finished her Bachelor of Arts degree in Political Science with a major in International Relations and Economics, from the University of the Philippines. She took up her Bachelor of Laws degree from San Beda University and is currently doing her Executive MBA at the Asian Institute of Management. Ms. Fajardo worked with the Philippine franchise of a Singapore-based educational institution, Informatics Holdings Philippines, Inc., in 2011, and joined Taft Property Development Corp., the real-estate arm of VICSA Holdings Corp. of the Gaisano group of companies, in 2015. Prior to joining ALCO, she was the Human Resource Director for Total Rewards and Learning and Organizational Development of PTC Holdings Corp.

Gerard Vincent Casanova, Filipino, was appointed as Head of the Information and Business Technology (IT) Department and ALCO's Data Privacy Officer effective on 01 February 2024 following the retirement of Mr. Clarence P. Borromeo on 31 January 2024. He graduated from the De La Salle University where he took up Bachelor of Science in Computer Science. Before joining ALCO in 2021 as Deputy Head of the Department, he worked for SM Investments Corporation, Royal Caribbean Cruises, Star Cruises and Ayala Corporation. He is a results-oriented professional with over 17 years of experience in the field of information technology in different industries and has extensive expertise in product and project management.

d. Family Relationship

With the exception of brothers Ricardo Gabriel T. Po and Christopher Paulus Nicolas T. Po, and father and son Jaime C. González and Jaime Enrique Y. González, the abovementioned incumbent directors and executive officers of ALCO are not related to each other, either by consanguinity or affinity.

e. Involvement in Certain Legal Proceedings

The above-named directors and corporate/executive officers of ALCO have not been involved during the past five (5) years up to the date of this Report in any bankruptcy proceeding or any proceeding involving a violation of securities or commodities laws or regulations, nor have they been convicted in a criminal proceeding. Neither has there been any final order or judgment enjoining, barring, suspending or limiting their involvement in any type of business, securities, commodities or banking activities.

The above notwithstanding, a director and an officer of ALCO are currently parties to legal proceedings which neither involves ALCO directly nor their acts as such director and officer. There is no final resolution on these proceedings at this time and ALCO believes that their involvement in said proceedings is not material to an evaluation of their ability or integrity to become a director or officer of ALCO.

1. In 2013, PDIC had filed one and the same complaint against Mr. Jaime C. González, among other former officers of EIB, before (a) the Department of Justice (DOJ), and (b) the *Bangko Sentral ng Pilipinas* (BSP) for violation of Section 21 (f)(4) and (f)(10) of R.A. No. 3591, and Sections 55, 56 and 66 of R.A. No. 8791 in relation to Section 36 of R.A. No. 7653. PDIC alleged that the respondents committed acts which constituted doing business in an unsafe and unsound manner, essentially having concealed from PDIC the engagement as EIB's financial advisor of a company which Mr. González was an officer of, while simultaneously being an officer of EIB. All respondents denied PDIC's accusation and submitted documentary evidence that there was in fact full disclosure to all concerned parties and there was no directive issued by PDIC prohibiting the said engagement.

In 2014, the DOJ found no probable cause to hold Mr. González and his co-respondents liable for the charges of PDIC against them and dismissed the complaint. PDIC's Motion for Reconsideration was likewise denied. PDIC filed a Petition for Review before the Secretary of Justice which was denied on 18 February 2025. Respondents have not received from PDIC any motion for reconsideration or appeal of said denial as of the date of this Report.

In March 2016, PDIC filed a civil complaint for sum of money against Mr. González, among others, arising from the same set of allegations and circumstances stated in the above complaint PDIC filed with the DOJ and the BSP, *i.e.* that Mr. González and his co-defendants committed fraud with the concealment of the engagement of the company which Mr. González was an officer of, as EIB's financial advisor, and demanded from the defendants the return of the payment made by EIB to a third party. The individual defendants denied PDIC's assertions and presented evidence that there was full disclosure of the questioned transaction given that a PDIC officer was a member of EIB's Board of Directors at the time. On 12 November 2021, the trial court denied the plaintiff PDIC's application for preliminary attachment without prejudice to further evidence that may be presented in the trial proper to prove the alleged fraud. The complaint was dismissed on 02 April 2025 as PDIC failed to prove its cause of action with clear and convincing evidence. PDIC only established that EIB paid the whole amount to a third party but did not present evidence that any portion of such amount was thereafter paid to the defendants.

Insofar as the administrative case before the BSP, in a Resolution dated 13 June 2019, the Monetary Board approved the report prepared by the Office of the General Counsel and Legal Services finding Mr. González, among others, administratively liable for violation of banking laws and imposing upon him a fine of ₱20,000.00. Mr. González filed a Motion for Reconsideration on 09 July 2019 and paid the fine under protest, *i.e.*, without abandoning his Motion for Reconsideration or waiving his legal right to question the Monetary Board Resolution before the proper courts and eventually claim reimbursement for the payment of the fine should said Resolution be set aside. BSP denied the Motion on 07 February 2020, hence, Mr. González filed a Petition for Review before the Court of Appeals. In a Joint Decision dated 15 November 2023, BSP's Resolution dated 13 June 2019 was reversed and set aside, and the Court of Appeals declared that the mere fact that Mr. González and his co-respondents were members of the Board and/or corporate officers of EIB would not conclusively and sweepingly make them administratively liable in the absence of proof that their actions are without justifiable basis and are prompted by manifest partiality, evident bad faith or gross inexcusable negligence. PDIC filed a Motion for Reconsideration in December 2023 which was denied in a Resolution dated 04 April 2024. PDIC filed a Petition for Review on Certiorari under Rule 45 of the Rules of Court before the Supreme Court on 03 June 2024. The same remains pending resolution to date.

2. In 2015, PDIC filed one and the same complaint against Mr. González, Ms. Angela de Villa Lacson (ALCO's former President and CEO), Mr. Froilan Q. Tejada (ALCO's former Chief Finance Officer), and Ms. Riva Khristine V. Maala (ALCO's Assistant Corporate Secretary at the time), among other former officers of EIB, (a) before the DOJ for violation of Article 315 of the Revised Penal Code in relation to Presidential Decree No. 1689, and of Section 21(f)(10) of R.A. No. 3591, as amended, and (b) before the BSP for violation of Section 37 of R.A. No. 7653. PDIC alleged that the respondents conspired and fraudulently caused EIB to make advances in favor of ALCO for the alleged purchase by ALCO of one of EIB's non-performing assets in the sum of ₱13 million. All respondents denied PDIC's charges against them in their respective counter-affidavits.

In March 2017, the DOJ charged Mr. González and Ms. Maala, among other respondents in this case, for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended, while the charges for the violation of Article 315 of the Revised Penal Code in relation to Presidential Decree No. 1689 were dismissed. Mr. González and Ms. Maala filed their respective Motions for Partial Reconsideration in December 2018, and in February 2019, the DOJ dismissed altogether the criminal complaint against the respondents for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended. PDIC filed a Petition for Review of the said dismissal before the Office of the DOJ Secretary on 14 May 2019 and there is no decision on the matter to date.

On the other hand, in May 2017, the BSP issued a Decision formally charging Mr. González, Ms. Maala and the other respondents for committing irregularities under Section 37 of R.A. No. 7653 and unsafe or unsound banking practices under Section 56 of R.A. No. 8791 in relation to Section 37 of R.A. No. 7653. On 11 July 2024, the BSP issued Resolution No. 808 dismissing the administrative charges against Ms. Maala but held Mr. González and other respondents liable and imposed on each of them a fine of ₱20,000.00 and the penalty of suspension if the offender is a director or officer of a bank, quasi-bank or trust entity⁴⁴. After BSP denied the respondents' Motion for Reconsideration on 28 November 2024, they filed on 20 December 2024 a Petition for Review under Rule 43 of the Rules of Court with an Urgent Application for Temporary Restraining Order and/or Writ of Preliminary Injunction which remains pending to date.

ITEM 10. Compensation of Directors and Executive Officers

a. Compensation of Directors and Executive Officers

Section 10, Article III of ALCO's By-laws provides that the "Board of Directors is empowered and authorized to fix and determine the compensation of its members, including profit sharing and other incentives, subject to the limitations imposed by law."

Beginning June 2016, the per diem given to each director for each meeting of the Board (special or regular) attended was increased to ₱75,000.00 for independent directors and ₱10,000.00 for regular directors, except for the Chairman of the Board who receives ₱100,000.00. In May 2023, the per diem for regular directors was increased to ₱15,000.00 for each Board meeting attended.

Each director is also paid a per diem for each committee meeting he attends, of which he is a member. The per diem for committee meetings was also increased from ₱2,500.00 to ₱7,500.00 in May 2023. These committees are the Executive Committee, the Audit and Risk Committee, the Stock Option and Compensation Committee, and the Governance and Nomination Committee.

The current members of ALCO's various committees are:

⁴⁴ Since respondents are no longer with EIB, and assuming they are no longer connected with any financial institution, the penalty of suspension shall still attach should they subsequently return or join any financial institution supervised by the BSP.

Audit and Risk Committee	Hans B. Sicat, Chairman Denise Loreena V. de Castro Andres B. Sta. Maria
Stock Option and Compensation Committee	Jaime C. González, Chairman Denise Loreena V. de Castro Ricardo Gabriel T. Po
Governance and Nomination Committee	Ricardo Gabriel T. Po, Chairman Hans B. Sicat Andres B. Sta. Maria
Executive Committee	Jaime C. González, Chairman Ricardo Gabriel T. Po, Vice Chairman Jaime Enrique Y. González Christopher Paulus Nicolas T. Po Cornelio S. Mapa, Jr.

Section 7, Article IV, in turn, provides that the “Chairman, or such other officer(s) as the Board of Directors may authorize, shall determine the compensation of all the officers and employees of the Corporation. xxx”

The per diem received by ALCO’s directors for the last two years is as follows:

<u>Name of Director</u>	<u>2024 (₱)</u>	<u>2023 (₱)</u>
Ernest K. Cuyegkeng	1,000,000.00	800,000.00
Jaime C. González	187,500.00	125,000.00
Jaime Enrique Y. González	150,000.00	105,000.00
Cornelio S. Mapa, Jr.	135,000.00	105,000.00
Christopher Paulus Nicolas T. Po	165,000.00	90,000.00
Ricardo Gabriel T. Po	180,000.00	115,000.00
Hans B. Sicat	810,000.00	572,500.00
Andres B. Sta. Maria	892,500.00	647,500.00
Denise Loreena V. de Castro	907,500.00	330,000.00
Total	4,427,500.00	3,122,000.00

The compensation of ALCO’s officers and other employees for the last two years reflected in the tables below.

2024

	<u>Salary⁴⁵</u>	<u>Bonus</u>	<u>Others</u>
Executives ⁴⁶ includes Jaime C. Gonzalez, <i>Vice Chairman and President</i> , and the four highest compensated officers: i. Cornelio S. Mapa, Jr.,	₱136.10M	₱18.39M	None

⁴⁵ Rounded-off.

⁴⁶ Includes all employees with the rank of Vice President and higher.

<i>Treasurer and Executive Vice President</i> ii. Christopher G. Narciso, <i>Executive Vice President</i> iii. Sheryll P. Verano, <i>Head, Strategic Funding and Investments</i> , and iv. Marivic S. Victoria, <i>Chief Finance Officer</i>			
<u>Officers</u> (As a group unnamed) ⁴⁷	₱106.47M	₱13.89M	None

2023

	<u>Salary</u> ⁴⁸	<u>Bonus</u>	<u>Others</u>
Executives ⁴⁹ includes Jaime C. Gonzalez, <i>Vice Chairman and President</i> , and the four highest compensated officers: i. Cornelio S. Mapa, Jr., <i>Treasurer and Executive Vice President</i> ii. Christopher G. Narciso, <i>Executive Vice President</i> iii. Sheryll P. Verano, <i>Head, Strategic Funding and Investments</i> , and iv. Marivic S. Victoria, <i>Chief Finance Officer</i>	₱111.86M	₱15.37	None
<u>Officers</u> (As a group unnamed) ⁵⁰	₱86.43M	₱6.13M	None

Estimated Compensation for 2025 (Collective)

	<u>Salary</u> ⁵¹	<u>Bonus</u>	<u>Others</u>
Directors and Executives	₱123.83M	None ⁵²	None
Officers (As a group unnamed)	₱93.40M		

b. Standard Arrangement/Material Terms of Any Other Arrangement/Terms and Conditions of Employment Contract with Above Named Corporate/Executive Officers

⁴⁷ Includes all employees with the rank of Manager up to Senior Assistant Vice President.

⁴⁸ Rounded-off.

⁴⁹ Includes all employees with the rank of Vice President and higher.

⁵⁰ Includes all employees with the rank of Manager up to Senior Assistant Vice President.

⁵¹ Rounded-off.

⁵² Whether bonuses will be given in 2025 is uncertain at this time.

In ALCO's annual meeting held on 16 October 2009, the stockholders representing more than sixty-seven percent (67%) of all its issued and outstanding common shares which are entitled and qualified to vote approved the 2009 ALCO Stock Option Plan. The total amount of shares which are available and may be issued for this purpose will amount to 10% of ALCO's total outstanding capital stock at any given time and was equivalent to 531,809,519 shares. The Stock Option and Compensation Committee consisting of at least three (3) directors, one (1) of whom is an independent director, will administer the implementation of this plan.

Qualified employees eligible to participate under the plan are (i) members of the Board, with the exception of the independent directors; (ii) President and CEO and other corporate officers, which include the Corporate Secretary and the Assistant Corporate Secretary; (iii) Employees and Consultants who are exercising managerial level functions or are members of the Management Committee; and (iv) Executive officers assigned to ALCO's subsidiaries or affiliates⁵³.

The Stock Option and Compensation Committee is empowered to determine to whom the Options are to be granted, determine the price the Option is to be exercised (which in no case shall be below the par value of ALCO's common stock), decide when such Option shall be granted and its effectivity dates, and determine the number and class of shares to be allocated to each qualified employee. The Committee will also consider at all times the performance evaluation of the qualified employee and/or the result of the achievement of the objectives of ALCO each year.

The Option Period during which the qualified employee may exercise the option to purchase such number of shares granted will be three (3) years starting with the full year vesting in accordance with the following schedule:

- | | |
|--|-----------------|
| (i) Within the first twelve (12) months from Grant Date | - up to 33.33% |
| (ii) Within the 13 th to the 24 th month from Grant Date | - up to 33.33% |
| (iii) Within the 25 th to 36 th month from Grant Date | - up to 33.33%. |

On the Exercise Date, the qualified employee should pay the full Purchase Price or in such terms as may be decided upon by the Committee.

In 2010, options equivalent to 164,800,000 were granted but none of the qualified employees exercised their respective rights until the period within which they can do so expired in October 2012.

On 14 December 2018, ALCO's Board of Directors approved granting options equivalent to not more than 90.0 million common shares to its qualified employees as above defined. The Stock Option and Compensation Committee was tasked to administer the implementation of this grant, which will include to whom and when the Options are to be granted and the effectivity dates thereof, and the number and class of shares to be allocated to each qualified employee, after considering the performance evaluation of said qualified employees vis-a-vis the result of the achievement of the ALCO's objectives for 2018.

The Stock Option and Compensation Committee initially pegged the price the option is

⁵³ALCO must have at least 50% equity holdings of said subsidiary or affiliate.

to be exercised at the five-day volume weighted average price per share beginning 17 December 2018, or until 21 December 2018. Said price was at ₱0.85 per share.

On 25 March 2020, the price of the options granted as abovementioned was reduced to ₱0.50 per share.

The total number of stock options granted to ALCO's officers and other employees at the time was 57,200,000 and classified in the table below:

	<u>No. of Options Outstanding</u>	<u>Date Granted</u>	<u>Exercise/ Option Price</u>	<u>Expiration Date</u>
Executives ⁵⁴ includes Jaime C. González, <i>Vice Chairman and President</i> , and the four highest compensated officers at the time of the grant: i. Leonardo Arthur T. Po, <i>Executive Vice President and Treasurer</i> ii. Christopher G. Narciso, <i>Executive Vice President</i> iii. Gabriel I. Paulino, <i>Head, Technical Services</i> , and iv. Sheryll P. Verano, <i>Head, Strategic Funding and Investments</i>	35,350,000	February 2019	₱0.50/share	February 2022
<u>Officers</u> (As a group unnamed) ⁵⁵	56,000,000			

None of the qualified employees exercised their respective rights until the period within which they could do so expired in February 2022.

The term of the 2009 ALCO Stock Option Plan expired in October 2019. A new plan, *i.e.* the 2020 ALCO Stock Option Plan which has substantially the same terms as the 2009 plan was presented during the Annual Stockholders Meeting on 26 June 2020 and stockholders representing at least sixty-seven percent (67%) of the outstanding common shares which are entitled and qualified to vote at the time approved the same.

An application was subsequently filed with the SEC for exemption from registration of the option shares to be allocated under the 2020 Stock Option Plan.

Following the directive of the Markets and Securities Regulation Department of the SEC, the Board of Directors during the joint Board and Stock Option and Compensation Committee meeting held on 22 March 2023 approved the proposed amendments of the

⁵⁴ Identified employees with the rank of Vice President and higher.

⁵⁵ Identified employees with the rank of Manager up to Senior Assistant Vice President.

Stock Option and Compensation Committee to the 2020 Stock Option Plan where the percentage of shares to be allocated as option shares was reduced from 10% to 5% of the outstanding common stock, or to 265,904,760 common shares, provided that ALCO reserves its right to subsequently increase the allocated number of option shares in accordance with the Securities Regulation Code.

An application was filed anew with the SEC for exemption from registration of the option shares to be allocated under the 2020 Stock Option Plan but the same remains pending resolution.

ITEM 11. Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Voting Shares (as of 31 December 2024)

<i>Title of Class</i> -----	<i>Name and Address of Record Owners, Relationship with Issuer</i> -----	<i>Name of Beneficial Owner and Relationship to Record Owner</i> -----	<i>Citizenship</i> -----	<i>Number of Shares</i> -----	<i>% Held</i> -----
Common	CPG Holdings, Inc. <i>Stockholder</i> Suite 701-706, 7 th Floor, Centerpoint Condominium, J. Vargas corner Garnet Road, Ortigas Center, Pasig City	Christopher Paulus Nicholas T. Po, <i>Stockholder</i> Leonardo Arthur T. Po, <i>Stockholder</i> Teodoro Alexander T. Po. <i>Stockholder</i>	Filipino	2,017,619,910 Direct 125,000,000 Indirect	40.289
Common	AO Capital Holdings 1, Inc. <i>Stockholder</i> 7/F Arthaland Century Pacific Tower, 5 th Avenue corner 30 th Street, Bonifacio Global City, Taguig City	Jaime C. González, <i>Stockholder</i>	Filipino	1,383,730,000 Direct	26.019

PCD Nominee Corporation (Filipino) is the holder of 1,648,268,874 Common shares, or 30.994% of the total issued and outstanding Common shares of ALCO.

ALCO is not aware of any voting trust agreements involving its shares.

(2) **Security Ownership of Management** (as of 31 December 2024)

<i>Title of Class</i> -----	<i>Name and Position of Record Owners</i> -----	<i>Citizenship</i> -----	<i>Amount & Nature of Ownership</i> -----	<i>% of Class</i> -----
Common	Ernest K. Cuyegkeng <i>Chairman of the Board</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
Common	Jaime C. González <i>Vice Chairman and President</i>	Filipino	76,715,151 <u>Direct and</u> <u>Beneficial Owner</u>	1.44 %
Common	Jaime Enrique Y. González <i>Director</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
Common	Cornelio S. Mapa, Jr. <i>Treasurer and Executive Vice President</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
Common	Christopher Paulus Nicholas T. Po <i>Director</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
Common	Ricardo Gabriel T. Po <i>Vice Chairman</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
Common	Denise Loreena V. de Castro <i>Independent Director</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
Common	Hans B. Sicat <i>Independent Director</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
Common	Andres B. Sta. Maria <i>Independent Director</i>	Filipino	1 <u>Direct and</u> <u>Beneficial Owner</u>	0.00 %
None	Riva Khristine V. Maala <i>Corporate Secretary and General Counsel</i>	Filipino	0	N.A.
None		Filipino	0	N.A.

	Margeline C. Hidalgo <i>Assistant Corporate Secretary</i>			
		TOTAL	76,715,159 shares	

ITEM 12. Certain Relationships and Related Transactions

In the regular conduct of its business, ALCO and its wholly owned subsidiaries enter into intercompany transactions, primarily advances necessary to carry out the latter's functions, subject to liquidation and reimbursements for expenses. ALCO ensures that these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks, fair and treated at arm's length. Intercompany transactions between ALCO and its subsidiaries for the period covered by this Report are discussed in the Audited Financial Statements hereto attached.

Except for the above and related disclosures in this Report, specifically *Item 1, paragraphs g and l*, there are no other transactions (or series of similar transactions) with or involving any of ALCO's subsidiaries, affiliates or related companies in which a director or an executive officer or a stockholder who owns ten percent (10%) or more of ALCO's total outstanding shares, or member/s of their immediate family, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

ALCO's compliance with its Manual of Corporate Governance, as revised as of 03 May 2023⁵⁶, is monitored by its Compliance Officer who is tasked, among others, to determine and measure such compliance with the said Manual. ALCO adopted substantially all the provisions of its Manual on Corporate Governance.

PART V – EXHIBITS AND SCHEDULES

ITEM 13. Exhibits and Reports on SEC Form 17-C

- Supplementary Schedules with separate independent auditors' opinion are appended to the Audited Financial Statements hereto attached.
- The Aggregate Market Value of Voting Stock held by Top 10 Non-Affiliates is in page 3 of this Report.
- There were no disclosures not covered by SEC Form 17-C (Current Report) filed in the last quarter of 2023.

ITEM 14. Sustainability Report

ALCO's Sustainability Report for 2024 (Reporting Template for Sustainability Report) is hereto attached and incorporated herein by reference.

⁵⁶ The only change made then was with respect to the term of the External Auditor. Item 6.B of the Manual now reads "The External Auditor shall be rotated or changed every seven (7) years or earlier, or the signing partner of the auditing firm assigned to the Corporation, should be changed with the same frequency."

SIGNATURE PAGE

Pursuant to the requirements of Section 17 of the Securities Regulations Code and Section 141 of the Corporation Code, this Report is signed on behalf of ALCO in **Taguig City** on the date stated below.

ARTHALAND CORPORATION

By:

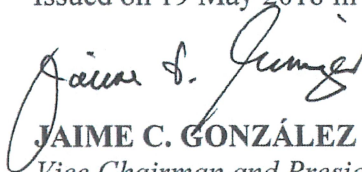


ERNEST K. CUYEGKENG

Chairman of the Board

Passport No. P7236847A

Issued on 19 May 2018 in NCR South



JAIME C. GONZÁLEZ

Vice Chairman and President

Passport No. P5521740A

Issued on 05 January 2018 in NCR East



MARIVIC S. VICTORIA

Chief Finance Officer

Passport No. P6226193B

Issued on 04 February 2021 in Manila


SUBSCRIBED AND SWORN to before me this on **APR 14 2025** at **Taguig City, Philippines**, affiants exhibiting to me competent evidence of their respective identities as above indicated.

Doc. No. 106

Page No. 23

Book No. 20

Series of **2025**.



GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2026
PTR # A-6366248 JAN. 2, 2025 TAGUIG CITY
IBP No. 461377 / 10/04/24 RSM (FOR YR. 2025)
ROLL No. 41969
MCLE COMP. NO. VII No. 0028557
APRIL 19, 2023
APP. NO. 29 (2025-2026)

UNDERTAKING

ARTHALAND CORPORATION (ALCO) undertakes to provide, without charge, a hard copy of its Annual Report, SEC Form 17-A, to any person soliciting a copy thereof upon written request addressed to the Corporate Secretary with principal office address at the 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634.

COVER SHEET

for
**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

SEC Registration Number

A	S	9	4	0	0	7	1	6	0
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COMPANY NAME

A	R	T	H	A	L	A	N	D		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S	

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

7	/	F		A	r	t	h	a	l	a	n	d		C	e	n	t	u	r	y		P	a	c	i	f	i	c		T	o	w	e	r	,		5	t

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Group's Email Address

ALCO@arthaland.com

Group's Telephone Number/s

(+632) 8403-6910

Mobile Number

(+63) 917 509 3413

No. of Stockholders

1,908

Annual Meeting (Month / Day)

Last Friday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Marivic S. Victoria

Email Address

msvictoria@arthaland.com

Telephone Number/s

(+632) 8403-6910

Mobile Number

09175949087

CONTACT PERSON'S ADDRESS

7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig 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.

NOTE 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 shall not excuse the corporation from liability for its deficiencies.

Your BIR AFS eSubmission uploads were received

From eafs@bir.gov.ph <eafs@bir.gov.ph>
Date Mon 4/14/2025 8:35 PM
To Romel J. Espinoza <RJESPINOZA@ARTHALAND.COM>
Cc Romel J. Espinoza <RJESPINOZA@ARTHALAND.COM>

Hi ARTHALAND CORPORATION,

Valid files

- EAFS004450721ITRTY122024.pdf
- EAFS004450721AFSTY122024.pdf
- EAFS004450721OTHTY122024.pdf
- EAFS004450721RPTTY122024.pdf
- EAFS004450721TCRTY122024-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-NZQ241ZT024W2VNWPQ3PWZWVY0CBED6F8**

Submission Date/Time: **Apr 14, 2025 08:35 PM**

Company TIN: **004-450-721**

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.

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

Management of **ARTHALAND CORPORATION** (the “**Parent Company**”) and its **Subsidiaries** (collectively, the “**Group**”) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 2024, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

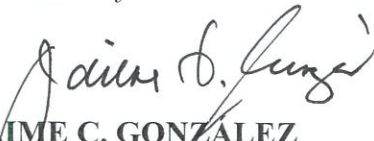
The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this **26th** day of **March 2025**, **Taguig City, Philippines**.



ERNEST K. CUYEGKENG
Chairman of the Board



JAIME C. GONZALEZ
Vice Chairman and President



MARIVIC S. VICTORIA
Chief Finance Officer

OATH


REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) SS.

I certify that on this MAR 26 2025 before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following whom I identified through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that they voluntarily affixed their signatures on the instrument for the purpose stated therein, and who declared to me that they executed the instrument as their free and voluntary act and deed and that they have the authority to sign on behalf of their principal:

<u>Name</u>	<u>Type of ID</u>	<u>Date/Place of Issue</u>
Ernest K. Cuyegkeng	Passport No. P7236847A	19 May 2018/NCR South
Jaime C. González	Passport No. P5521740A	05 January 2018/Manila
Marivic S. Victoria	Passport No. P6226193B	04 February 2021/Manila

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc No. 325;
Page No. 66;
Book No. 17;
Series of **2025**.


GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2026
PTR # A-6368248 JAN. 2, 2025 TAGUIG CITY
IBP No. 461377 / 10/04/24 RSM (FOR YR. 2025)
ROLL No. 41969
MCLE COMP. NO. VII No. 0028557
APRIL 19, 2023
APP. NO. 29 (2025-2026)



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the consolidated financial statements of Arthaland Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Opinion

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

Key Audit Matters

The following 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.

Fair Value Measurement of Investment Properties

The Group's investment properties which are accounted for using the fair value model amounted to ₱14,590.0 million as at December 31, 2024. The fair value measurement is significant to our audit as the investment properties account for 36% of the Group's total assets as at December 31, 2024.



We focused our audit on the management's determination of the fair value of investment properties because the process involves significant management judgment when selecting the appropriate valuation techniques and inputs used to determine fair value.

We have assessed the independence and competency of the appraiser engaged by the Group. We have also reviewed the reasonableness of the assumptions used to estimate the fair value of the Group's investment properties by: (1) testing the underlying lease agreements on a sample basis, (2) testing raw land's value by referring to the value of similar properties, and (3) verifying valuation inputs such as yields, occupancy rates and discount rates to external industry data to ascertain if these are reasonably appropriate. We also reviewed the related disclosures in Notes 3 and 10 to the consolidated financial statements.

Revenue from Real Estate Sales

For the year ended December 31, 2024, the Group recognized revenue of ₱5,758.2 million from real estate sales using the percentage of completion (POC) method. This is significant to our audit as the amount of revenue from real estate sales for the year ended December 31, 2024 is material to the consolidated financial statements.

We focused our audit on the revenue recognition because significant judgment is required when estimating the POC, total project costs and the estimated costs to complete the real estate project that are used to determine POC at the end of the reporting period.

We obtained an understanding of the relevant processes and controls over the accounting for customer contracts and project reviews performed by management in determining the estimates. We also reconciled revenues reported at the Group level to supporting documentations on a sample basis, validated estimates of costs to complete, and tested the accuracy of calculations and the reasonableness of project accounting. We also reviewed the related disclosures in Notes 3 and 17 to the consolidated financial statements.

Valuation of Real Estate for Sale

The Group's real estate properties amounted to ₱7,271.2 million as at December 31, 2024, which accounts for 18% of the total assets. Valuation of real estate for sale is significant to our audit because it involves determination and estimation of project costs at the end of reporting period.

We obtained an understanding of the Group's processes and controls relating to the inventory cost accumulation and allocation. We also assessed the assumptions used by management in estimating the incurred project costs and costs to complete of the projects. We corroborated the management's estimate through ocular inspection of the projects and examination of the contractors' billings and progress reports. We also validated the inputs and assessed the reasonableness of the assumptions used by management in determining the lower of cost or net realizable value of real estate for sale. We also reviewed the related disclosures in Notes 3 and 9 to the consolidated financial statements.



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 for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

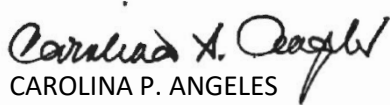
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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

The engagement partner on the audit resulting in this independent auditors' report is Carolina P. Angeles.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

March 26, 2025

Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2024	2023
ASSETS			
Cash and cash equivalents	5	P4,045,963,662	P5,605,296,553
Financial assets at fair value through profit or loss (FVPL)	6	1,895,958,320	877,853,288
Receivables	7	1,771,675,289	2,211,302,746
Contract assets	8	7,625,261,813	5,608,780,240
Real estate for sale	9	7,271,174,737	7,548,831,703
Investment properties	10	14,590,019,555	13,175,632,447
Property and equipment	11	301,618,461	315,768,669
Net retirement asset	21	–	14,151,768
Other assets	12	3,040,062,731	1,906,428,476
		P40,541,734,568	P37,264,045,890
LIABILITIES AND EQUITY			
Liabilities			
Accounts and other payables	13	P4,262,192,735	P3,621,061,114
Loans payable	14	12,476,024,751	11,186,817,196
Bonds payable	15	5,955,532,419	5,941,522,413
Contract liabilities	8	428,492,840	198,350,664
Advances from non-controlling interests	4	1,010,119,597	1,102,119,597
Net retirement liability	21	27,371,514	5,145,894
Net deferred tax liabilities	23	2,129,697,872	2,092,857,227
Total Liabilities		26,289,431,728	24,147,874,105
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		1,004,721,996	1,005,757,136
Additional paid-in capital	16	6,464,321,710	5,973,360,513
Treasury stock - at cost	16	(1,000,000,000)	(2,000,000,000)
Parent Company's preferred shares held by a subsidiary - at cost	16	(26,500,000)	(12,500,000)
Retained earnings		5,263,177,339	5,547,760,292
Other equity reserves	16	208,982,963	216,566,831
		11,914,704,008	10,730,944,772
Non-controlling Interests	4	2,337,598,832	2,385,227,013
Total Equity		14,252,302,840	13,116,171,785
		P40,541,734,568	P37,264,045,890

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	Note	2024	2023	2022
REVENUES	17			
Real estate sales		₱5,758,172,570	₱6,251,574,060	₱2,595,989,838
Leasing operations		414,901,457	366,299,089	308,367,000
Property management fees		35,642,933	21,050,433	18,334,356
Interest from real estate sale		15,307,178	—	—
		6,224,024,138	6,638,923,582	2,922,691,194
COST AND EXPENSES				
Cost of real estate sales	9	4,297,157,327	3,730,711,385	1,657,941,172
Cost of leasing operations	10	161,816,431	143,250,410	118,657,712
Cost of services		70,351,199	50,751,878	27,462,527
		4,529,324,957	3,924,713,673	1,804,061,411
GROSS INCOME		1,694,699,181	2,714,209,909	1,118,629,783
OPERATING EXPENSES	18	(1,463,982,342)	(1,350,555,496)	(871,996,764)
NET GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	10	1,933,989,204	974,092,333	1,435,889,906
FINANCE COSTS	19	(1,486,928,815)	(1,020,350,432)	(500,672,464)
OTHER INCOME - Net	20	425,884,378	521,253,473	68,051,894
INCOME BEFORE INCOME TAX		1,103,661,606	1,838,649,787	1,249,902,355
PROVISION FOR INCOME TAX	23	345,285,691	449,666,103	376,837,638
NET INCOME		758,375,915	1,388,983,684	873,064,717
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss -</i>				
Remeasurement gains (losses) on net retirement asset (liability)	21	(10,111,824)	(6,839,472)	58,645,826
Income tax benefit (expense) on remeasurement gains or losses	23	2,527,956	1,709,868	(14,661,457)
		(7,583,868)	(5,129,604)	43,984,369
TOTAL COMPREHENSIVE INCOME		₱750,792,047	₱1,383,854,080	₱917,049,086
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱575,999,975	₱948,309,181	₱821,081,648
Non-controlling interests	4	182,375,940	440,674,503	51,983,069
		₱758,375,915	₱1,388,983,684	₱873,064,717
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱568,416,107	₱943,179,577	₱865,066,017
Non-controlling interests	4	182,375,940	440,674,503	51,983,069
		₱750,792,047	₱1,383,854,080	₱917,049,086
EARNINGS PER SHARE	26			
Basic and diluted		₱0.0594	₱0.1314	₱0.1075

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2024	2023	2022
CAPITAL STOCK	16			
Common - at ₱0.18 par value		₱957,257,136	₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value				
Balance at beginning of year		48,500,000	48,500,000	48,500,000
Issuance		18,964,860	—	—
Retirement of preferred shares series B		(20,000,000)	—	—
Balance at end of year		47,464,860	48,500,000	48,500,000
		1,004,721,996	1,005,757,136	1,005,757,136
ADDITIONAL PAID-IN CAPITAL	16			
Balance at beginning of year		5,973,360,513	5,973,360,513	5,973,360,513
Addition arising from issuance of preferred shares		2,477,465,140	—	—
Reduction arising from retirement of preferred shares		(1,956,441,541)	—	—
Stock issuance costs		(30,062,402)	—	—
Balance at end of year		6,464,321,710	5,973,360,513	5,973,360,513
TREASURY STOCK - at cost	16			
Balance at beginning of year - redemption of 20.0 million preferred shares series B		(2,000,000,000)	(2,000,000,000)	(2,000,000,000)
Retirement of preferred shares series B		2,000,000,000	—	—
Redemption of 10.0 million preferred shares series C		(1,000,000,000)	—	—
Balance at end of year		(1,000,000,000)	(2,000,000,000)	(2,000,000,000)
PARENT COMPANY'S PREFERRED SHARES HELD BY A SUBSIDIARY - at cost	16			
Balance at beginning of year		(12,500,000)	(12,500,000)	(12,500,000)
Issuance of preferred shares series E		(14,000,000)	—	—
Balance at end of year		(26,500,000)	(12,500,000)	(12,500,000)
RETAINED EARNINGS				
Balance at beginning of year		5,547,760,292	4,912,544,253	4,404,555,747
Effect of adoption of PIC Q&A and IFRIC Agenda Decision	2	(513,103,622)	—	—
Balance at beginning of year, as restated		5,034,656,670	4,912,544,253	4,404,555,747
Net income		575,999,975	948,309,181	821,081,648
Dividends declared	16	(323,920,847)	(313,093,142)	(313,093,142)
Retirement of preferred shares series B		(23,558,459)	—	—
Balance at end of year		5,263,177,339	5,547,760,292	4,912,544,253
OTHER EQUITY RESERVES	16			
Balance at beginning of year		216,566,831	221,696,435	177,630,403
Net increase (decrease)		(7,583,868)	(5,129,604)	44,066,032
Balance at end of year		208,982,963	216,566,831	221,696,435
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		₱11,914,704,008	₱10,730,944,772	₱10,100,858,337

(Forward)

	Note	Years Ended December 31		
		2024	2023	2022
NON-CONTROLLING INTERESTS	4			
Balance at beginning of year		2,385,227,013	1,959,452,593	1,503,333,114
Effect of adoption of PIC Q&A and IFRIC Agenda Decision	2	(126,688,521)	–	–
Balance at beginning of year, as restated		2,258,538,492	1,959,452,593	1,503,333,114
Dividends attributable to non-controlling interests		(196,000,000)	(264,000,000)	(200,000,000)
Share in net income		182,375,940	440,674,503	51,983,069
Acquisition of shares of subsidiaries		92,684,400	2,158,740,700	–
Increase (decrease) in deposit for future stock subscription	4	–	(1,909,640,783)	604,136,410
Balance at end of year		2,337,598,832	2,385,227,013	1,959,452,593
		₱14,252,302,840	₱13,116,171,785	₱12,060,310,930

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱1,103,661,606	₱1,838,649,787	₱1,249,902,355
Adjustments for:				
Net gain on change in fair value of investment properties	10	(1,933,989,204)	(974,092,333)	(1,435,889,906)
Interest expense	14	1,481,978,933	1,016,185,458	497,872,467
Interest income	5	(249,156,724)	(293,392,563)	(28,605,128)
Realized gain on disposals of financial assets at FVPL	6	(84,031,978)	(73,157,830)	(30,063,000)
Depreciation and amortization	11	68,585,147	62,752,127	43,918,252
Write-off of due from related parties	24	36,052,873	—	—
Retirement expense	21	26,265,564	17,668,077	26,688,905
Provision for impairment of deposits	12	16,002,600	—	—
Gain on repossession of real estate for sale	9	(12,590,540)	(96,979,144)	(5,398,638)
Unrealized holding gains on financial assets at FVPL	6	(12,176,374)	(858,794)	(2,215,632)
Amortization of initial direct leasing costs	10	5,338,684	1,357,221	3,834,926
Loss (gain) on sale of property and equipment	11	(4,457,347)	857,717	(369,071)
Unrealized foreign exchange gains	20	(2,446,735)	(4,437,686)	(8,540,438)
Loss (gain) on sale of investment properties	10	1,175,558	(1,198,576)	—
Provision for expected credit loss	7	—	—	1,746,790
Stock options	16	—	—	81,663
Operating income before working capital changes		440,212,063	1,493,353,461	312,963,545
Decrease (increase) in:				
Receivables		403,500,611	186,950,797	(1,009,846,482)
Contract assets		(2,522,451,764)	(1,688,412,772)	2,318,512,618
Real estate for sale		1,842,428,629	1,360,093,722	(733,875,012)
Other assets		(960,709,890)	211,256,410	228,927,073
Increase (decrease) in:				
Accounts and other payables		(160,936,085)	563,352,565	(299,658,726)
Contract liabilities		230,142,176	(33,119,220)	169,315,788
Net cash generated from (used for) operations		(727,814,260)	2,093,474,963	986,338,804
Income taxes paid		(289,052,304)	(279,150,204)	(181,660,400)
Interest received		249,230,697	275,193,665	15,663,764
Contribution to retirement fund	21	—	—	(120,000,000)
Net cash provided by (used in) operating activities		(767,635,867)	2,089,518,424	700,342,168

(Forward)

Years Ended December 31				
	Note	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVPL	6	₱12,703,597,809	₱14,476,907,911	₱10,130,898,572
Investment properties		75,007,366	26,777,400	–
Property and equipment	11	4,457,347	3,327,270	369,071
Additions to:				
Financial assets at FVPL	6	(13,625,494,489)	(13,034,704,753)	(7,966,052,018)
Property and equipment	11	(20,426,598)	(47,655,856)	(105,618,659)
Investment properties	10	(62,937,252)	(15,505,405)	(9,669,332)
Software and licenses		(11,851,751)	–	–
Net cash provided by (used in) investing activities		(937,647,568)	1,409,146,567	2,049,927,634
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Loans payable	14	(8,739,021,960)	(7,552,224,045)	(8,827,047,186)
Finance costs	25	(2,101,450,380)	(1,590,273,466)	(886,742,495)
Dividends	25	(474,474,297)	(758,500,714)	(332,514,786)
Advances from non-controlling interests	25	(92,000,000)	–	–
Lease liabilities	13	(5,568,750)	–	–
Proceeds from:				
Loans payable	14	10,010,967,199	6,957,798,522	7,137,305,836
Issuance of shares		2,452,367,598	–	–
Deposit for future stock subscription from non-controlling interest		92,684,399	249,099,917	604,136,410
Bonds payable	15	–	–	2,951,036,140
Sale of interests in subsidiaries		–	–	204,393,137
Redemption of preferred shares	16	(1,000,000,000)	–	–
Purchase of additional shares in a subsidiary		–	–	(762,340,790)
Net cash provided by (used in) financing activities		143,503,809	(2,694,099,786)	88,226,266
NET EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS				
		2,446,735	4,437,686	8,540,438
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(1,559,332,891)	809,002,891	2,847,036,506
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		5,605,296,553	4,796,293,662	1,949,257,156
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		₱4,045,963,662	₱5,605,296,553	₱4,796,293,662

(Forward)

		Years Ended December 31		
	Note	2024	2023	2022
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	5			
Cash on hand		₱195,000	₱185,000	₱175,000
Cash in banks		1,171,587,035	1,672,414,790	1,087,334,786
Cash equivalents		2,874,181,627	3,932,696,763	3,708,783,876
		₱4,045,963,662	₱5,605,296,553	₱4,796,293,662
NONCASH FINANCIAL INFORMATION:				
Retirement of 20.0 million preferred shares series B	16	₱2,000,000,000	₱—	₱—
Repossession of real estate for sale	9	1,479,643,756	303,422,533	27,257,983
Reclassification from investment properties to real estate for sale	10	501,017,740	—	40,637,085
Initial recognition of right-of-use (ROU) asset and lease liability	11	29,028,000	—	—
Reclassification from property and equipment to software	11	91,968	—	—
Application of deposit for future stock subscription from non-controlling interest to preferred shares of a subsidiary		—	1,909,640,783	—
Reclassification from real estate for sale to investment properties	9	—	939,186,494	843,811,580
Application of advances for asset purchase to real estate for sale		—	—	209,361,707
Reclassification from real estate for sale to property and equipment		—	—	18,195,071
Capitalized borrowing costs in investment properties		—	—	2,457,134

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024 AND 2023 AND FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023 AND 2022

1. General Information

Corporate Information

Arthaland Corporation (the Parent Company or ALCO) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 10, 1994. ALCO's common shares and preferred shares Series C, D and F are listed for trading in the Philippine Stock Exchange (PSE). The Parent Company is primarily engaged in real estate development and leasing.

The Parent Company is currently 37.94% owned by CPG Holdings, Inc. (CPG) and 26.02% owned by AO Capital Holdings 1, Inc. (AOCH1), both holding companies incorporated in the Philippines.

In December 2023, the Board of Directors of the Parent Company approved the amendment of the Articles of Incorporation to increase its authorized capital stock by ₱50.0 million. This was approved by the stockholders during a Special Stockholders' Meeting on January 31, 2024, and subsequently approved by the SEC on August 14, 2024.

The registered office and principal place of business of the Parent Company is located at 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City (BGC), Taguig City.

Composition of the Group

The consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred herein as "the Group"):

Subsidiary	Place of Incorporation	Effective Percentage of Ownership
Cazneau, Inc. (Cazneau)	Philippines	100%
Cebu Lavana Land Corp. (CLLC)	Philippines	100%
Manchesterland Properties, Inc. (MPI)	Philippines	100%
Urban Property Holdings, Inc. (UPHI)	Philippines	100%
Zileya Land Development Corporation (ZLDC)	Philippines	100%
Pradhana Land, Inc. (PLI)	Philippines	100%
Arthaland Property Prestige Solutions, Inc. (APPS)	Philippines	100%
Sotern Land Corporation (SLC)*	Philippines	100%
Bhavana Properties, Inc. (Bhavana)	Philippines	60%
Bhavya Properties, Inc. (Bhavya)	Philippines	60%
Kashtha Holdings, Inc. (KHI)	Philippines	60%
Savya Land Development Corporation (SLDC)	Philippines	59%**

**incorporated April 22, 2024*

***indirectly owned through KHI*

All of the subsidiaries were established to engage primarily either in real estate development or property leasing, except for APPS which is a property management company and KHI which is an investment holding company.

SLC

SLC was incorporated on April 22, 2024 and on the same date, ALCO subscribed to 25.0 million common shares of SLC with a subscription price of ₱1.0 per share for ₱25.0 million.

ALCO's Acquisition of Preferred Shares

In March 2024, ALCO subscribed to 450,000 preferred shares of Bhavya at the price of ₱100 per share for a total of ₱45.0 million. Moreover, in October and December 2024, the Company subscribed to an additional 360,000 preferred shares at the price of ₱100.0 per share for ₱36.0 million.

On June 28, 2024, ALCO paid an amount of ₱25.0 million for 6.3 million preferred shares of Cazneau with a subscription price of ₱4 per share.

On August 6, 2024, ALCO entered into a subscription agreement to subscribe to 5.0 million redeemable preferred shares of SLC, at a subscription price of ₱100 per share for a total of ₱500.0 million. ALCO paid ₱295.0 million for 2.95 million shares.

On October 16, 2024, ALCO entered into a subscription agreement to subscribe to 17.0 million preferred shares of PLI for ₱100.0 per share for a total of ₱1,700.0 million. ALCO paid ₱100.0 million for 1.0 million shares.

In December 2024, ALCO subscribed to 270,000 preferred shares of Bhavana at the price of ₱100.0 per share for ₱27.0 million.

Major Projects

Arya Residences

ALCO's first major development project is the Arya Residences Towers 1 and 2 (Arya Residences) located in BGC, Taguig City. Completed in 2016, Arya Residences is the first top-market residential condominium development in the Philippines to be awarded with Leadership in Energy and Environmental Design™ (LEED) Gold certification by the US Green Building Council (USGBC) and Building for Ecologically Responsive Design Excellence (BERDE) 4-Star rating by the Philippine Green Building Council (PHILGBC). In 2020, the building earned another certification from PHILGBC, Advancing Net Zero/PH 3-Star.

Arthaland Century Pacific Tower (ACPT)

ACPT, ALCO's flagship project in BGC, was constructed starting in 2014 and completed in 2019. Designed by Skidmore, Owings & Merrill (SOM), it is a 30-storey AAA-grade office building. ACPT is the first in the Philippines to earn dual certifications: LEED Platinum and 5-Star BERDE in 2018. It is also registered as a PEZA Ecozone Facilities Enterprise (see Note 23).

In 2019, ACPT became the world's first net zero certified building under International Finance Corporation's (IFC) Excellence in Design for Greater Efficiencies (EDGE) rating system. This added to its earlier LEED and BERDE certifications. Since 2020, it has also held the WELL Building Standard (WELL) Health-Safety Rating from International WELL Building Institute (IWBI), recognizing its high standards for health and safety.

Cebu Exchange Tower

Cebu Exchange, a 38-storey office building in Barangay Lahug, Cebu City, was developed by CLLC starting in 2016 and completed in 2023. It holds LEED Gold, EDGE Advanced, and BERDE 5-Star certifications, with WELL precertification since 2020 and plans for EDGE Zero Carbon certification. Designed as a world-class workplace, it features four retail floors and spans 108,564 sqm, making it the largest multi-certified green and healthy building in the Philippines.

Sevina Park Projects

In 2018, Cazneau started the construction of the first phase of Sevina Park, an integrated community project in an eight-hectare property in Laguna. The initial development, called Courtyard Hall, covering the first 4,000 square meters (sqm) of the property, is a campus-type or dormitory-type residential community and was completed in June 2019. Also, in June 2019, Cazneau launched the Sevina Park Villas, which cater to students and faculty population, and starter families within the area. The project is expected to be completed in phases within 2021 to 2026.

Sevina Park is recognized as the Philippines' first and only real estate development in the country to have received the LEED Platinum precertification under the LEED for Neighborhood Development (LEED ND) category. Sevina Park also received the distinction of being the first development to have been awarded with BERDE 5-Star under the BERDE for Districts Rating scheme. Sevina Park's 4-bedroom villa model unit achieved LEED Platinum certification while all other 4-bedroom villas are on-track to achieve LEED Gold certification. All other villas are on-track for EDGE Advanced certification under the EDGE green building program.

Una Apartments Tower 1, launched in September 2022, is a mid-rise building focused on sustainability and energy efficiency, offering savings on water and electricity. Its advanced ventilation system enhances indoor air quality by filtering fresh air and managing humidity. The tower features wellness-focused amenities, including a potager garden, and aims to achieve LEED, BERDE, EDGE, and WELL certifications. In 2023, Cazneau introduced Tower 2, with plans for more residential towers catering to mid-scale and upscale markets in the future.

Savya Financial Center

In February 2019, SLDC launched the development of Savya Financial Center. This project comprises two office towers with a gross floor area of 59,763 sqm and located in Arca South, Taguig City. The North and South Towers were substantially completed in 2023. The project received LEED Gold precertification in 2019, WELL precertification in 2021, EDGE Advanced Preliminary, and WiredScore Gold in 2024. It is on track to achieve its BERDE and EDGE Zero Carbon certifications.

Eluria Residences

In 2019, Bhavya acquired a property in Makati CBD to develop Eluria, a 14,600-sqm, low-density, ultra-luxury residential project with 37 designer residences. It received LEED Gold precertification in 2020 and is on track for EDGE, WELL, and BERDE certifications, with completion expected in 2026.

Lucima Residences

In July 2021, Bhavana launched the development of Lucima. The property will be developed into the first and only premiere, multi-certified, sustainable high-rise development located in Cebu Business Park at the Corner of Samar Loop Road and Cardinal Rosales. Lucima will rise on a 2,245 sqm tract of land with approximately 28,000 sqm of GFA and 265 residential units. The project was awarded LEED Gold precertification in 2020 and is on-track to achieve BERDE, EDGE, and WELL certifications. Handover to buyers will commence within the fourth quarter of 2025.

Project Rock

In December 2018, ZLDC acquired 47.4% of a 2,018-sqm property on Antonio Arnaiz Avenue in Makati CBD. As of March 20, 2025, the Company and the other owner are in the process of partitioning the property. This partitioning will grant the Company 100% ownership of 47.4% of the land area, which corresponds to 957 sqm out of the total 2,018 sqm lot area. Once the partitioning is completed, the Company plans to develop the land into a high-rise luxury, sustainable, multi-certified residential project. The Company anticipates launching this project by the second quarter of 2025.

Project Vanilla

ALCO is also negotiating for the acquisition of an undivided interest in half of a five-hectare property in the middle of the most prime city center area in Southern Philippines. The acquisition program is expected to be completed between 2024 to 2027 to manage the funding requirements over time. ALCO plans to develop the property over multiple phases from 2026 to 2035 to provide a steady pipeline of projects which will contribute to the revenues of ALCO over the long-term. It is envisioned to be a sustainable, master planned development which will have commercial, residential and retail components.

Project Olive

ALCO is in the final phase of the acquisition of a property with a gross land area of 3.6 hectares located at the entry of one of the most prime CBDs in Metro Manila. The general area of the property is expected to benefit substantially from upcoming public infrastructure. The property is expected to result in 2.6 hectares of land, net of road lots. ALCO intends to complete the acquisition in phases which will allow it to manage funding requirements over time. ALCO plans to develop the property into a boutique master planned mixed-use community through PLI. Based on initial plans, the Project will feature twelve residential towers that will cater to both the upscale and midscale markets as well as some retail or commercial segment to support the residents of the area. This project will be launched in phases between 2025 to 2038 with completion of first the first tower expected in 2029.

Project Teal

ALCO is acquiring a 3,700 sqm residential property located in northern Metro Manila within the vicinity of major universities. ALCO intends to develop the property through SLC, which is envisioned to be a sustainable two-tower, high rise residential condominium. The first tower is targeted for launch in the third quarter of 2025. Completion of the first tower is expected in 2030 while the second tower is expected to be completed in 2031.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issue by the Board of Directors (BOD) on March 26, 2025, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and investment properties, which are carried at fair value, net retirement liability which is carried at the present value of the defined benefit obligation less the fair value of plan assets, and lease liabilities which are initially carried at the present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

Reclassification adjustments were made in the 2023 consolidated statements of cash flows to conform with the current year's presentation.

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards which the Group adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.
- SEC Memorandum Circular No. 34, Series of 2020 - *Deferral of PIC Q&A No. 2018-12 (as Amended by PIC Q&A 2020-4) and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for Real Estate Industry*, of which the Group availed the relief on the deferral of application until December 31, 2023:
 - *PIC Q&A 2018-12-D, Assessing Whether the Transaction Price Includes a Significant Financing Component (as Amended by PIC Q&A 2020-4)* – The PIC Q&A provided guidance on the assessment whether the transaction price constitute a significant financing component in arising from a mismatch between percentage of completion (POC) and schedule of payments, in accordance with PFRS Accounting Standards 15, *Revenue from Contracts with Customers*.

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS Accounting Standard 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019 respectively, providing relief to the real estate industry by deferring the application of the certain provisions of this PIC Q&A for a period of three (3) years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

- *PIC Q&A 2018-12-E, Treatment of Land in the Determination of the POC* – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.
- *IFRIC Agenda Decision Over Time Transfer of Constructed Goods for Real Estate Industry* - In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of International Financial Reporting Standards 15 (PFRS Accounting Standards 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. Beginning January 1, 2024, the Group adopted the PIC Q&A No. 2018-12 using the modified retrospective approach. Accordingly, the comparative information presented for 2023 and 2022 was not restated. The effect of the adoption of PIC Q&A No. 2018-12 is as follows:

As at January 1, 2024, the effect of adoption are as follows:

	Carrying Amount as at January 1, 2024	Effect of Adoption	As Restated
Real estate for sale	₱7,548,831,703	(₱332,742,290)	₱7,216,089,413
Contract assets	5,608,780,240	(505,970,191)	5,102,810,049
Prepaid commission	67,031,285	14,266,995	81,298,280
Net deferred tax liability	(2,092,857,227)	184,653,344	(1,908,203,883)
Noncontrolling interest	(2,385,227,013)	126,688,521	(2,258,538,492)
Retained earnings	(5,547,760,292)	513,103,622	(5,034,656,670)

New and Amended PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amended PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified FVOCI. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘transaction price as defined by PFRS 15, Revenue from Contracts with Customers’ to ‘the amount determined by applying PFRS 15’ to remove potential confusion. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity’s assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company 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.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of influence retained.

Non-controlling interest represents the portion of profit or loss and net assets not held by the Parent Company and is presented separately in the Group's consolidated statements of comprehensive income and within equity in the Group's consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company, respectively.

Financial Assets at Amortized Cost

The Group's cash and cash equivalents, receivables (excluding accrued rent receivable), deposits, amounts held in escrow and amounts held in trust are classified as financial assets at amortized cost. These financial assets are measured at amortized cost less allowance for expected credit losses (ECL), if any. For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. 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. Meanwhile, impairment of other financial assets at amortized cost is assessed based on potential liquidity of counterparties based on available financial information. Financial assets are derecognized when the right to receive cash flows from the asset has expired or the Group has transferred its right to receive cash flows from the financial asset.

Financial Assets at FVPL

The Group's investment in unit investment trust funds (UITF) are classified as financial assets at FVPL. These financial assets are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent that these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset. Financial assets are derecognized when the right to receive cash flows from the asset has expired or the Group has transferred its right to receive cash flows from the financial asset.

Financial Liabilities at Amortized Cost

The Group's accounts and other payables (excluding statutory payables, advances from buyers and advance rent) loans payable, and bonds payable are classified as financial liabilities at amortized cost. The Group recognized financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Contract Balances

Contract Assets. A contract asset represents the Group's right to a consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than a passage of time. If the Group transferred goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for that earned consideration that is conditional. Contract assets are reclassified to receivables from sale of real estate upon completion of the performance obligation. Contract assets pertain to unbilled receivables from sale of office units which is computed based on POC.

Contract Liabilities. A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received a consideration from the customer. If a customer pays a consideration before the Group transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Real Estate for Sale

Real estate for sale pertains to property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, which is held as inventory and is measured at the lower of cost and net realizable value (NRV). In few cases of buyer defaults, the Group can repossess the properties and held it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are included in the "Real estate for sale" account in the statements of financial position. Repossessed assets are recorded at fair value less cost to repossess and are held for sale in the ordinary course of business. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts unless these exceed the recoverable amounts.

Costs include acquisition costs plus any other directly attributable costs of developing the asset to its saleable condition and costs of improving the properties up to the reporting date. NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs to complete and the estimated costs to sell. NRV in respect of real estate for sale under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Group uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. The fair value of investment properties is determined using market approach and cost approach by an independent real estate appraiser. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Investment properties are derecognized when either those have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment losses.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Building and building improvements	50
Transportation equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3
Leasehold improvements	3 to 5 or lease term, whichever is shorter
ROU asset	3 to 5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully-depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect to those assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Other Assets

Creditable Withholding Taxes (CWT). CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes. These are carried at cost less any impairment in value.

Advances for Project Development and Land Acquisition. Advances for project development and land acquisition are recognized when the Group makes advance payments for its purchase of land, goods and services. These are measured at transaction price less impairment in value, if any.

Value-Added Tax (VAT). Revenue, expenses and assets are generally recognized net of the amount of VAT except in cases where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, or receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Other assets" or "Accounts and other payables" accounts, respectively, in the consolidated statements of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Prepaid Commission. The Group recognizes an asset for the incremental cost of obtaining a contract with a customer if the Group expects to recover those costs. Otherwise, those costs are recognized as expense when incurred. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract such as, but not limited to, sales commissions paid to sales agents and nonrefundable direct taxes incurred in obtaining a contract. Paid sales commissions are recognized as "Prepaid commission" under "Other assets" account and amortized consistent with the revenue recognition method of the Group. Amortization of sales commission is presented as part of "Operating expenses".

Deferred Input VAT. Deferred input VAT represents the unamortized amount of input VAT on capital goods and deferred input VAT for unbilled purchases.

In accordance with Revenue Memorandum Circular (RMC) No. 21-2022, the amortization of the input VAT shall only be allowed until December 31, 2021, after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized.

Software and Licenses. Software and licenses are stated at cost less accumulated amortization and any impairment losses. Software and licenses are being amortized on a straight-line basis over ten (10) years and amortization is recognized in profit or loss. Amortization period and amortization method is reviewed at each reporting date. Any change in the useful life of the asset or the expected pattern of consumption of the future economic benefits embodied in the asset is recognized prospectively.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Advances from Buyers

Advances from buyers consist of amounts received by the Group from its prospective buyers as downpayments. These are recorded at face amount in the consolidated statements of financial position. These will be applied against the total contract price of the real estate sale upon execution of contract to sell.

Capital Stock

Common Stock. Common stock is measured at par value for all shares issued.

Preferred Stock. The Group's preferred stocks are cumulative, nonvoting, nonparticipating and nonconvertible. Preferred stock is classified as equity if this is nonredeemable, or redeemable only at the Group's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred stock is classified as a liability if this is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

Additional Paid-in Capital

Additional paid-in capital is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Treasury Stock

Treasury stock represent owner's equity instruments which are reacquired and deducted from equity. Treasury stock are accounted for at cost and shown as a deduction in the equity section of the consolidated statements of financial position. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Parent Company's own equity instruments.

Parent Company's Shares Held by a Subsidiary

Shares of the Parent Company held by a subsidiary are carried at cost and are deducted from equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and prior period adjustments.

Other Equity Reserves

Other equity reserves comprise of items of income and expense that are not recognized in profit or loss for the year. This includes other comprehensive income (OCI) that pertains to cumulative remeasurement gains (losses) on net retirement asset (liability).

Basic and Diluted Earnings per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to common equity holders of the Parent Company by the weighted average number of issued, subscribed and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effects of any potentially dilutive convertible securities.

Revenue Recognition

The following specific recognition criteria must also be met before revenue is recognized.

Revenue from Real Estate Sales. Revenue from the sale of completed real estate project is accounted for using the full accrual method in which revenue is recognized at a point in time when control is transferred to a customer. The Group transfers control of real estate for sale under pre-completion contracts over time and, therefore, satisfies the performance obligations under the contract and recognizes revenue over time.

The Group considers a contract to sell as a valid revenue contract. The Group also assesses the probability that it will collect the consideration under the contract prior to recognizing revenue. This assessment is based on the customer's ability and intention to pay the amount of consideration when it is due. If any of the above criteria is not met, the deposit method is applied until all the conditions for recognizing revenue are met.

The Group recognizes revenue from real estate sales under pre-completion contracts based on POC using the input method in which revenue is recognized on the basis of costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

When a significant financing component exists in the Group's real estate sales, the transaction price is adjusted for the time value of money. Interest income or expense resulting from the financing component is presented separately as "Interest from Real Estate Sales" in the consolidated statements of comprehensive income.

In case of sales cancellation due to the default of the buyers, the Group derecognizes the outstanding balance of contract assets and trade receivables and recognizes the repossessed property at fair value less cost to repossess, with any difference taken to profit or loss.

Accordingly, the consideration is not adjusted for the effects of the time value of money.

For tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Leasing Revenue. Leasing revenue consists of rent income and common use service area (CUSA) fees. Rent income arising from operating leases on investment properties is recognized on a straight-line basis over the lease terms, except for contingent rental income, which is recognized in the period that it arises. Tenant lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management is reasonably certain that the tenant will exercise that option. CUSA fees are recognized as income once earned. These are charged monthly and are based on the lessee's proportionate share on the common areas.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in profit or loss when the right to receive those amounts arises.

Property Management Fees. Revenue is recognized in profit or loss when the related services are rendered.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expenses Recognition

Cost of Real Estate Sales. Cost of real estate sales is recognized consistent with the revenue recognition method applied.

Cost of Leasing Operations. Cost of leasing operations, which constitute direct cost incurred in relation to the leasing of properties of the Group is recognized as expense when incurred.

Cost of Services. Cost of services, which constitute direct cost incurred in relation to APPS's provision of property management services, is recognized as expense when services are rendered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market its products and services. These are recognized as incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

Share-based Compensation

The Parent Company has a stock option plan covering employees, officers and directors, whereby employees render services for shares or rights over shares ("equity-settled transaction"). The rights granted under the plan are not assignable and nontransferable. The cost of the equity-settled transactions is measured by reference to the fair value of the stock options on the date that it was granted. Stock options reserve presented as part of "Equity" is measured at fair value of the share options as at reporting date when the options are exercised, forfeited or lapsed.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a Lessor. Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

The Group as Lessee. At the commencement date, the Group recognizes ROU asset and a lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Group measures the ROU assets at cost. The cost comprises of amount of the initial measurement of lease liabilities and any initial direct costs incurred by the Group.

ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and adjusted for any remeasurement of the related lease liabilities. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise of fixed payments, including in-substance fixed payments, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date and amounts expected to be payable under a residual value guarantee.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements pertaining to actuarial gains and losses and return on plan assets 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 in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the 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 retirement liability, 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 net retirement asset (liability) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

Deferred tax relating to items recognized outside profit or loss is recognized under OCI and outside profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

Related Party Transactions

Related party transactions are transfer of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

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

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment reporting a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 30.

Provisions and Contingencies

Provisions, if any, are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated statements of financial position when an inflow of economic benefits is probable.

Events After the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of asset, liabilities, income and expenses. The accounting estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may 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 estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Classifying Financial Instruments. The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Group's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor has power over an investee, 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. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that by virtue of the Parent Company's majority ownership of voting rights in its subsidiaries as at December 31, 2024 and 2023, it has the ability to exercise control over these investees.

Determining the Revenue and Cost Recognition. Selecting an appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development.

The Group recognizes revenue over time if one of the following criteria is met:

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

The Group concluded that revenue from real estate sale of office units and sale of residential units should be recognized over time. The Group also determined that input method is the appropriate method in measuring the POC. Under POC, the Group satisfies its performance obligation to deliver a portion of the property to the customer over time. The input method is based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred. Changes in estimates may affect the reported amounts of revenue, cost of real estate sales, contract assets and contract liabilities.

The amount of revenue from real estate sales recognized based on POC in 2024, 2023 and 2022 are disclosed in Note 17. The related cost of real estate sales in 2024, 2023 and 2022 are disclosed in consolidated statements of comprehensive income.

Classifying Real Estate for Sale, Investment Properties and Property and Equipment. The Group determines whether a property qualifies as a real estate for sale, an investment property or an item of property and equipment. In making its judgment, the Group considers whether the property is held for sale in the ordinary course of business, held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes by the Group.

In 2024, the Group transferred commercial lots from investment properties to real estate sales. The carrying amounts of real estate for sale, investment properties and property and equipment as at December 31, 2024 and 2023 are disclosed in Notes 9, 10 and 11, respectively.

Determining the Highest and Best Use of Investment Properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

The carrying amounts of investment properties as at December 31, 2024 and 2023 are disclosed in Note 10.

Determining Lease Commitments - Group as Lessor. The Group entered into various lease contracts for its office units in ACPT, retail units in Arya Residences and dormitory units in Sevina Park's Courtyard Hall. The Group has determined that the risks and benefits of ownership related to the leased properties are retained by the Group. Accordingly, the leases are accounted for as operating leases.

The amount of revenue from leasing operations recognized from these operating leases in 2024, 2023 and 2022 are disclosed in Note 22.

Classifying Lease Commitments - Group as a Lessee. The Group has entered into lease agreements as a lessee. For these leases, the Group availed of the exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases were recognized as expense on a straight-line basis over the lease term. Rent expense on short-term on land and building with less than 12 months term are disclosed in Note 22.

Additionally, the Group entered into non-cancellable lease agreements for transportation equipment for a period of three (3) to five (5) years. Accordingly, ROU asset and lease liability have been recognized. The carrying amounts of ROU asset and lease liability are disclosed in Notes 11 and 13, respectively.

Accounting Estimates and Assumptions

The following are the key sources of accounting estimation uncertainty and other key accounting assumptions concerning the future at the end of 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:

Recognizing Revenue and Cost of Real Estate Sales. The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and cost. Revenue and cost of sale of real estate recognized based on POC are measured principally based on the costs incurred up until the end of the reporting period at a proportion of total costs expected to be incurred.

The amount of revenue from real estate sales recognized based on POC and the related cost of real estate sales incurred in 2024, 2023 and 2022 are disclosed in Notes 17 and 9, respectively.

Assessing Significant Financing Component on Real Estate Sales. A significant financing component exists when the agreed timing of payments provides a significant benefit to either party. In assessing the existence of significant financing component, the Group considers the following factors:

- The length of time between the transfer of the real estate property and the payments.
- Whether the consideration amount would differ significantly at the time of transfer.
- The interest rate in the prevailing market.

Following the adoption of PIC Q&A No. 2018-12, the Group recognized significant financing component in its revenue contracts using the modified retrospective approach (see Note 2). The amount of interest from real estate sales in 2024 is disclosed in Note 17.

Estimating the Fair Value of Investment Properties. Investment properties are measured at fair values. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The Group estimates expected future cash flows, yields, occupancy rates and discount rates. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 10.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

The carrying amounts of investment properties as at December 31, 2024 and 2023 are disclosed in Note 10.

Determining the NRV of Real Estate for Sale. Real estate for sale is stated at lower of cost or NRV. NRV for completed real estate for sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate assets under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

No provision for inventory obsolescence was recognized in 2024, 2023 and 2022. The carrying amounts of real estate for sale as at December 31, 2024 and 2023 are disclosed in Note 9.

Assessing the ECL on Trade Receivables and Contract Assets. The Group initially uses a provision matrix based on the historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Group then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates if forecasted economic conditions such as gross domestic product are expected to deteriorate which can lead to increased number of defaults in the real estate industry. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the correlation between historical default rates and forecasted economic conditions is a significant estimate. Accordingly, the provision for ECL of receivable from real estate sales is sensitive to changes in assumptions about forecasted economic conditions.

The Group's exposure to risk of default is mitigated by the requirement that title to real estate for sale is transferred to the buyer only upon full payment of the contract price.

No provision for ECL was recognized in 2024 and 2023. The amount for provision for ECL in 2022 and the carrying amounts of the Group's trade receivables and contract assets as at December 31, 2024 and 2023 are disclosed in Notes 7 and 8, respectively.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

The Group limits its exposure to credit risk from balances with banks by depositing its cash with highly reputable and pre-approved financial institutions. The Group invests its cash only with banks and deposits only with counterparties that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The amounts of provision and the carrying amounts of other financial assets at amortized cost are disclosed in Notes 5, 7 and 12.

Estimating the Useful Lives of Property and Equipment. The Group reviews annually the estimated useful lives of property and equipment based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment.

There were no changes in the estimated useful lives of property and equipment in 2024, 2023 and 2022. The carrying amounts of property and equipment as at December 31, 2024 and 2023 are disclosed in Note 11.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Group considers the external and internal sources of information. External sources of information include but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Group, whether it had taken place during period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information include evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Group whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

No provision for impairment loss on nonfinancial assets was recognized in 2024, 2023 and 2022.

The carrying amounts of nonfinancial assets are disclosed in Notes 7, 11 and 12.

Estimating Retirement Liability. The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

The carrying amounts of net retirement liability (asset) as at December 31, 2024 and 2023 are disclosed in Note 21.

Assessing the Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and NOLCO is based on the projected taxable income in the following periods. Based on the projection, not all future deductible temporary differences will be realized, therefore, certain portion of deferred tax assets was not recognized.

As at December 31, 2024 and 2023, the carrying amounts of deferred tax assets are disclosed in Note 23.

4. Material Non-Controlling Interests

The Group's non-controlling interests amounting to ₱2,337.6 million, ₱2,385.2 million, and ₱1,959.5 million as at December 31, 2024, 2023 and 2022, respectively, pertain to interests in SLDC, KHI, Bhavana and Bhavya.

SLDC

Non-controlling interests over SLDC is 41% as at December 31, 2024, 2023 and 2022.

On March 17 and December 17, 2023, the BOD approved the subscription of HHI to 19.1 million and 2.1 million convertible preferred shares at ₱100 per share or a total amount of ₱2,114.5 million. The subscription was paid through the conversion of HHI's deposit for future stock subscription amounting to ₱1,909.6 million and through cash amounting to ₱204.9 million.

Additional paid-in capital arising from the subscription of the convertible preferred shares aggregated ₱2,093.0 million.

On October 25 and November 29, 2024, the Board of Directors (BOD) approved the subscription of convertible preferred shares by Help Holdings Inc. (HHI) to 147,900 shares and 58,944 shares, respectively, at a subscription price of ₱100 per share or total amount of ₱20.7 million. The subscription was fully paid through the conversion of HHI's prior advances to the Corporation in the same amount.

Net income of SLDC allocated to non-controlling interests amounted to ₱150.2 million in 2024, ₱23.7 million in 2023 and ₱24.2 million in 2022, which were determined based on the agreement between ALCO and HHI.

On February 23, 2024, SLDC's BOD approved the declaration of cash dividends amounting to ₱390.0 million or ₱780 per share to all stockholders of record on March 12, 2024. The dividends were paid on March 20, 2024.

The summarized financial information of SLDC, before intercompany eliminations, as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 is as follows:

	2024	2023
Current assets	₱4,567,120,456	₱5,422,995,479
Noncurrent assets	747,296,912	546,589,671
Current liabilities	(2,476,471,473)	(3,089,109,771)
Noncurrent liabilities	(564,042,530)	(259,108,329)
Net assets	₱2,273,903,365	₱2,621,367,050

	2024	2023	2022
Revenue	₱185,019,836	₱2,392,608,813	₱435,347,696
Expenses	(210,296,874)	(1,346,462,251)	(318,327,624)
Operating income (loss)	(25,277,038)	1,046,146,562	117,020,072
Finance cost	(141,177,624)	(130,048,494)	(42,038,972)
Other income - net	242,994,847	100,760,291	6,403,512
Income before income tax	76,540,185	1,016,858,359	81,384,612
Provision for income tax	20,229,203	253,662,465	20,617,945
Net income	₱56,310,982	₱763,195,894	₱60,766,667

	2024	2023	2022
Net cash flows provided by (used in):			
Operating activities	₱65,228,243	₱1,026,911,397	(₱588,143,491)
Investing activities	75,894,082	188,716,135	(86,661,983)
Financing activities	(520,040,906)	(1,013,845,574)	672,954,393
Net increase (decrease) in cash and cash equivalents	(378,918,581)	201,781,958	(1,851,081)
Cash and cash equivalents at beginning of year	516,719,386	314,937,428	316,788,509
Cash and cash equivalents at end of year	₱137,800,805	₱516,719,386	₱314,937,428

KHI

The Group has 40% non-controlling interests in KHI. The net income (loss) of KHI allocated to non-controlling interests amounting to (₱38.2 million) in 2024, ₱295.8 million in 2023 and (₱3.5 million) in 2022 which were distributed based on the capital contribution.

On August 25, 2023, KHI's BOD approved the declaration of cash dividends amounting to ₱530.0 million or ₱42.4 per share to all stockholders of record on September 11, 2023. The cash dividends were paid on September 18, 2023.

On February 23, 2024, KHI's BOD approved the declaration of cash dividends amounting to ₱390.0 million or ₱31.2 per share to all stockholders of record on March 12, 2024. The cash dividends were paid on March 21, 2024. Additionally, the BOD approved to repay the advances to ALCO amounting to ₱138.0 million and to MEC amounting to ₱92.0 million. The advances to MEC were paid in March 2024.

The summarized financial information of KHI, before intercompany eliminations, as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 is as follows:

	2024	2023
Current assets	₱355,985,185	₱563,567,784
Noncurrent assets	51,450,194	60,674,812
Current liabilities	(384,148,252)	(599,214,172)
Net assets	₱23,287,127	₱25,028,424

	2024	2023	2022
Expenses	(₱16,205,067)	(₱18,194,724)	(₱17,241,578)
Other income - net	404,844,820	548,697,258	530,462,653
Income before income tax	388,639,753	530,502,534	513,221,075
Provision for income tax	381,050	532,571	31
Net income	₱388,258,703	₱529,969,963	₱513,221,044

	2024	2023	2022
Net cash flows provided by (used in):			
Operating activities	(₱3,625,701)	₱469,889,770	(₱1,017,215)
Investing activities	629,418,292	521,374,717	—
Financing activities	(624,265,253)	(988,793,999)	1,304,903
Net increase in cash and cash equivalents	1,527,338	2,470,488	287,688
Cash and cash equivalents at beginning of year	3,159,441	688,953	401,265
Cash and cash equivalents at end of year	₱4,686,779	₱3,159,441	₱688,953

Bhavana and Bhavya

In 2024, net income of Bhavana and Bhavya allocated to non-controlling interests amounted to ₱50.0 million and ₱20.4 million, respectively, which were distributed based on capital contribution. In 2023, net income of Bhavana and Bhavya allocated to non-controlling interests amounted to ₱78.3 million and ₱42.9 million, respectively. In 2022, net income (loss) of Bhavana and Bhavya allocated to non-controlling interests amounted to ₱43.4 million and (₱12.3 million), respectively.

On February 16, 2023, Bhavana's BOD approved the appropriation of ₱110.0 million retained earnings to provide additional reserves for the ongoing construction of project Lucima.

On March 20, 2024, Bhavya's BOD approved the subscription of Narra to 300,000 Bhavya's preferred shares of Bhavya at the price of ₱100 per share, or a total of ₱30.0 million. The subscription was fully paid in the same month. Moreover, in October and December 2024, Narra subscribed to an additional 240,000 preferred shares at the price of ₱100 per share for ₱24.0 million.

In December 2024, Narra subscribed to 180,000 preferred shares of Bhavana at the price of ₱100 per share, or a total of ₱27.0 million.

The summarized financial information of Bhavana, before intercompany eliminations, as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 is as follows:

	2024	2023
Current assets	₱3,456,855,114	₱3,025,412,720
Noncurrent assets	50,844,308	53,303,805
Current liabilities	(1,847,265,788)	(1,205,715,743)
Noncurrent liabilities	(1,483,272,161)	(1,646,930,267)
Net assets	₱177,161,473	₱226,070,515

	2024	2023	2022
Revenue	₱1,498,794,548	₱1,512,300,615	₱917,746,872
Expenses	(1,339,717,677)	(1,257,960,075)	(774,234,244)
Operating income	159,076,871	254,340,540	143,512,628
Other income - net	8,359,714	6,632,700	2,138,751
Income before income tax	167,436,585	260,973,240	145,651,379
Provision for income tax	42,417,787	65,161,316	37,087,175
Total comprehensive income	₱125,018,798	₱195,811,924	₱108,564,204

	2024	2023	2022
Net cash flows provided by (used in):			
Operating activities	(₱182,393,196)	(₱142,388,675)	(₱487,745,492)
Investing activities	91,277,535	(27,067,756)	58,530,740
Financing activities	142,346,031	177,775,984	466,053,587
Net increase in cash and cash equivalents	51,230,370	8,319,553	36,838,835
Cash and cash equivalents at beginning of year	62,162,632	53,843,079	17,004,244
Cash and cash equivalents at end of year	₱113,393,002	₱62,162,632	₱53,843,079

The summarized financial information of Bhavya, before intercompany eliminations, as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 is as follows:

	2024	2023
Current assets	₹2,513,051,361	₹1,899,729,027
Noncurrent assets	304,169,949	185,223,883
Current liabilities	(1,258,532,788)	(985,025,718)
Noncurrent liabilities	(1,396,331,243)	(925,874,631)
Net assets	₹162,357,279	₹174,052,561

	2024	2023	2022
Revenue	₹777,396,827	₹565,910,408	₹—
Expenses	(712,038,594)	(426,187,267)	(53,383,762)
Operating income (loss)	65,358,233	139,723,141	(53,383,762)
Other income - net	4,858,118	3,185,506	588,051
Income (loss) before income tax	70,216,351	142,908,647	(52,795,711)
Provision for (benefit from) income tax	19,118,170	35,766,156	(22,062,594)
Total comprehensive income (loss)	₹51,098,181	₹107,142,491	(₹30,733,117)

	2024	2023	2022
Net cash flows provided by (used in):			
Operating activities	(₹390,728,593)	(₹449,043,721)	(₹184,069,149)
Investing activities	20,359,527	(35,224,623)	(16,763,910)
Financing activities	395,660,114	474,316,962	221,728,841
Net increase (decrease) in cash and cash equivalents	25,291,048	(9,951,382)	20,895,782
Cash and cash equivalents at beginning of year	38,172,566	48,123,948	27,228,166
Cash and cash equivalents at end of year	₹63,463,614	₹38,172,566	₹48,123,948

Advances from Non-Controlling Interests

The Group has the following transactions with the non-controlling interests:

	Amount of Transactions		Outstanding Balance	
	2024	2023	2024	2023
Advances for Project Development				
HHI	₹—	₹—	₹495,919,597	₹495,919,597
Narra	—	—	411,200,000	411,200,000
MEC	—	—	103,000,000	195,000,000
			₹1,010,119,597	₹1,102,119,597

SLDC, KHI, Bhavana and Bhavya received advances from related parties. All outstanding balances are unsecured, payable on demand and in cash, and interest-bearing except for advances from HHI.

5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱195,000	₱185,000
Cash in banks	1,171,587,035	1,672,414,790
Cash equivalents	2,874,181,627	3,932,696,763
	₱4,045,963,662	₱5,605,296,553

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations. Cash equivalents are short-term placements made for varying periods up to three (3) months or less and earn interest at the prevailing short-term investment rates.

Interest income is earned from the following (see Note 20):

	2024	2023	2022
Cash in banks	₱2,872,629	₱4,275,164	₱2,432,535
Cash equivalents	246,284,095	289,117,399	26,172,593
	₱249,156,724	₱293,392,563	₱28,605,128

6. Financial Assets at FVPL

Financial assets at FVPL are investment in unit investment trust funds.

Movements in this account are as follows:

	Note	2024	2023
Balance at beginning of year		₱877,853,288	₱2,246,039,822
Additions		13,625,494,489	13,034,704,753
Disposals		(12,619,565,831)	(14,403,750,081)
Unrealized holding gains	20	12,176,374	858,794
Balance at end of year		₱1,895,958,320	₱877,853,288

Realized gain on disposals of financial assets at FVPL amounted to ₱84.0 million, ₱73.2 million and ₱30.1 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 20).

The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices (see Note 28).

7. Receivables

This account consists of:

	Note	2024	2023
Trade receivables from:			
Sale of real estate		₱1,390,508,427	₱1,516,515,928
Leasing	22	163,093,802	170,407,706
Interest receivable		67,976,874	68,050,847
Advances to employees		14,462,155	13,817,499
Due from related parties	24	5,674,454	43,082,172
Other receivables		131,706,367	401,175,384
		1,773,422,079	2,213,049,536
Allowance for ECL		(1,746,790)	(1,746,790)
		₱1,771,675,289	₱2,211,302,746

Trade receivables from sale of real estate relate to sale of condominium units, retail units, lots and residential townhouses that were already billed and which are generally collectible in monthly installments over a maximum period of three (3) years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Trade receivables from leasing operations are non-interest bearing, unsecured and collectible within seven (7) days.

Interest receivable includes accrual of interest from the Group's short-term placements.

Advances to employees represent salary and other loans granted to employees which are non-interest bearing in nature and collectible through salary deductions.

Other receivables mainly include accrued rent receivables, other charges and advances which are non-interest bearing and collectible on demand.

8. Contract Assets and Contract Liabilities

The Group's contract assets and contract liabilities are as follows:

	2024	2023
Contract assets	₱7,625,261,813	₱5,608,780,240
Contract liabilities	428,492,840	198,350,664
Net contract assets	₱7,196,768,973	₱5,410,429,576

Contract assets pertain to receivables from the sale of condominium and office units and residential townhouses of the Group representing the excess of cumulative revenues from real estate sales over billed amounts. These amounts will be billed and collected in accordance with the agreed payment terms with the buyers, which is normally up to maximum of five (5) years. Increase in contract assets pertains to the additional revenues over billed receivables during the year.

Contract liabilities pertain to downpayments received from the real estate buyers at the inception of the contracts in which the related revenue is not yet recognized at the end of the year.

9. Real Estate for Sale

This account consists of:

	2024	2023
Land and assets under construction	₱5,962,210,763	₱6,268,103,733
Office units for sale	1,308,963,974	1,280,727,970
	₱7,271,174,737	₱7,548,831,703

Movements of this account follow:

	Note	2024	2023
Balance at beginning of year		₱7,548,831,703	₱9,381,383,586
Cost of real estate sold		(4,297,157,327)	(3,730,711,385)
Construction costs incurred		2,006,715,874	2,465,893,254
Repossessions		1,479,643,756	303,422,533
Transfers from:			
Investment properties	10	501,017,740	–
Property and equipment	11	–	1,703,553
Acquisition of raw land		32,122,991	–
Transfers to investment properties	10	–	(939,186,494)
Capitalized borrowing costs		–	66,326,656
Balance at end of year		₱7,271,174,737	₱7,548,831,703

Repossessions arising from cancellation of sales due to buyer's default in payments represent previously sold units which were recorded back as "Real estate for sale". These are recorded at fair value less cost to repossess and are held for sale in the ordinary course of business. Gain on repossession amounted to ₱68.2 million, ₱97.0 million and ₱5.4 million in 2024, 2023 and 2022, respectively (see Note 20).

Land and Assets under Construction

These consist of land and development costs of ongoing real estate projects of the Group. As at December 31, 2024 and 2023, this account includes the land and development costs of Sevina Park Villas and Una Apartments, Lucima and Eluria (see Note 1).

In 2023, the BOD of CLLC approved to reclassify additional Cebu Exchange office units with parking slots as leasing assets of CLLC to further increase CLLC's recurring income. This was reclassified from "Real estate for sale" account to "Investment properties" account aggregating ₱453.8 million (see Note 10).

In December 2023, the BOD of SLDC, in line with management objective to increase SLDC's recurring income, approved to keep 4,197.33 sqm of Savya Financial Center office units with 50 appurtenant parking slots as leasing assets of SLDC. This was reclassified from "Real estate for sale" account to "Investment properties" account aggregating ₱485.4 million (see Note 10).

Land with an acquisition cost of ₱386.2 million as at December 31, 2024 and 2023 was mortgaged as collateral for long-term loan facility with a local bank entered into by the Group (see Note 14).

The land of Lucima Residences with a carrying amount of ₱794.5 million as at December 31, 2024 and 2023 are used as security for the bank loan of Bhavana with an outstanding balance of ₱892.3 million and ₱925.4 million as at December 31, 2024 and 2023, respectively (see Note 14).

In 2024, Cazneau transferred a portion of a parcel of land from “Investment properties” account to “Real estate for sale” account aggregating ₱501.0 million because of the change in the intended use of the property as approved by the BOD (see Note 10).

Office Units for Sale

The carrying amount of these assets were transferred from the cost of land and assets under construction to office units for sale following the completion of the property in 2024 and 2023.

NRV of Real Estate for Sale

As at December 31, 2024 and 2023, real estate for sale is stated at cost which is lower than its NRV. There is no allowance for inventory obsolescence as at December 31, 2024 and 2023.

10. Investment Properties

This account consists of the following completed real estate projects and land which are held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

	2024	2023
ACPT	₱7,200,420,660	₱6,493,588,314
Cebu Exchange	3,033,000,003	2,831,538,845
Arya Residences:		
Retail units	1,444,698,000	1,292,328,999
Parking slots	198,452,000	184,531,620
Land:		
UPHI’s Laguna and Tagaytay properties	1,161,190,392	829,421,708
ALCO’s Batangas and Tagaytay properties	325,642,500	216,961,878
Cazneau’s retail lots	—	445,547,740
Savya Financial Center	739,000,000	517,000,000
Courtyard Hall	487,616,000	364,713,343
	₱14,590,019,555	₱13,175,632,447

Movements of this account follow:

	Note	2024	2023
Balance at beginning of year, at cost		₱5,287,300,691	₱4,238,512,850
Transfers to real estate for sale	9	(78,570,201)	–
Development costs incurred		50,635,249	15,505,405
Disposal		(39,048,070)	(13,910,406)
Transfers from real estate for sale	9	–	939,186,494
Reclassification		–	108,006,348
Balance at end of year, at cost		5,220,317,669	5,287,300,691
Cumulative gains on change in fair value		9,353,995,493	7,879,588,682
		14,574,313,162	13,166,889,373
Unamortized initial direct leasing costs		15,706,393	8,743,074
Balance at end of year, at fair value		₱14,590,019,555	₱13,175,632,447

Movements of the cumulative gains on change in fair value are as follows:

	Note	2024	2023
Balance at beginning of year		₱7,879,588,682	₱7,025,171,115
Net gain on change in fair value		1,933,989,204	974,092,333
Transfers to real estate for sale	9	(422,447,539)	–
Disposals		(37,134,854)	(11,668,418)
Reclassification		–	(108,006,348)
Balance at end of year		₱9,353,995,493	₱7,879,588,682

Movements of the unamortized initial direct leasing costs are as follows:

	2024	2023
Balance at beginning of year	₱8,743,074	₱10,100,295
Additions	12,302,003	–
Amortization	(5,338,684)	(1,357,221)
Balance at end of year	₱15,706,393	₱8,743,074

ACPT

The carrying amount of ACPT includes office units and parking slots for lease. ACPT office units are used as collateral for loans payable amounting to ₱598.4 million and ₱1,094.7 million as at December 31, 2024 and 2023, respectively (see Note 14).

Cebu Exchange

The carrying amount of Cebu Exchange includes office units and parking slots for lease. In 2023, CLLC transferred portion of investment properties amounting to ₱453.8 million from “Real estate for sale” account to “Investment properties” account due to change of intention in the use of the property as approved by the BOD (see Note 9). The Group also sold investment properties resulting to a gain on sale amounting to ₱1.2 million in 2023 (see Note 20).

Arya Residences

Retail units and parking slots in Arya Residences are used for leasing operations. In 2024, the Group sold investment properties resulting to a loss on sale amounting to ₱1.2 million in 2024 (see Note 20).

Land

UPHI's raw land, with fair value amounting to ₱1,161.2 million and ₱829.4 million as at December 31, 2024 and 2023, respectively, has a total area of 33 hectares and are located at Barangay Gonzalo Bontog, Calamba City and Barangay Calabuso, Tagaytay City. Part of UPHI's land was expropriated by NAPOCOR, leading to court proceedings. While others appealed the compensation amount, UPHI plans to settle with the NTC (NAPOCOR's successor) since it can no longer use the property. Management believes this settlement won't significantly impact the consolidated financial statements but could help recover the property's cost.

Moreover, UPHI filed a complaint for quieting of title on October 18, 2010, due to incorrect tax declarations by the City of Tagaytay for its Calamba City property. The trial court ruled in UPHI's favor in June 2020. The defendants appealed to the CA, but on July 31, 2023, the CA upheld the trial court's decision. Their Motions for Reconsideration were also denied on February 15, 2024. Both filed petitions for review under Rule 45 of the Rules of Court before the Supreme Court in April 2024 while UPHI submitted its Comment/Opposition to the same in October 2024. There is no resolution on the matter as of the date hereof.

Raw land of the Parent Company has a total area of 10.3 hectares located in Batangas and Tagaytay with fair value aggregating ₱325.6 million and ₱217.0 million as at December 31, 2024 and 2023, respectively.

In 2024, Cazneau transferred commercial lots from "Investment Properties" to "Real estate for sale" account with fair value of ₱501.0 million because of the change in the intended use of the property as approved by the BOD (see Note 9).

Savya Financial Center

The carrying amount of Savya Financial Center includes office units and parking slots for lease. In 2023, SLDC transferred portion of investment properties amounting to ₱485.4 million from "Real estate for sale" account to "Investment properties" account due to change of intention in the use of the property as approved by the BOD (see Note 9).

Courtyard Hall

Cazneau's Courtyard Hall used for leasing operations was recognized at fair value amounting to ₱487.6 million and ₱360.9 million as at December 31, 2024 and 2023. The land attributable to Cazneau's retail spaces and Courtyard Hall with a carrying amount of ₱198.3 million and ₱581.0 million as at December 31, 2024 and 2023, respectively, was used as collateral for a long-term loan facility of Cazneau with an outstanding balance of ₱1,366.7 million and ₱1,139.3 million as at December 31, 2024 and 2023, respectively.

In 2023, Cazneau reclassified portion of cumulative fair value gain to cost of investment properties as a result of management's annual reassessment of the fair valuation of the properties. Since the reassessment only resulted to reclassification adjustments, this did not result to any change in the fair value of investment properties as at December 31, 2024 and 2023 nor did it affect net income for the years ended December 31, 2024, 2023 and 2022.

Leasing Operations

The Group recognized revenue from leasing operations amounting to ₱414.9 million in 2024, ₱366.3 million in 2023 and ₱308.4 million in 2022 (see Note 22) and incurred direct cost of leasing amounting to ₱161.8 million in 2024, ₱143.3 million in 2023 and ₱118.7 million in 2022.

Fair Value Measurement

Details of the valuation techniques used in measuring fair values of investment properties, as appraised by a SEC-accredited and independent appraiser (Asian Appraisal Company, Inc.) in its report as at December 31, 2024 and 2023, are classified under Levels 2 and 3 of the fair value hierarchy as follows:

Class of Property	Valuation Technique	Significant Inputs	Range					
			2024	2023				
ACPT	Discounted cash flow (DCF) approach	Discount rate	9.20%	8.97%				
		Rental rate for an office unit per sqm	₱1,904	₱1,800				
		Rental rate per parking slot	₱8,888	₱8,250				
		Calculated no. of net leasable area (sqm)	18,059	18,059				
		Vacancy rate	—	—				
		Income tax rate	25%	25%				
Cebu Exchange: Retail units	DCF approach	Rental rate per sqm	₱1,389	₱1,323				
		Rent escalation rate per annum (p.a.)	5%	5%				
		Discount rate	9.20%	8.97%				
		Vacancy rate	25%	50%				
		Income tax rate	25%	25%				
		Office units	DCF approach	Rental rate per sqm	₱830	₱772		
Rent escalation rate p.a.	5%			5%				
Discount rate	9.20%			8.97%				
Vacancy rate	—			25%				
Income tax rate	25%			25%				
Parking slots	DCF approach			Rental rate per sqm	₱5,670	₱5,250		
		Rent escalation rate p.a.	5%	5%				
		Discount rate	9.20%	8.97%				
		Vacancy rate	40%	50%				
		Income tax rate	25%	25%				
		Arya Residences: Retail units	DCF approach	Rental rate per sqm	₱3,745	₱3,400		
Rent escalation rate p.a.	7%			7%				
Discount rate	9.20%			8.97%				
Vacancy rate	5%			5%				
Income tax rate	25%			25%				
Parking slots	DCF approach			Rental rate per slot	₱8,828	₱8,000		
		Rent escalation rate p.a.	7%	7%				
		Discount rate	9.20%	8.97%				
		Vacancy rate	5%	10%				
		Income tax rate	25%	25%				
		Land: UPHI's Laguna and Tagaytay properties	Market data approach	Price per sqm	₱2,900	₱2,500		
Value adjustments	5% - 10%			5% - 10%				
ALCO's Batangas and Tagaytay properties	Market data approach			Price per sqm	₱2,700	₱2,000		
				Value adjustments	-30% - 5%	-30% - 5%		
				Cazneau's Laguna properties	Market data approach	Price per sqm	₱80,000	₱70,000
						Value adjustments	5% - 20%	5% - 10%
		Savya Financial Center Retail units	DCF approach			Rental rate per sqm	₱900	₱800
						Rent escalation rate p.a.	0% - 6%	0% - 5%
Discount rate	9.20%					9.30%		
Vacancy rate	—					—		
Income tax rate	25%			25%				
Parking slots	DCF approach			Rental rate per slot	₱5,200	₱5,000		
		Rent escalation rate p.a.	0% - 5%	0% - 5%				
		Discount rate	9.20%	9.30%				
		Vacancy rate	—	—				
		Income tax rate	25%	25%				
		Cazneau's Courtyard Hall	Depreciated replacement cost method	Estimated replacement cost	₱152,071,000	₱147,352,000		
Remaining economic life	32 years			33 years				

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

Discounted Cash Flow Approach

Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate per sqm or per slot and rent escalation rate per annum (p.a.) in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate and vacancy rate in isolation would result in a significantly lower (higher) fair value measurement.

Market Data Approach

Market data approach involves the comparison of the UPHI's Laguna and Tagaytay properties, Cazneau's Laguna properties and ALCO's Batangas and Tagaytay properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.
- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

Depreciated Replacement Cost Method

Depreciated replacement cost method is used to estimate valuation of dormitory by computing for the replacement cost of the assets and applying appropriate adjustments for physical deterioration and functional and economic obsolescence.

The reconciliation of the balances of investments properties classified according to level in the fair value hierarchy is as follows:

	2024		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱1,856,644,669	₱11,318,987,778	₱13,175,632,447
Net gain on change in fair value	615,438,583	1,318,550,621	1,933,989,204
Transfers to real estate for sale	(501,017,740)	—	(501,017,740)
Disposal	—	(76,182,924)	(76,182,924)
Construction costs incurred	—	50,635,249	50,635,249
Net amortization of direct leasing costs	—	6,963,319	6,963,319
Balance at end of year	₱1,971,065,512	₱12,618,954,043	₱14,590,019,555

	2023		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱1,845,950,292	₱9,427,833,968	₱11,273,784,260
Net gain on change in fair value	542,000	973,550,333	974,092,333
Transfers from real estate for sale	—	939,186,494	939,186,494
Disposals	—	(25,578,824)	(25,578,824)
Construction costs incurred	10,152,377	5,353,028	15,505,405
Initial direct leasing costs	—	(1,357,221)	(1,357,221)
Balance at end of year	₱1,856,644,669	₱11,318,987,778	₱13,175,632,447

There are no transfers between the levels of fair value hierarchy in 2024, 2023 and 2022.

11. Property and Equipment

The balances and movements of this account consist of:

	2024						Total
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	ROU Asset	
Cost							
Balances at beginning of year	₱253,399,531	₱92,771,505	₱57,247,428	₱102,634,798	₱78,500	₱—	₱506,131,762
Additions	3,307,861	66,696	8,823,007	8,229,034	—	29,028,000	49,454,598
Disposals	—	(12,522,590)	—	—	—	—	(12,522,590)
Reclassification	—	—	(263,714)	—	—	—	(263,714)
Balances at end of year	256,707,392	80,315,611	65,806,721	110,863,832	78,500	29,028,000	542,800,056
Accumulated Depreciation and Amortization							
Balances at beginning of year	45,253,058	42,706,435	46,524,017	55,801,083	78,500	—	190,363,093
Depreciation and amortization	4,873,004	18,090,033	8,419,844	27,603,957	—	4,526,000	63,512,838
Disposals	—	(12,522,590)	—	—	—	—	(12,522,590)
Reclassification	—	—	(171,746)	—	—	—	(171,746)
Balances at end of year	50,126,062	48,273,878	54,772,115	83,405,040	78,500	4,526,000	241,181,595
Carrying Amount	₱206,581,330	₱32,041,733	₱11,034,606	₱27,458,792	₱—	₱24,502,000	₱301,618,461

2023						
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱246,302,891	₱95,710,788	₱48,386,884	₱95,370,038	₱78,500	₱485,849,101
Additions	7,096,640	22,730,359	8,860,544	8,968,313	—	47,655,856
Disposals	—	(25,669,642)	—	—	—	(25,669,642)
Reclassification	—	—	—	(1,703,553)	—	(1,703,553)
Balances at end of year	253,399,531	92,771,505	57,247,428	102,634,798	78,500	506,131,762
Accumulated Depreciation and Amortization						
Balances at beginning of year	40,685,343	43,921,876	36,825,221	30,398,158	78,500	151,909,098
Depreciation and amortization	4,567,715	20,269,214	9,698,796	25,402,925	—	59,938,650
Disposals	—	(21,484,655)	—	—	—	(21,484,655)
Balances at end of year	45,253,058	42,706,435	46,524,017	55,801,083	78,500	190,363,093
Carrying Amount	₱208,146,473	₱50,065,070	₱10,723,411	₱46,833,715	₱—	₱315,768,669

The Group has fully depreciated property and equipment still being used in operations with cost amounting to ₱93.2 million and ₱81.3 million as at December 31, 2024 and 2023, respectively.

The Parent Company sold property and equipment which resulted to gain (loss) on disposal ₱4.5 million in 2024, (₱0.9 million) in 2023 and ₱0.4 million in 2022 (see Note 20).

Depreciation and amortization expense were charged to:

	Note	2024	2023	2022
Operating expenses	18	₱68,537,131	₱62,614,519	₱43,445,740
Cost of services		48,016	137,608	472,512
		₱68,585,147	₱62,752,127	₱43,918,252

Breakdown of the depreciation and amortization expense follows:

	Note	2024	2023	2022
Property and equipment		₱63,512,838	₱59,938,650	₱43,284,001
Software and licenses	12	5,072,309	2,813,477	634,251
		₱68,585,147	₱62,752,127	₱43,918,252

12. Other Assets

This account consists of:

	2024	2023
CWT	₱862,328,524	₱694,539,965
Advances for project development and land acquisition	663,759,829	264,675,320
Deposits	502,128,321	93,566,878
Input VAT	463,784,660	326,399,657
Amounts held in escrow	335,370,367	221,594,852

(Forward)

	2024	2023
Prepaid:		
Commissions	₱100,366,272	₱67,031,285
Taxes	43,881,795	117,147,010
Insurance	3,417,414	3,858,035
Others	12,764,036	3,261,084
Deferred input VAT	18,232,998	43,986,281
Software and licenses	39,185,585	32,274,175
Amounts held in trust	9,503,621	36,752,025
Materials and supplies	1,341,909	1,341,909
	3,056,065,331	1,906,428,476
Allowance for impairment loss	(16,002,600)	–
	₱3,040,062,731	₱1,906,428,476

Advances for project development and land acquisition pertain to downpayments made to contractors for the construction and acquisition of land of the Group's real estate projects. These advances are applied against progress billings and upon transfer of land.

Deposits pertain to utility, professional services and guarantee deposits for the construction of the Group's real estate projects. These are settled upon completion of the documentary requirements. In 2024, the Group recognized a provision of allowance for impairment loss pertaining to deposits amounting to ₱16.0 million.

Amounts held in escrow represent the debt service account required under existing loans with local banks and the amount of which is equivalent to a quarterly principal and interest amortization.

Prepayments are amortized over the year, and of prepaid commissions, amortized over the lease term for leasing and based on percentage of completion for selling.

The carrying amount of software and licenses amounted to ₱39.2 million and ₱32.3 million as at December 31, 2024 and 2023, respectively. Amortization of software and licenses recorded as part of "Depreciation and amortization" account in the consolidated statements of comprehensive income amounted to ₱5.1 million, ₱2.8 million and ₱0.6 million in 2024, 2023 and 2022, respectively (see Note 11).

Amounts held in trust represent cash in bank held under trust pursuant to Cazneau's applications for socialized housing with the Department of Human Settlements and Urban Development in relation to its projects.

Materials and supplies are the excess construction materials and supplies from the construction of completed real estate projects.

13. Accounts and Other Payables

This account consists of:

	Note	2024	2023
Accounts payable:			
Third parties		₱440,687,961	₱247,494,311
Related party	24	—	3,349,798
Accrued:			
Construction costs		1,125,327,687	641,526,880
Interest		369,938,025	280,805,743
Personnel costs		1,794,659	39,014,439
Others		99,802,934	170,377,249
Deferred output VAT		923,068,600	850,087,182
Retention payable		637,212,543	604,158,754
Advances from buyers		281,430,016	395,652,973
Security deposits	22	125,302,311	109,163,602
Advance rent	22	58,517,124	66,048,657
Dividend payable		51,132,727	5,686,177
Construction bonds		34,933,329	39,082,585
Statutory payables		31,599,994	39,510,742
Lease liability	22	25,187,149	—
Others		56,257,676	129,102,022
		₱4,262,192,735	₱3,621,061,114

Accounts payable, which are unsecured, non-interest bearing and are normally settled within 30 days to one (1) year, consist mainly of liabilities to contractors and suppliers.

Accrued expenses are expected to be settled within the next 12 months. Other accrued expenses pertain to management and professional fees, utilities, commissions, advertising and other expenses.

Deferred output VAT pertains to VAT from sales of property on installments and receivables from leasing operations. If the payments in the year of sale do not exceed 25% of the gross selling price, the sale will be considered under installment, in which case VAT will be paid based on collections.

Retention payable, which will be released after completion and satisfaction of the terms and conditions of the construction contract, pertains to amount retained by the Group from the contractors' progress billings for the real estate projects of the Group.

Advances from buyers include reservation fees and collections received from prospective lessees or buyers, which are and to be applied as security deposits upon execution of lease contracts or against the total contract price of the real estate sale. These are recorded at face amount.

Security deposits pertain to the deposits made by the lessees of the ACPT, Arya retail units, and dormitory units which are refundable upon termination of the lease less any unsettled balances.

Advance rent pertains to the payments made in advance by the tenants to be applied to their rent payable in the immediately succeeding months or in the last three (3) months of the lease term.

Statutory payables pertain to various withheld taxes payable to the government agencies which are generally paid within the next reporting period.

In 2024, the balance and movements in lease liability follow:

	Note	
Additions		₱29,015,160
Rental payments		(5,568,750)
Interest expense	14	1,740,739
Balance at end of year		25,187,149
Current portion of lease liability		17,629,344
Noncurrent portion of lease liability		₱7,557,805

Other payables include statutory liabilities to SSS, PhilHealth and HDMF, payables to certain buyers as at cutoff date and lease liabilities.

14. Loans Payable

This account consists of outstanding loans with:

	2024	2023
Local banks	₱12,422,800,781	₱11,133,593,226
Private funders	53,223,970	53,223,970
	₱12,476,024,751	₱11,186,817,196

Movements of this account follow:

	2024	2023
Balance at beginning of year	₱11,217,702,057	₱11,807,202,186
Availments	10,013,779,699	6,962,723,916
Payments	(8,739,021,960)	(7,552,224,045)
Balance at end of year	12,492,459,796	11,217,702,057
Unamortized debt issue cost	(16,435,045)	(30,884,861)
	12,476,024,751	11,186,817,196
Less current portion of loans payable	8,699,545,361	5,246,912,260
Long term portion of loans payable	₱3,776,479,390	₱5,939,904,936

Movements in debt issue cost are as follows:

	2024	2023
Balance at beginning of year	₱30,884,861	₱43,047,507
Additions	2,812,500	4,925,394
Amortization	(17,262,316)	(17,088,040)
Balance at end of year	₱16,435,045	₱30,884,861

Future repayment of the outstanding principal amounts of loans payable is as follows:

	2024	2023
Within one (1) year	₱8,699,545,361	₱5,246,912,260
After one (1) year but not more than three (3) years	3,792,914,435	5,702,375,977
More than three (3) years	—	268,413,820
	₱12,492,459,796	₱11,217,702,057

Local Bank Loans

These are secured and unsecured loans from local banks obtained to finance the Group's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 5.50% to 9.10% in 2024, and 5.50% to 9.10% in 2023.

Details of outstanding local bank loans as at December 31 follow:

Purpose	Terms and Security	Effective interest rate (p.a.)	2024	2023
<i>Short-term loans -</i>				
Short-term loans for working fund requirements	Unsecured and payable in full within one (1) year	6.75% to 8.50%	₱2,351,281,667	₱1,557,500,000
Short-term loans for construction of Cebu Exchange	Unsecured and payable in full within one (1) year	8.50%	1,381,000,000	1,381,000,000
Short-term loan for working fund requirement of Savya	Unsecured and payable in full within one (1) year	7.50% to 8.75%	745,326,625	709,475,244
Short-term loan of Eluria	Unsecured and payable in full on November 7, 2025	7.50%	217,027,000	247,500,000
Short-term loan for working fund requirement of Cazneau	Unsecured and payable in full within one (1) year	8.50% to 9%	69,100,000	—
Short-term loans for working fund requirements	Payable in August 2025; secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	6.00%	—	374,538,096
<i>Construction and development of projects -</i>				
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	998,665,566	996,672,989
Construction of Eluria	Payable on January 5, 2027	6.37% to 9.10%	925,834,235	889,381,190
Construction of Lucima	Payable on a quarterly basis starting 2024 until 2026; secured by Lucima Residences property with carrying amount of ₱794.5 million as at December 31, 2024 and 2023 (see Note 9), and an escrow account amounting to ₱28.9 million and ₱27.3 million as at December 31, 2024 and 2023, respectively.	6.17% to 8.78%	892,255,959	925,375,927
Construction of Sevina Park	Payable on a quarterly basis starting November 2023 until August 2026; secured by raw land with carrying amount of ₱386.2 million as at December 31, 2024 and 2023 (see Note 9), and an escrow account amounting to ₱18.9 million and ₱18.1 million as at December 31, 2024 and 2023, respectively.	6.25% to 8.49%	677,411,436	921,282,129
Construction of ACPT	Payable on a quarterly basis starting 4th quarter of 2020 until July 2025; secured by ACPT office units with carrying amount of ₱7,200.4 million and ₱6,493.6 million as at December 31, 2024 and 2023, respectively (see Note 10), and an escrow account amounting to ₱208.9 million and ₱128.2 million as at December 31, 2024 and 2023, respectively.	5.50%	598,427,817	1,094,737,497
<i>Credit facility agreements for financing of receivables -</i>				
Credit facility agreement for financing of receivables from buyers of units and parking slots in Savya Financial Center	Payable in full in 2025 and 2026; secured by receivables and contract assets from buyer of units and parking slots in Savya Financial Center	6.50% to 6.75%	670,793,963	620,514,316

(Forward)

Purpose	Terms and Security	Effective interest rate (p.a.)	2024	2023
Credit facility agreement for financing of receivables from buyers of units in Cazneau	Payable in full within one year; secured by receivables and contract assets from buyers of units in Sevina Park Villas	7.00%	₱620,177,668	₱218,002,497
Credit facility agreement for financing of receivables from buyers of units in Lucima.	Payable in full in 2025; secured by receivables and contract assets from buyer of units and parking slots in Lucima	7.16% to 8.25%	581,830,291	363,863,454
Credit facility agreement for financing of receivables from buyers of units and parking slots in Eluria	Payable in full on October 29, 2025; secured by receivables and contract assets from buyers of units in Eluria	8.00%	346,434,529	—
<i>Long-term loans -</i>				
Long-term loans for working fund requirements	Payable on 2026 to 2027; secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	7.53% to 8.12%	997,234,025	437,500,000
Long-term loans for working fund requirements	Unsecured revolving credit line and payable in full upon maturity	7.75%	350,000,000	350,000,000
Long-term loan of Lucima	Payable on March 25, 2024; secured by receivables and contract assets from buyers of units and parking slots in Lucima	7.16%	—	46,249,887
			₱12,422,800,781	₱11,133,593,226

Development of Green Projects

In 2020, the Group entered into a term loan agreement of ₱1,000.0 million with a local bank to obtain financing for the eligible green projects of the Group, including land banking, investments and refinancing in relation to eligible green projects. Drawdown of ₱1,000.0 million has also been made in 2020. The Group is required to submit a disbursement report to the bank soon after the date the proceeds has been utilized to confirm that the proceeds have been used for the eligible green projects.

The Group is required to maintain a debt-to-equity ratio of not more than 2.0x and current ratio of not less than 1.5x on a consolidated basis. As at December 31, 2024 and 2023, the Group has current ratio of 1.6x and 2.4x, respectively, and debt to equity ratio of 1.4x which is compliant with the financial covenants.

Construction of Eluria

In 2022, Bhavya entered into a term loan facility with a local bank to partially finance the construction of Eluria. Loan proceeds are available in multiple tranches from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage on the land of Bhavya. Moreover, Bhavya is required to maintain debt to equity ratio of not more than 2.0x, current ratio of not less than 1.5x and project debt to equity ratio not exceeding 0.5x.

The debt-to-equity ratio, current ratio and project debt to equity ratio of Bhavya is 2.0x, 2.0x and 0.5x, and 1.5x, 1.9x and 0.5x as at December 31, 2024 and 2023, respectively, which are compliant with the requirements of the term loan.

Construction of Lucima

In 2021, Bhavana entered into a term loan facility of ₱930.0 million with a local bank to partially finance the construction of Lucima. Loan proceeds are available in multiple tranches for a period of three (3) years from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage on the land of Bhavana located in Cebu City. Moreover, Bhavana is required to maintain debt to equity ratio of not more than 2.00x, current ratio of not less than 1.50x and project debt to equity ratio not exceeding 0.50x.

The debt-to-equity ratio, current ratio and project debt to equity ratio of Bhavana is 1.8x, 1.9x and 0.3x, and 1.6x, 1.7x and 0.5x as at December 31, 2024 and 2023, respectively, which are compliant with the requirements of the term loan.

Construction of Sevina Park

In 2021, Cazneau entered into a long-term loan facility of ₱1.0 billion with a local bank to partially finance the construction of Sevina Park. Loan proceeds are available in multiple tranches for a period of three (3) years from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage over two parcels of land of Cazneau and grant of security interest over shares of ALCO.

Moreover, the loan facility requires Cazneau to maintain current ratio of not less than 1.5x and debt-to-equity ratio of not more than 2.0x. The debt to equity ratio and current ratio of Cazneau is 1.1x and 1.6x, and 1.6x and 0.9x as at December 31, 2024 and 2023, respectively, which are compliant with the required financial covenants.

Construction of ACPT

In 2015, the Group entered into an Omnibus Loan and Security Agreement (OLSA) for a credit line of ₱2,000.0 million, to partially finance the cost of construction and development of the ACPT. The outstanding loan balance is secured by the ACPT office units and a security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements. The Group is required to maintain a current ratio of at least 1.50x and a debt-to-equity ratio of not more than 2.00x based on the consolidated financial statements. For the years ended December 31, 2024, 2023 and 2022, the Group is fully compliant with these debt covenants.

Acquisition of Land and Construction of Savva Financial Center

In 2021, SLDC obtained a loan facility of ₱1,440.0 million with a local bank. The loan was fully settled in 2023.

Private Funders

Outstanding balances of the loans from private funders amounting to ₱53.2 million as at December 31, 2024 and 2023 have interest rates of 5.40% p.a. in 2024 and 3.50% to 4.13% p.a. in 2023, and are unsecured and are for working capital requirements of the Group.

Borrowing costs capitalized as part of real estate for sale and investment properties in 2023 and 2022 amounted to ₱66.3 million and ₱146.9 million, respectively. Capitalized borrowing costs are adjusted to retained earnings following the adoption of the PIC Q&A 2018-12 (see Note 2).

Interest Expense

Total interest expense charged under "Finance costs" consists of the following (see Note 19):

	Note	2024	2023	2022
Interest expense on:				
Loans payable and advances				
from non-controlling				
interests		₱1,036,475,568	₱550,390,848	₱399,341,397
Bonds payable	15	443,762,626	465,794,610	98,531,070
Lease liability	13	1,740,739	—	—
		₱1,481,978,933	₱1,016,185,458	₱497,872,467

15. Bonds Payable

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
Bonds payable	₱6,000,000,000	₱6,000,000,000
Unamortized debt issue cost	(44,467,581)	(58,477,587)
	5,955,532,419	5,941,522,413
Less current portion of bonds payable	3,000,000,000	—
	₱2,955,532,419	₱5,941,522,413

Movement in debt issue cost in 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	₱58,477,587	₱74,228,852
Amortization	(14,010,006)	(15,751,265)
Balance at end of year	₱44,467,581	₱58,477,587

In October 2019, ALCO's BOD approved the filing of a registration statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds (the "Bonds") and the initial tranche of ₱2.0 billion bonds, with an oversubscription option of up to ₱1.0 billion.

In January 2020, the SEC approved the registration of the Bonds and the issuance of its initial tranche. On February 6, 2020, ALCO issued the initial tranche amounting to ₱2.0 billion with an oversubscription of ₱1.0 billion. It has a term ending five (5) years from the issue date or on February 6, 2025, with a fixed interest rate of 6.35% p.a. and an early redemption option on the 3rd and 4th year from issue date. The proceeds of the initial tranche is for the development of eligible green projects and payment of certain outstanding loans of the Group.

In October 2022, the BOD approved the second tranche of up to ₱3.0 billion. The SEC approved the offer supplement in December 2022 for ₱2.4 billion with an oversubscription of up to ₱0.6 billion. These bonds have a five-year term with a fixed interest rate of 8.00% p.a. and an early redemption option in the 3rd and 4th years, and a seven-year term with a fixed interest rate of 8.75% p.a. and an early redemption option in the 5th and 6th years. Proceeds will fund eligible green projects and repay certain outstanding loans.

The Group is required to maintain debt to equity ratio of not more than 2.00x and current ratio of at least 1.50x based on its consolidated financial statements. As at December 31, 2024 and 2023, the Group is compliant with these financial ratios.

Interest expense incurred on the Bonds amounted to ₱443.8 million, ₱465.8 million and ₱98.5 million in 2024, 2023 and 2022, respectively (see Note 14).

16. Equity

The details of the Parent Company's number of common and preferred shares as at December 31, 2024, 2023 and 2022 are as follows:

	2024		2023 and 2022	
	Preferred	Common	Preferred	Common
Authorized	80,000,000	16,368,095,199	50,000,000	16,368,095,199
Par value per share	₱1.00	₱0.18	₱1.00	₱0.18
Issued	47,464,860	5,318,095,199	48,500,000	5,318,095,199
Outstanding	37,464,860	5,318,095,199	28,500,000	5,318,095,199

Common Shares

As at December 31, 2024 and 2023, the Parent Company has issued and outstanding common shares of 5,318,095,199 at ₱0.18 par value equivalent to ₱957.3 million.

Preferred Shares

The Group's preferred shares Series A, Series C, Series D, Series E and Series F are cumulative, nonvoting, nonparticipating and nonconvertible. The movements and details of the issued and outstanding preferred shares are as follows:

	2024		2023		2022	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at beginning of year	48,500,000	₱48,500,000	48,500,000	₱48,500,000	48,500,000	₱48,500,000
Issuance during the year	18,964,860	18,964,860	—	—	—	—
Retirement during the year	(20,000,000)	(20,000,000)	—	—	—	—
Balance at end of year	47,464,860	47,464,860	48,500,000	48,500,000	48,500,000	48,500,000
Treasury shares	(10,000,000)	(10,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Parent Company's shares held by a subsidiary	(26,500,000)	(26,500,000)	(12,500,000)	(12,500,000)	(12,500,000)	(12,500,000)
Outstanding	10,964,860	₱10,964,860	16,000,000	₱16,000,000	16,000,000	₱16,000,000

In June 2019, the Group made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series C with ₱1 par value a share at the issuance price of ₱100 a share. Excess of the proceeds over the total par value amounting to ₱990.0 million and transactions costs of ₱12.5 million were recognized as addition and reduction to additional paid-in capital, respectively.

On December 3, 2021, the Group made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series D with ₱1 par value a share at the issuance price of ₱500.0 a share. Excess of the proceeds over the total par value amounting to ₱2,994.0 million and transaction costs of ₱29.6 million were recognized as addition and reduction to additional paid-in capital, respectively.

In May 2024, the redemption of Preferred Shares Series C of the Group was approved. The Group redeemed the 10.0 million preferred shares at a redemption price of ₱100 per share for ₱1,000.0 million, plus accrued and any unpaid cash dividends due on redemption date June 27, 2024.

On August 14, 2024, the Group obtained the approval from SEC to amend its Articles of Incorporation to increase its authorized capital stock by ₱50.0 million. Following the approval, the Group cancelled the 20.0 million Preferred Shares Series B with a selling price of ₱100 per share for ₱2,000.0 million.

In November 2024, ALCO made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series F with ₱1 par value a share at the issuance price of ₱500 a share. As at December 31, 2024, ALCO issued and outstanding Preferred Shares Series F are 5.0 million for ₱2,482.4 million. Excess of the proceeds over the total par value amounting to ₱2,477.5 million and transactions costs of ₱30.1 million were recognized as addition and reduction to additional paid-in capital, respectively.

Parent Company's Preferred Shares Held by Subsidiary

In 2016, ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series A with ₱1 par value a share to MPI. On August 14, 2024, the Parent Company issued to MPI 14.0 million Preferred Shares Series E with a selling price of ₱1 per share for ₱14.0 million.

Common and Preferred Shares Listed with PSE

The details and movements of the common and preferred shares listed with PSE follows:

Date of SEC Approval	Type of Issuance	No. of Shares Issued (Redeemed)	Issue/Offer Price
1996	Initial public offering	351,000,000	₱1.00
1998	Payment of subscription	256,203,748	1.00
1999	Stock dividends	410,891,451	1.00
2009	Payment of subscription	628,770,000	0.20
2010	Payment of subscription	100,000,000	0.20
2011	Payment of subscription	2,200,000,000	0.20
2016	Public offering of Series "B" preferred shares	20,000,000	100
2019	Public offering of Series "C" preferred shares	10,000,000	100
2021	Public offering of Series "D" preferred shares	6,000,000	500
2021	Redemption of Series "B" preferred shares	(20,000,000)	100
2024	Redemption of Series "C" preferred shares	(10,000,000)	100
2024	Public offering of Series "F" preferred shares	4,964,860	500

The Parent Company has 1,908 and 1,921 stockholders as at December 31, 2024 and 2023, respectively.

Dividend Declaration

The Parent Company's BOD and stockholders approved the following cash dividends to preferred and common stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
January 31, 2024	March 1, 2024	March 27, 2024	Series C preferred shares	₱17,319,000	₱1.7319
January 31, 2024	February 8, 2024	March 3, 2024	Series D preferred shares	45,000,000	7.5000
May 8, 2024	June 3, 2024	June 27, 2024	Series C preferred shares	17,319,000	1.7319
May 8, 2024	May 23, 2024	June 3, 2024	Series D preferred shares	45,000,000	7.5000
June 28, 2024	July 19, 2024	August 9, 2024	Common Shares	63,817,142	0.0120
August 6, 2024	August 23, 2024	September 3, 2024	Series D preferred shares	45,000,000	7.5000
November 5, 2024	November 19, 2024	December 3, 2024	Series D preferred shares	45,000,000	7.5000
December 11, 2024	January 21, 2025	February 14, 2025	Series F preferred shares	45,465,705	9.1575
				₱323,920,847	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 25, 2023	November 29, 2023	December 27, 2023	Series C preferred shares	₱17,319,000	₱1.7319
October 25, 2023	November 13, 2023	December 4, 2023	Series D preferred shares	45,000,000	7.5000
August 2, 2023	September 4, 2023	September 28, 2023	Series C preferred shares	17,319,000	1.7319
August 2, 2023	August 16, 2023	September 4, 2023	Series D preferred shares	45,000,000	7.5000
June 30, 2023	July 17, 2023	August 10, 2023	Common Shares	63,817,142	0.0120
May 3, 2023	June 1, 2023	June 27, 2023	Series C preferred shares	17,319,000	1.7319
May 3, 2023	May 17, 2023	June 5, 2023	Series D preferred shares	45,000,000	7.5000
January 25, 2023	March 1, 2023	March 27, 2023	Series C preferred shares	17,319,000	1.7319
January 25, 2023	February 8, 2023	March 3, 2023	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 26, 2022	December 5, 2022	December 27, 2022	Series C preferred shares	₱17,319,000	₱1.7319
October 26, 2022	November 14, 2022	December 3, 2022	Series D preferred shares	45,000,000	7.5000
August 5, 2022	September 1, 2022	September 27, 2022	Series C preferred shares	17,319,000	1.7319
August 5, 2022	August 19, 2022	September 3, 2022	Series D preferred shares	45,000,000	7.5000
June 24, 2022	July 11, 2022	August 4, 2022	Common shares	63,817,142	0.0120
May 4, 2022	June 2, 2022	June 27, 2022	Series C preferred shares	17,319,000	1.7319
May 4, 2022	May 19, 2022	June 3, 2022	Series D preferred shares	45,000,000	7.5000
February 23, 2022	March 10, 2022	March 27, 2022	Series C preferred shares	17,319,000	1.7319
January 26, 2022	February 11, 2022	March 3, 2022	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Other Equity Reserves

This account consists of:

	Note	2024	2023	2022
Effect of changes in the Parent Company's ownership interest in subsidiaries		₱169,002,018	₱169,002,018	₱169,002,018
Cumulative remeasurement gains on net retirement asset or liability - net of tax	21	32,819,118	40,402,986	45,532,590
Stock options		7,161,827	7,161,827	7,161,827
		₱208,982,963	₱216,566,831	₱221,696,435

Movements of this account are as follows:

	Note	2024	2023	2022
Balance at beginning of year		₱216,566,831	₱221,696,435	₱177,630,403
Remeasurement gain (loss) on net retirement liability	21	(7,583,868)	(5,129,604)	43,984,369
Stock options granted and fair value changes	18	—	—	81,663
Balance at end of year		₱208,982,963	₱216,566,831	₱221,696,435

Stock Options

In ALCO's annual meeting on 16 October 2009, stockholders approved the 2009 ALCO Stock Option Plan, allowing the issuance of up to 10% of ALCO's total outstanding capital stock equivalent to 531,809,519 shares. The plan was administered by the Stock Option and Compensation Committee, composed of three directors, one of whom is independent. Eligible participants include Board members (excluding independent directors), the President and CEO, corporate officers, managerial employees, and executive officers of subsidiaries or affiliates. The Committee has the authority to determine grant recipients, exercise prices (not below par value), grant timing, and share allocation based on performance evaluations.

The option period spans three years, with vesting as follows: up to 33.33% within the first 12 months, up to 33.33% from the 13th to the 24th month, and up to 33.33% from the 25th to the 36th month. On the exercise date, the full purchase price must be paid, or as decided by the Committee. In 2010, 164.8 million options were granted, but none were exercised until the expiration of the option period in October 2012.

On 14 December 2018, the Board approved granting up to 90 million options at ₱0.85 per share based on performance evaluation of the grantees. On 25 March 2020, the option price was reduced to ₱0.50 per share.

As at December 31, 2024 and 2023, none of the qualified employees have exercised their options. The Group's stock options have already expired as at December 31, 2024 and 2023.

Use of Proceeds

Green Bonds - First Tranche

On February 21, 2024, the BOD approved the reallocation of the use of proceeds of the Bonds effective March 22, 2024, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Savya Financial Center or other Eligible Green Projects	₱1,500.0	₱1,351.0
Manila Long-Term Project	1,140.0	1,289.0
Arthaland Century Pacific Tower	309.0	309.0
Total	₱2,949.0	₱2,949.0

Green Bonds - Tranche 2

The gross proceeds from the offer of the second tranche of the bonds amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Makati CBD Residential Project 1	₱226.0	₱226.0	₱95.0	₱131.0
Project Vanilla	1,120.0	1,120.0	—	1,120.0
ACPT Loan and Others	276.0	225.0	225.0	—
Project Olive	1,378.0	1,378.0	—	1,378.0
Total	₱3,000.0	₱2,949.0	₱320.0	₱2,629.0

On January 22, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the bonds effective February 21, 2025, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Makati CBD Residential Project 1	₱226.0	₱964.0
Project Vanilla	1,120.0	760.0
ACPT Loan and Others	225.0	225.0
Project Olive	1,378.0	1,000.0
Total	₱2,949.0	₱2,949.0

Series F Preferred Shares

The gross proceeds from the offer of Series F Preferred Shares amounted to ₱2,482.4 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,451.5 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱—
Project Teal	1,140.0	1,140.0	—	1,140.0
ACPT Loans and Others	342.4	311.5	—	311.5
Total	₱2,482.4	₱2,451.5	₱1,000.0	₱1,451.5

On March 26, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the Series F Preferred Shares effective April 25, 2025, as follows (amounts in millions):

Purpose	Actual Net Proceeds	Proposed Reallocation
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0
Project Teal	1,140.0	821.5
ACPT Loan and Others	311.5	200.0
Debt Service Reserve Account (DSRA) Requirement for ACPT Loan	—	200.0
Investment into Bhavya to Fund Project Eluria	—	30.0
General Corporate Purposes	—	200.0
Total	₱2,451.5	₱2,451.5

17. Revenues

The Group's revenues are as follows:

	Note	2024	2023	2022
Real estate sales of:				
Lucima Residences		₱1,498,794,548	₱1,512,300,615	₱917,746,872
Cebu Exchange		1,378,903,418	986,256,059	520,354,368
Una Apartments		991,183,786	—	—
Sevina Park		935,588,864	794,498,165	722,540,902
Eluria		768,682,118	565,910,408	—
Savya Financial Center		185,019,836	2,392,608,813	435,347,696
		5,758,172,570	6,251,574,060	2,595,989,838
Leasing revenue	22	414,901,457	366,299,089	308,367,000
Property management fees		35,642,933	21,050,433	18,334,356
Interest on real estate sales		15,307,178	—	—
		₱6,224,024,138	₱6,638,923,582	₱2,922,691,194

Revenue recognized over time amounted to ₱5,230.0 million in 2024, ₱6,164.8 million in 2023, and ₱2,444.0 million in 2022. Revenue recognized at a point in time consisting of lots sold amounted to ₱528.3 in 2024, ₱474.1 million in 2023, and ₱478.7 million in 2022.

Leasing revenue pertains to rent income and CUSA earned from various lease contracts of the Parent Company in ACPT, retail units of MPI in Arya Residences and dormitory units in Courtyard Hall, in which rent income is recognized on a straight-line basis under PAS 17, *Leases*.

Property management fees pertain to services rendered by APPS in the management and maintenance of all common areas of Arya Residences, ACPT, Cebu Exchange and Savya Financial Center. The service contract with Arya Residences Condominium Corporation had an initial term of seven (7) years from December 1, 2014 and the engagement was renewed for another five (5) years commencing on December 1, 2021. The terms of the service contracts with Arthaland Century Pacific Tower Condominium Corporation is seven (7) years from August 1, 2018, Cebu Exchange Condominium Corporation is five (5) years and Savya Financial Center Condominium Corporation is six (6) years both from September 1, 2023.

18. Operating Expenses

Operating expenses are classified as follows:

	2024	2023	2022
Administrative	₱1,009,172,950	₱821,439,823	₱616,716,251
Selling and marketing	454,809,392	529,115,673	255,280,513
	₱1,463,982,342	₱1,350,555,496	₱871,996,764

Details of operating expenses by nature are as follows:

	Note	2024	2023	2022
Personnel costs		₱374,808,551	₱276,523,524	₱243,066,638
Advertising		290,859,744	265,716,476	169,818,432
Communication and office expenses		174,649,594	111,166,961	61,225,843
Taxes and licenses		167,105,785	174,634,585	108,814,035
Commissions		163,949,648	263,399,197	85,462,081
Transportation and travel		71,788,384	60,516,180	38,230,621
Depreciation and amortization	11	68,537,131	62,614,519	43,445,740
Management and professional fees		63,407,400	42,641,046	54,585,146
Insurance		17,156,812	24,912,851	20,840,024
Repairs and maintenance		16,014,250	10,565,940	11,361,198
Utilities		7,861,747	36,331,964	10,713,419
Rent	22	6,502,154	6,133,894	3,601,857
Representation		2,448,591	1,280,730	1,204,856
Others		38,892,551	14,117,629	19,626,874
		₱1,463,982,342	₱1,350,555,496	₱871,996,764

Personnel costs consist of:

	Note	2024	2023	2022
Salaries and other employee benefits		₱348,542,987	₱258,855,447	₱216,296,070
Retirement expense	21	26,265,564	17,668,077	26,688,905
Stock options granted and fair value changes	16	—	—	81,663
		₱374,808,551	₱276,523,524	₱243,066,638

19. Finance Costs

This account consists of:

	Note	2024	2023	2022
Interest expense	14	₱1,481,978,933	₱1,016,185,458	₱497,872,467
Bank charges		4,949,882	4,164,974	2,799,997
		₱1,486,928,815	₱1,020,350,432	₱500,672,464

20. Other Income (Charges)

This account consists of:

	Note	2024	2023	2022
Interest income	5	₱249,156,724	₱293,392,563	₱28,605,128
Realized gain on disposals of financial assets at FVPL	6	84,031,978	73,157,830	30,063,000
Gain on repossession	9	68,237,042	96,979,144	5,398,638
Unrealized holding gains on financial assets at FVPL	6	12,176,374	858,794	2,215,632
Gain (loss) on disposal of property and equipment	11	4,457,347	(857,717)	369,071
Foreign exchange gains		2,446,735	4,437,686	8,540,438
Gain (loss) on sale of investment properties	10	(1,175,558)	1,198,576	–
Others		6,553,736	52,086,597	(7,140,013)
		₱425,884,378	₱521,253,473	₱68,051,894

Others pertains to forfeited collections, penalties for late rental payments, gain on sale of property and commissions.

21. Retirement Plan

The Group has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary. The normal retirement age is 60 with a minimum of five (5) years of credited service. The plan also provides for an early retirement at age 50 with minimum of five (5) years of credited service or late retirement after age 60, both subject to the approval of the Group's BOD.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

There are no unusual or significant risks to which the retirement liability exposes the Group. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Parent Company.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income for the year ended December 31, 2024 (based on the report of an independent actuary dated December 18, 2024).

Details of retirement expense is as follows (see Note 18):

	2024	2023	2022
Current service cost	₱26,490,326	₱19,830,224	₱23,235,167
Net interest cost	(224,762)	(2,162,147)	3,453,738
	₱26,265,564	₱17,668,077	₱26,688,905

Net retirement asset and net retirement liability (asset) presented in the consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	2024	2023
Net retirement liability	₱27,371,514	₱5,145,894
Net retirement asset	–	(14,151,768)
	₱27,371,514	(₱9,005,874)

The movements of net retirement liability (asset) recognized in the consolidated statements of financial position are as follows:

	2024	2023
Balance at beginning of year	(₱9,005,874)	(₱33,513,423)
Current service cost	26,490,326	19,830,224
Remeasurement losses (gains) on:		
Experience adjustments	10,310,519	(6,955,820)
Return on plan assets	2,413,192	2,626,156
Change in financial assumptions	(1,697,558)	14,700,839
Effect of asset ceiling	(914,329)	(3,531,703)
Net interest cost	(224,762)	(2,162,147)
Balance at end of year	₱27,371,514	(₱9,005,874)

The funded status and amounts recognized in the consolidated statements of financial position for the net retirement liability (asset) as at December 31, 2024 and 2023 are as follows:

	2024	2023
Present value of retirement liability	₱166,487,412	₱133,813,065
Fair value of plan assets	(139,115,898)	(143,680,782)
	27,371,514	(9,867,717)
Effect of asset ceiling	–	861,843
	₱27,371,514	(₱9,005,874)

While there are no minimum funding requirements in the country, any size of underfunding may pose a cash flow risk in about ten years' time when a significant number of employees is expected to retire.

The plan is underfunded by ₱27.4 million as at December 31, 2024 based on the latest actuarial valuation.

Changes in the present value of the retirement liability are as follows:

	2024	2023
Balance at beginning of year	₱133,813,065	₱105,737,174
Current service cost	26,490,326	19,830,224
Benefits paid from plan assets	(10,579,700)	(7,133,576)
Interest cost	8,150,760	7,634,224
Remeasurement losses (gains) on:		
Experience adjustments	10,310,519	(6,955,820)
Change in financial assumptions	(1,697,558)	14,700,839
Balance at end of year	₱166,487,412	₱133,813,065

Changes in the fair value of plan assets are as follows:

	2024	2023
Balance at beginning of year	₱143,680,782	₱143,348,290
Interest income	8,428,008	10,092,224
Benefits paid from plan assets	(10,579,700)	(7,133,576)
Remeasurement loss on return on plan assets	(2,413,192)	(2,626,156)
Balance at end of year	₱139,115,898	₱143,680,782

Plan assets are primarily composed of cash and cash equivalents, as well as unit investment trust accounts and do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in operations.

The cumulative remeasurement gains (losses) on net retirement liability/asset recognized in OCI as at December 31 are as follows:

	2024		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱53,985,704	₱13,582,718	₱40,402,986
Remeasurement loss	(10,111,824)	(2,527,956)	(7,583,868)
	₱43,873,880	₱11,054,762	₱32,819,118

	2023		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱60,825,176	₱15,292,586	₱45,532,590
Remeasurement loss	(6,839,472)	(1,709,868)	(5,129,604)
Balance at end of year	₱53,985,704	₱13,582,718	₱40,402,986

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2024	2023
Discount rate	6.18% to 6.21%	6.09% - 6.12%
Salary projection rate	6.00%	6.00%
Average remaining service years	22.1 to 31.3	21.4 to 31.5

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2024 and 2023 are presented below.

	Change in Assumption	Effect on Present Value of Retirement Liability	
		Discount Rate	Salary Projection Rate
December 31, 2024	+1%	(P17,105,219)	P20,392,041
	-1%	20,564,159	(17,280,969)
December 31, 2023	+1%	(9,922,241)	11,790,003
	-1%	11,763,643	(10,114,747)

There are no unusual or significant risks to which the benefit plan exposes the Group.

The expected future benefit payments within the next ten years are as follows:

Financial Year	Amount
2024	P34,326,181
2025	8,095,101
2026-2030	41,551,242
2031-2034	89,300,477

The weighted average duration of the retirement benefit obligation as at December 31, 2024 and 2023 are 10.6 years to 24.7 years and 10.5 years to 25.3 years, respectively.

22. Commitments

Operating Lease Commitments - Group as Lessor

The Parent Company entered into various lease agreements in ACPT for periods ranging from one (1) year to 10 years. Majority of lease agreements include an escalation clause of 5% every year. The lease contracts do not provide for any contingent rent.

MPI has various lease agreements for its retail units in Arya Residences. The term of the lease ranges from two (2) to five (5) years. The lease agreements also provide for various escalation rates for the duration of the agreements.

Cazneau has entered into lease agreements for its dormitory units in Courtyard Hall. The term is renewable every semester.

Leasing revenue recognized from these operating leases amounted to in P414.9 million 2024, P366.3 million in 2023, and P308.4 million in 2022 (see Note 17). Lease receivables amounted to P163.1 million and P170.4 million as at December 31, 2024 and 2023, respectively. Accrued rent receivable amounted to P18.0 million and P39.4 million as at December 31, 2024 and 2023, respectively (included under "Others" as part of "Receivables" in Note 7). Advance rent from tenants amounted to P58.5 million, and P66.0 million as at December 31, 2024 and 2023, respectively (see Note 13). Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to P125.3 million and P109.2 million as at December 31, 2024 and 2023, respectively (see Note 13).

The future minimum lease payments to be received under non-cancellable operating leases as at December 31 are as follows:

	2024	2023
Within one (1) year	₱248,245,631	₱186,081,037
After one (1) year but not more than five (5) years	500,636,048	274,949,803
	₱748,881,679	₱461,030,840

Finance Lease Commitment - Group as Lessee

The Group is a lessee under a non-cancellable lease agreements for transportation equipment for a period of three (3) to five (5) years. The ROU asset and lease liability recognized amounted to ₱24.5 million and ₱25.2 million, respectively, as of December 31, 2024 (see Notes 11 and 13).

Operating Lease Commitment - Group as Lessee

The Parent Company is a lessee under non-cancellable operating leases. For short-term and low value leases, rent expense recognized amounted to ₱6.5 million in 2024, ₱6.1 million in 2023, and ₱3.6 million in 2022 and (see Note 18).

Capital Commitments

The Group has remaining contractual obligations for the construction and development of real estate for sale amounting to ₱4,132.3 million and ₱4,008.7 million as of December 31, 2024 and 2023, respectively.

23. Income Taxes

The components of income tax expense are as follows:

	Note	2024	2023	2022
Reported in Profit or Loss				
Current:				
Final taxes		₱66,510,515	₱72,764,819	₱11,670,436
RCIT		14,358,362	180,158,033	157,618,212
MCIT		36,051,610	21,550,545	7,117,905
Gross income tax (GIT)		5,217,775	5,487,544	5,120,220
		122,138,262	279,960,941	181,526,773
Deferred		223,147,429	169,705,162	195,310,865
		₱345,285,691	₱449,666,103	₱376,837,638
Reported in OCI				
Deferred tax related to				
remeasurement loss (gains) on				
net retirement liability (asset)	21	₱2,527,956	₱1,709,868	(₱14,661,457)

Deferred Tax Assets and Deferred Tax Liabilities

The components of the Group's recognized deferred tax assets and liabilities are as follows:

	2024	2023
Deferred tax assets:		
NOLCO	₱925,188,957	₱489,288,250
Excess MCIT over RCIT	42,951,753	10,758,826
Retirement liability	34,170,154	31,162,343
Advance rent	12,583,583	13,972,895
Excess of commission expense over commissions paid	8,172,757	8,172,757
Allowance for impairment losses	4,437,348	436,698
Effect of PFRS 16	165,258	—
Unrealized foreign exchange loss	—	10,367
	1,027,669,810	553,802,136
Deferred tax liabilities:		
Cumulative gains on change in fair value of investment properties	2,354,812,179	1,965,361,360
Excess of financial over taxable gross profit	693,889,949	586,111,764
Depreciation of investment properties	62,377,834	52,373,261
Accrued rent receivable	15,382,839	9,340,072
Actuarial gain or loss	11,596,534	13,979,394
Transfer of fair value to property and equipment	9,884,186	10,108,826
Capitalized debt issue costs	7,634,465	7,806,996
Unrealized foreign exchange gain	1,789,696	1,577,690
	3,157,367,682	2,646,659,363
Net deferred tax liabilities	₱2,129,697,872	₱2,092,857,227

As at December 31, 2024 and 2023, the Group did not recognize deferred tax assets relating to the following:

	2024	2023
NOLCO	₱43,023,853	₱30,454,573
Excess MCIT over RCIT	545,459	5,582,330
	₱43,569,312	₱36,036,903

Management has assessed that these may not be realized in the future.

NOLCO and Excess MCIT over RCIT

The details of the Group's NOLCO and excess MCIT over RCIT are as follows:

NOLCO

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2024	₱—	₱1,790,767,181	₱—	₱—	₱1,790,767,181	2027
2023	844,756,976	—	—	—	844,756,976	2026
2022	497,335,416	—	—	—	497,335,416	2025
2021	225,928,120	—	—	—	225,928,120	2026
2020	419,261,187	—	—	—	419,261,187	2025
	₱1,987,281,699	₱1,790,767,181	₱—	₱—	₱3,778,048,880	

Under Republic Act No. 11494, also known as “Bayanihan to Recover As One Act” and Revenue Regulations No. 25-2020, NOLCO incurred for the taxable years 2020 and 2021 will be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

Excess MCIT over RCIT

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2024	₱—	₱35,180,910	₱—	₱—	₱35,180,910	2027
2023	7,031,690	—	—	—	7,031,690	2026
2022	3,983,074	—	—	—	3,983,074	2025
2021	5,324,366	—	—	5,324,366	—	2024
	₱16,339,130	₱35,180,910	₱—	₱5,324,366	₱46,195,674	

The reconciliation between the income tax based on statutory income tax rate and provision for income tax reported in the consolidated statements of comprehensive income is as follows:

	2024	2023	2022
Income tax computed at statutory tax rate	₱601,828,074	₱606,220,259	₱321,601,048
Add (deduct) tax effect of:			
Dividend income from subsidiaries	(252,250,000)	(132,500,000)	—
Nondeductible expenses	22,462,092	20,043,636	7,945,227
Income subject to GIT	(25,091,619)	(24,637,139)	(22,981,242)
Taxable rent	15,114,169	10,262,838	—
Interest income subjected to final tax	(12,471,930)	(14,963,627)	(1,428,899)
Realized gain on disposals of financial assets at FVPL subjected to final tax	(4,314,047)	(4,107,194)	(1,510,820)
Unrealized holding loss (gains) on financial assets at FVPL	(3,341,995)	115,234	(604,950)
Expired excess MCIT over RCIT	—	—	5,606,716
Expired NOLCO	—	—	49,716,484
Applied MCIT	—	—	3,635,334
Change in unrecognized deferred tax assets	3,350,947	(10,767,904)	14,858,740
	₱345,285,691	₱449,666,103	₱376,837,638

PEZA Registration

ACPT is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 1). The scope of its registered activity is limited to development, operation and maintenance of an economic zone.

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and
- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT.

24. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions.

	Nature of Transaction	Note	Transactions during the Year		Outstanding Balance	
			2024	2023	2024	2023
Due from Related Parties		7				
<i>Entity under common management</i>						
	Advances for working capital		₱—	₱1,346,242	₱5,674,454	₱7,029,299
<i>Principal stockholder</i>	Share purchase agreement		—	—	—	36,052,873
					₱5,674,454	₱43,082,172
Accounts Payable						
<i>Principal stockholder</i>	Management fee	13	₱—	₱3,349,798	₱—	₱3,349,798

Advances for Working Capital

This pertains to expenses advanced by the Group to the related parties. Outstanding balances of advances for working capital are non-interest bearing, unsecured, unguaranteed, collectible or payable on demand and to be settled in cash. The Group did not recognize allowance for ELC on due from related parties as at December 31, 2024 and 2023.

Share Purchase Agreement

On December 11, 2024, the ALCO's BOD approved the amendment on the share purchase agreement where the company shall no longer collect from CPG the amount of P36.1 million due to the considerable length of time the Complaint has been pending involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the property. The amendment resulted to the write-off of the receivable from CPG.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2024	2023	2022
Salaries and other employee benefits	P154,490,888	P127,231,751	P106,570,170
Retirement expense	20,193,519	16,366,953	26,688,905
	P174,684,407	P143,598,704	P133,259,075

25. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	2024						
	Balances at Beginning of Year	Financing Cash Flows		Noncash Transactions			Balances at End of the Year
		Availments	Payments	Additions/ Declaration	Amortization of Debt Issue Cost	Interest Expense	
Loans payable	₱11,186,817,196	₱10,010,967,199	(₱8,739,021,960)	₱—	₱17,262,316	₱—	₱12,476,024,751
Bonds payable	5,941,522,413	—	—	—	14,010,006	—	5,955,532,419
Advances from non-controlling interests	1,102,119,597	—	(92,000,000)	—	—	—	1,010,119,597
Dividends payable	5,686,177	—	(474,474,297)	519,920,847	—	—	51,132,727
Lease liability	—	—	(5,568,750)	29,015,160	—	1,740,739	25,187,149
Finance costs	—	—	(2,101,450,380)	—	—	2,101,450,380	—
	₱18,236,145,383	₱10,010,967,199	(₱11,412,515,387)	₱548,936,007	₱31,272,322	₱2,103,191,119	₱19,517,996,643

	2023						
	Balances at Beginning of Year	Financing Cash Flows		Noncash Transactions			Balances at End of Year
		Availments	Payments	Declaration	Amortization of Debt Issue Cost	Interest expense	
Loans payable	₱11,764,154,679	₱6,957,798,522	(₱7,552,224,045)	₱—	₱17,088,040	₱—	₱11,186,817,196
Bonds payable	5,925,771,148	—	—	—	15,751,265	—	5,941,522,413
Advances from non-controlling interests	1,102,119,597	—	—	—	—	—	1,102,119,597
Dividends payable	187,093,749	—	(758,500,714)	577,093,142	—	—	5,686,177
Finance costs	—	—	(1,590,273,466)	—	—	1,590,273,466	—
	₱18,979,139,173	₱6,957,798,522	(₱8,310,724,759)	₱577,093,142	₱32,839,305	₱1,590,273,466	₱18,236,145,383

26. Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Parent Company	₱575,999,975	₱948,309,181	₱821,081,648
Less share of Series C, D and F preferred shares in 2024 and 2023	(260,103,705)	(249,276,000)	(249,276,000)
Net income attributable to equity holders of the Parent Company for basic and diluted earnings per share	₱315,896,270	₱699,033,181	₱571,805,648
Weighted average number of common shares for diluted EPS	5,318,095,199	5,318,095,199	5,318,095,199
Basic and diluted EPS	₱0.0594	₱0.1314	₱0.1075

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

27. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash in banks, cash equivalents, financial assets at FVPL, receivables (excluding advances for project development and accrued rent receivable), deposits, amounts held in escrow, amounts held in trust, loans payable, bonds payable, accounts and other payables (except statutory liabilities, advance rent and advances from buyers) and advances from non-controlling interests.

It is the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

Credit Risk

The Group's exposure to credit risk arises from the failure of a counterparty to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of financial assets at amortized cost and contract assets represent its maximum credit exposure.

Trade Receivables and Contract Assets

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Group. Also, customers are required to deposit postdated checks to the Group covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at December 31, 2024 and 2023, there were no significant credit concentrations. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables and contract assets.

Other Financial Assets at Amortized Cost

The Group's other financial assets at amortized cost are mostly composed of cash in banks, cash equivalents, amounts held in escrow and amounts held in trust. The Group limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For deposits, credit risk is low since the Group only transacts with reputable companies and individuals with respect to this financial asset.

It is the Group's policy to measure ECL on the above 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. When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL

The Group is also exposed to credit risk in relation to its investment in money market fund that is measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

Assets that are credit-impaired are separately presented.

	2024				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	₱4,045,768,662	₱—	₱—	₱—	₱4,045,768,662
Financial assets at FVPL	—	—	—	1,895,958,320	1,895,958,320
Receivables**	—	1,753,712,299	1,746,790	—	1,755,459,089
Contract assets	—	7,625,261,813	—	—	7,625,261,813
Deposits	502,128,321	—	—	—	502,128,321
Amounts held in escrow	335,370,367	—	—	—	335,370,367
Amounts held in trust	9,503,621	—	—	—	9,503,621
	₱4,892,770,971	₱9,378,974,112	₱1,746,790	₱1,895,958,320	₱16,169,450,193

*Excludes cash on hand amounting to ₱195,000

**Excludes accrued rent receivable aggregating ₱18.0 million as at December 31, 2024.

	2023				Total
	Financial Assets at Amortized Cost			Financial Assets at FVPL	
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	₱5,605,111,553	₱—	₱—	₱—	₱5,605,111,553
Financial assets at FVPL	—	—	—	877,853,288	877,853,288
Receivables**	—	2,171,903,314	1,746,790	—	2,173,650,104
Contract assets	—	5,608,780,240	—	—	5,608,780,240
Deposits	93,566,878	—	—	—	93,566,878
Amounts held in escrow	221,594,852	—	—	—	221,594,852
Amounts held in trust	36,752,025	—	—	—	36,752,025
	₱5,957,025,308	₱7,780,683,554	₱1,746,790	₱877,853,288	₱14,617,308,940

*Excludes cash on hand amounting to ₱185,000.

**Excludes accrued rent receivable aggregating ₱39.4 million as at December 31, 2023.

Liquidity Risk

Liquidity risk is the risk that the Group may not be able to settle its obligations as they fall due.

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows as at December 31, 2024 and 2023:

	2024					
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱—	₱8,699,545,361	₱3,792,914,435	₱—	₱—	₱12,492,459,796
Bonds payable	—	3,000,000,000	—	—	3,000,000,000	6,000,000,000
Accounts and other payables*	637,212,544	2,330,364,457	—	—	—	2,967,577,001
Advances from non-controlling interest	1,010,119,597	—	—	—	—	1,010,119,597
	₱1,647,332,141	₱14,029,909,818	₱3,792,914,435	₱—	₱3,000,000,000	₱22,470,156,394

*Excludes advances from buyers, advance rent and statutory liabilities aggregating to ₱1,294.6 million as at December 31, 2024.

	2023					
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱—	₱5,471,788,859	₱2,995,187,898	₱2,482,311,480	₱268,413,820	₱11,217,702,057
Bonds payable	—	—	3,000,000,000	—	3,000,000,000	6,000,000,000
Accounts and other payables*	604,158,754	1,665,602,806	—	—	—	2,269,761,560
Advances from non-controlling interest	1,102,119,597	—	—	—	—	1,102,119,597
	₱1,706,278,351	₱7,137,391,665	₱5,995,187,898	₱2,482,311,480	₱3,268,413,820	₱20,589,583,214

*Excludes advances from buyers, advance rent and statutory liabilities aggregating to ₱1,351.3 million as at December 31, 2023.

The Group monitors its risk to a shortage of funds through analyzing the maturity of its financial investments and financial assets and cash flows from operations. The Group monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a daily basis to arrive at the projected cash position to cover its obligations.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on monthly, quarterly, and annual intervals.

The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Group's consolidated net income.

Capital Management

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

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

	2024	2023
Total liabilities	₱26,289,431,728	₱24,147,874,105
Total equity	14,252,302,840	13,116,171,785
Debt to equity ratio	1.84:1.00	1.84:1.00

The Group manages the capital structure and makes adjustments when there are changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Financial Ratios

The Group maintains and monitors certain financial ratios specifically those that measure its performance in terms of profitability, liquidity, and solvency on a regular basis. In terms of profitability, the usual metrics used is the Net Profit Margin, which measures whether a project is keeping up to the planned margins estimated during project planning and conceptualization given certain assumptions. For liquidity, the Group keeps an eye on its Current or Acid Test Ratio to determine its ability to meet its current or short-term obligations. The long-term financial well-being of the Group on the other hand is monitored and measured in Solvency Ratios specifically Debt (bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest) to Equity Ratio for Loan Covenant. The Group's top five key performance indicators, namely: (a) Current Ratio; (b) Debt to Equity Ratio; (c) Debt (bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest) to Equity Ratio for Loan Covenant; (d) Interest Coverage Ratio; and (e) Net Profit Margin.

Financial reports are presented regularly to the Group's Finance Committee every month including the above-mentioned financial ratios. While they may fluctuate and vary from time to time given the nature of the business, reasons for the variations between reporting periods and trends are discussed to determine any measures that need to be undertaken prospectively. Other than being used as barometers for the Group's levels of performance from one period to another, these financial ratios are also monitored to ensure the Group's compliance to some financial covenants with some banks with respect to credit facilities these financing institutions have extended or provided. To date, the Group has been compliant with all these covenants.

28. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

			2024		
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	6	₱1,895,958,320	₱1,895,958,320	₱—	₱—
Investment properties	10	14,590,019,555	—	1,971,065,512	12,618,954,043
Financial assets at amortized cost - Deposits	12	502,128,321	—	—	502,128,321
		₱16,988,106,196	₱1,895,958,320	₱1,971,065,512	₱13,121,082,364
Liability for which fair value is disclosed -					
Loans payable	14	₱12,476,024,751	₱—	₱—	₱12,658,799,990
Bonds payable	15	5,955,532,419	—	—	6,280,628,403
		₱18,431,557,170	₱—	₱—	₱18,939,428,393
2023					
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	6	₱877,853,288	₱877,853,288	₱—	₱—
Investment properties	10	13,175,632,447	—	1,856,644,669	11,318,987,778
Financial assets at amortized cost - Deposits	12	93,566,878	—	—	93,566,878
		₱14,147,052,613	₱877,853,288	₱1,856,644,669	₱11,412,554,656
Liability for which fair value is disclosed -					
Loans payable	14	₱11,186,817,196	₱—	₱—	₱11,186,817,196
Bonds payable	15	5,941,522,413	—	—	5,941,522,413
		₱17,128,339,609	₱—	₱—	₱17,128,339,609

The following methods and assumptions were used in estimating the fair value of the Group's financial assets and liabilities:

Financial Assets and FVPL. The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices.

Investment Properties. The fair value of investment properties were determined using discounted cash flow approach, depreciated replacement cost approach and market data approach.

Deposits. Deposits are measured at amortized cost. The fair value of deposits has not been determined using observable market data because management believes that the difference between fair value and carrying amount is not significant. The fair value of utility deposits has been categorized as level 3.

Loans and Bonds Payable. The fair value of the Group's loans and bonds payable were determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities. Interest-bearing loans and bonds payable include accrued interest in the estimation of its fair value.

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values as at December 31, 2024 and 2023:

	2024	2023
Financial assets:		
Cash and cash equivalents	₱4,045,963,662	₱5,605,296,553
Receivables*	1,753,712,299	2,171,903,314
Amounts held in escrow	335,370,367	221,594,852
Amounts held in trust	9,503,621	36,752,025
	₱6,144,549,949	₱8,035,546,744
Financial liabilities:		
Accounts and other payables**	₱2,967,577,001	₱2,269,761,560
Advances from non-controlling interests	1,010,119,597	1,102,119,597
	₱3,977,696,598	₱3,371,881,157

*Excludes accrued rent receivable aggregating ₱18.0 million and ₱39.4 million as at December 31, 2024 and 2023, respectively.

**Excludes advances from buyers, advance rent, statutory liabilities and lease liabilities aggregating ₱1,294.6 million and ₱1,351.3 million as at December 31, 2024 and 2023, respectively.

Cash and Cash Equivalents, Receivables, Amounts Held in Escrow, Amounts Held in Trust, Accounts and Other Payables and Advances from Non-controlling Interests. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

29. Classification of Consolidated Statements of Financial Position Accounts

The Group's current portions of its assets and liabilities as at December 31, 2024 and 2023 are as follows:

	Note	2024	2023
Current Assets			
Cash and cash equivalents	5	₱4,045,963,662	₱5,605,296,553
Financial assets at FVPL	6	1,895,958,320	877,853,288
Receivables	7	1,771,675,289	2,211,302,746
Contract assets	8	7,625,261,813	5,608,780,240
Real estate for sale	9	7,271,174,737	7,548,831,703
Other assets*	12	2,476,172,000	1,768,875,317
		₱25,086,205,821	₱23,620,939,847

*Excludes noncurrent portion of advances for asset purchase and land acquisition, deposits and deferred input VAT amounting to ₱563.9 million and ₱137.6 million as at December 31, 2024 and 2023, respectively.

	Note	2024	2023
Current Liabilities			
Accounts and other payables*	13	₱3,756,450,394	₱3,621,061,114
Current portion of loans payable	14	8,699,545,361	5,246,912,260
Current portion of bonds payable	15	3,000,000,000	—
Contract liabilities	8	428,492,840	198,350,664
Advances from non-controlling interests**	4	—	1,102,119,597
		₱15,884,488,595	₱10,168,443,635

*Excludes noncurrent portion of retention payable, deferred output VAT, and lease liability amounting to ₱505.7 million and nil as at December 31, 2024 and 2023, respectively.

**Excludes noncurrent portion of advances from non-controlling interests amounting to ₱1,010.1 million and nil as at December 31, 2024 and 2023, respectively.

30. Operating Segment Information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to sale of real estate, leasing and property management services.

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS Accounting Standards. The presentation and classification of segment revenue and expenses are consistent with the consolidated statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the consolidated statements of financial position.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2024, 2023 and 2022:

2024						
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱5,773,479,748	₱414,901,457	₱494,193,235	₱-	(₱458,550,302)	₱6,224,024,138
Segment expenses	(4,401,083,562)	(161,816,431)	(181,108,787)	(1,413,511,073)	164,212,554	(5,993,307,299)
Segment profit	1,372,396,186	253,085,026	313,084,448	(1,413,511,073)	(294,337,748)	230,716,839
Net gain on change in fair value of investment properties	-	1,933,989,204	-	-	-	1,933,989,204
Finance costs	-	-	-	(1,651,651,045)	164,722,230	(1,486,928,815)
Other income - net	-	-	-	425,884,378	-	425,884,378
Income before income tax	1,372,396,186	2,187,074,230	313,084,448	(2,639,277,740)	(129,615,518)	1,103,661,606
Provision for income tax	-	-	-	-	-	(345,285,691)
Net income	-	-	-	-	-	758,375,915
Other comprehensive loss	-	-	-	-	-	(7,583,868)
Total comprehensive income	-	-	-	-	-	₱750,792,047
Assets	₱7,655,935,731	₱14,590,019,556	₱358,214,091	₱28,486,901,276	(₱10,549,336,086)	₱40,541,734,568
Liabilities	(₱6,192,787,928)	(₱60,722,065)	₱-	(₱24,590,802,181)	₱7,952,139,540	(₱26,289,431,728)

2023						
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱6,251,574,060	₱366,299,089	₱228,620,468	₱-	(₱207,570,035)	₱6,638,923,582
Segment expenses	(3,684,000,551)	(143,250,409)	(137,397,407)	(1,424,254,541)	113,633,739	(5,275,269,169)
Segment profit	2,567,573,509	223,048,680	91,223,061	(1,424,254,541)	(93,936,296)	1,363,654,413
Net gain on change in fair value of investment properties	-	974,092,333	-	-	-	974,092,333
Finance costs	(208,516,416)	-	-	(1,020,350,432)	208,516,416	(1,020,350,432)
Other income - net	-	-	-	521,253,473	-	521,253,473
Income before income tax	2,359,057,093	1,197,141,013	91,223,061	(1,923,351,500)	114,580,120	1,838,649,787
Provision for income tax	-	-	-	-	-	(449,666,103)
Net income	-	-	-	-	-	1,388,983,684
Other comprehensive loss	-	-	-	-	-	(5,129,604)
Total comprehensive income	-	-	-	-	-	₱1,383,854,080
Assets	₱8,017,297,137	₱13,168,863,171	₱101,378,769	₱25,311,040,703	(₱9,334,533,890)	₱37,264,045,890
Liabilities	(₱4,498,162,517)	(₱1,750,203,148)	₱-	(₱25,713,337,186)	₱7,813,828,746	(₱24,147,874,105)

2022						
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱2,595,989,838	₱308,367,000	₱287,539,419	₱-	(₱269,205,063)	₱2,922,691,194
Segment expenses	(1,714,041,387)	(118,369,626)	(114,827,072)	(879,780,228)	150,960,138	(2,676,058,175)
Segment profit	881,948,451	189,997,374	172,712,347	(879,780,228)	(118,244,925)	246,633,019
Net gain on change in fair value of investment properties	-	1,435,889,906	-	-	-	1,435,889,906
Finance costs	(242,859,908)	-	-	(500,672,464)	242,859,908	(500,672,464)
Other income - net	-	-	-	68,051,894	-	68,051,894
Income before income tax	639,088,543	1,625,887,280	172,712,347	(1,312,400,798)	124,614,983	1,249,902,355
Provision for income tax	-	-	-	-	-	(376,837,638)
Net income	-	-	-	-	-	873,064,717
Other comprehensive income	-	-	-	-	-	43,984,369
Total comprehensive income	-	-	-	-	-	₱917,049,086
Assets	₱9,746,531,596	₱11,277,167,365	₱24,644,541	₱24,702,238,191	(₱9,357,874,604)	₱36,392,707,089
Liabilities	(₱4,685,204,776)	(₱1,425,000,000)	₱-	(₱26,004,371,346)	₱7,782,179,963	(₱24,332,396,159)

31. Events After Reporting Period

Declaration of Cash Dividends

ALCO's BOD approved and declared the following cash dividends:

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series D Preferred Shares	January 22, 2025	February 7, 2025	March 3, 2025	₱45,000,000	₱7.5000
Series F Preferred Shares	March 26, 2025	April 15, 2025	May 15, 2025	45,465,705	9.1575

Amendments to the Articles of Incorporation (AOI)

On January 22, 2025, ALCO's BOD approved the proposal to amend its Article Seventh of the AOI by decreasing its authorized capital stock by ₱10.0 million. The foregoing decrease in the authorized capital stock corresponds to the redemption of Preferred Shares Series C on June 27, 2024 (see Note 16).

On January 27, 2025, ZLDC's BOD approved the proposal to amend its AOI to increase its authorized capital stock by 20.0 million through the creation of 20.0 million Preferred Shares Series B with ₱1 par value. ZLDC's existing 0.5 million non-redeemable, non-cumulative and voting preferred shares with ₱100 par value will be reclassified as Preferred Shares Series A.

Reallocation of Use of Proceeds

Green Bonds Second Tranche

On January 22, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the second tranche of green bonds effective February 21, 2025 (see Note 16).

Preferred Shares Series F

On March 26, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the Series F Preferred Shares effective April 25, 2025 (see Note 16).

Parent Company's Subscription to Preferred Shares of a Subsidiary

On January 22, 2025, ALCO's BOD approved its subscription to 7.1 million Preferred Shares Series B of ZLDC at a subscription price of ₱100 per share once ZLDC's proposed increase in authorized capital stock is approved by the SEC.



REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Arthaland Corporation and Subsidiaries (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and have issued our report thereon dated March 26, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedule of Financial Soundness Indicators
- Schedules required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68
- Schedule of Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration
- Conglomerate Map

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards Accounting Standards and may not comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and no material exceptions were noted.

These schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the basic consolidated financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

March 26, 2025
Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2024

Below is a schedule showing financial soundness indicators in the years 2024, 2023 and 2022.

	2024	2023	2022
Current/Liquidity Ratio	1.58	2.32	2.44
Current assets	₱25,086,205,821	₱23,620,939,847	₱24,560,191,116
Divided by: Current liabilities	15,884,488,595	10,168,443,635	10,077,767,970
Acid Test Ratio	0.49	0.86	0.93
Quick assets (Cash and cash equivalents, financial assets at FVPL and receivables)	7,713,597,271	8,694,452,587	9,422,388,129
Divided by: Current liabilities	15,884,488,595	10,168,443,635	10,077,767,970
Solvency Ratio	0.03	0.06	0.04
Net income before depreciation	826,961,062	1,451,735,811	916,982,969
Divided by: Total liabilities	26,289,431,728	24,147,874,105	24,332,396,159
Debt-to-Equity Ratio	1.84	1.84	2.02
Total liabilities	26,289,431,728	24,147,874,105	24,332,396,159
Divided by: Total equity	14,252,302,840	13,116,171,785	12,060,310,930
Debt-to-Equity Ratio for Loan Covenant	1.36	1.39	1.56
Total Debt (Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest)	19,441,676,767	18,230,459,206	18,792,045,424
Total Equity	14,252,302,840	13,116,171,785	12,060,310,930
Asset-to-Equity Ratio	2.84	2.84	3.02
Total assets	40,541,734,568	37,264,045,890	36,392,707,089
Divided by: Total equity	14,252,302,840	13,116,171,785	12,060,310,930
Interest Rate Coverage Ratio	1.74	2.81	3.51
Pretax income before interest	2,585,640,539	2,854,835,245	1,747,774,822
Divided by: Interest expense	1,481,978,933	1,016,185,458	497,872,467
Return on Assets Ratio	0.02	0.04	0.02
Net income	758,375,915	1,388,983,684	873,064,717
Divided by: Total assets	40,541,734,568	37,264,045,890	36,392,707,089
Return on Equity Ratio	0.05	0.11	0.07
Net income	758,375,915	1,388,983,684	873,064,717
Divided by: Total equity	14,252,302,840	13,116,171,785	12,060,310,930

ARTHALAND CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF REVISED SRC RULE 68
DECEMBER 31, 2024

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<i><u>Schedule</u></i>	<i><u>Description</u></i>	<i><u>Page</u></i>
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E	Indebtedness to Related Parties	<u>N/A</u>
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ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Consolidated Statements of Financial Position	Value based on Market Quotation at End of Reporting Year	Income Received and Accrued
Financial assets at FVPL for which the amounts are not more than two percent (2%) of total assets	₱1,895,958,320	₱1,895,958,320	₱1,895,958,320	₱13,367,979

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024

Name and designation of debtor	Balance at beginning of year	Additions	Deductions		Ending Balance		Balance at end of year
			Amounts collected	Amounts written off	Current	Not current	
Due from Related Parties -							
Signature Office Property, Inc.	₱5,722,499	₱—	(₱48,045)	₱—	₱—	₱—	₱5,674,454
CPG Holdings, Inc.	36,052,873	—	—	(36,052,873)	—	—	—
Centrobless Corporation	1,306,800	—	(1,306,800)	—	—	—	—
	₱43,082,172	₱—	(₱1,354,845)	(₱36,052,873)	₱—	₱—	₱5,674,454

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Deductions	Ending Balance		Balance at end of year
				Amounts written off	Current	Not current	
Advances to subsidiaries:							
Cebu Lavana Land Corp.	₱3,336,796,699	₱9,680,936	(₱409,481,705)	₱—	₱—	₱—	₱2,936,995,930
Cazneau, Inc.	785,834,002	173,342,321	(4,630,913)	—	—	—	954,545,410
Zileya Land Development, Inc.	432,140,985	95,000,428	(17,969)	—	—	—	527,123,444
Bhavana Properties Inc.	331,800,000	—	—	—	—	—	331,800,000
Bhavya Properties Inc.	314,408,714	—	—	—	—	—	314,408,714
Urban Property Holdings, Inc. (net of allowance for impairment amounting to ₱3,261,249)	157,667,178	7,400,000	—	—	—	—	165,067,178
Kashtha Holdings Inc.	296,767,527	10,000,000	(152,267,527)	—	—	—	154,500,000
Pradhana Land Inc.	820,084	48,752,941	—	—	—	—	49,573,025
Arthaland Property Prestige Solutions, Inc.	3,247,353	3,199,603	—	—	—	—	6,446,956
Manchesterland Properties, Inc.	6,221,503	62,455	(1,883,958)	—	—	—	4,400,000
	₱5,665,704,045	₱347,438,684	(₱568,282,072)	₱—	₱—	₱—	₱5,444,860,657
Advances from subsidiaries:							
Manchesterland Properties, Inc.	₱284,632,299	₱—	₱—	₱—	₱—	₱—	₱284,632,299
Cazneau, Inc.	654,211	—	(654,211)	—	—	—	—
Cebu Lavana Land Corp.	548,700	34,178	(582,878)	—	—	—	—
Savya Land Development Corporation	61,109	—	(61,109)	—	—	—	—
	₱285,896,319	₱34,178	(₱1,297,198)	₱—	₱—	₱—	₱284,632,299

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt” related balance sheet	Amount shown under caption “Long-Term Debt” in related statement of financial position			
			Carrying amount	Interest Rates	Payment Terms	Maturity Dates
Bank Loans:						
Bank 1	₱500,000,000	₱500,000,000	₱—	8.75%	At end of term	March 31, 2025 to August 29, 2025
Bank 2	500,000,000	328,125,000	666,202,408	6% to 8.123%	Quarterly	May 22, 2026 to November 24, 2027
Bank 3	350,000,000	—	350,000,000	7.75%	At end of term	July 25, 2025
Bank 4	300,000,000	150,000,000	—	8.85%	At end of term	January 29, 2025
Bank 5	400,000,000	400,000,000	—	7.00%	At end of term	June 26, 2025
Bank 6	605,000,000	605,000,000	—	8.50%	At end of term	February 19, 2025 to March 19, 2025
Bank 7	1,450,000,000	696,281,667	—	8.5% to 8.75%	At end of term	February 11, 2025 to June 17, 2025
Bank 8	2,000,000,000	600,000,000	—	5.50%	At end of term	July 8, 2025
Bank 9	1,000,000,000	1,000,000,000	—	6.35%	At end of term	February 6, 2025
Bank 10	1,000,000,000	304,166,667	373,244,770	6.25% to 8.49%	Quarterly	August 10, 2026
Bank 11	250,000,000	69,100,000	—	8.5% to 9%	At end of term	February 18, 2025 to June 11, 2025
Bank 12	500,000,000	58,443,235	—	8.25%	At end of term	October 29, 2025
Bank 13	500,000,000	—	472,660,730	6.75%	At end of term	May 4, 2026 to April 16, 2027
Bank 14	309,191,235	89,073,703	—	6.75%	At end of term	February 15, 2025 to June 17, 2025
Bank 15	671,527,000	221,527,000	171,527,000	7.50%	At end of term	March 13, 2025 to September 8, 2025
Bank 16	500,000,000	352,272,625	—	8.5% to 8.75%	At end of term	January 14, 2025 to June 25, 2025
Bank 17	1,000,000,000	501,914,674	168,879,290	6.5% to 6.75%	At end of term	January 27, 2025 to December 27, 2026
Bank 18	930,000,000	139,500,000	752,755,958	6.17% to 8.78%	Quarterly	November 27, 2026
Bank 19	1,200,000,000	547,449,453	—	7.04% to 7.25%	At end of term	March 30, 2025
Bank 20	500,000,000	34,380,838	—	8.25%	At end of term	March 28, 2025
Bank 21	930,000,000	104,625,000	821,209,234	6.37% to 9.1%	Quarterly	January 5, 2027
Bank 22	500,000,000	217,027,000	—	7.50%	At end of term	August 8, 2025 to November 7, 2025
Bank 23	1,000,000,000	346,434,529	—	8.00%	At end of term	October 29, 2025
Bank 24	1,381,000,000	1,381,000,000	—	8.50%	At end of term	February 5, 2025 to March 19, 2025
Various loans from private funders	53,223,970	53,223,970	—	5.40%	Renewable on maturity	January 13, 2025 to June 6, 2025
	₱18,329,942,205	₱8,699,545,361	₱3,776,479,390			

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2024

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common shares - ₱0.18 par value per share	16,368,095,199	5,318,095,199	—	3,650,954,906	76,715,159	1,590,425,134
Preferred shares - ₱1.00 par value per share	80,000,000	47,464,860	—	26,500,000	—	20,964,860

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024**

ARTHALAND CORPORATION
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

	Amount
Retained earnings available for dividend declaration as at the beginning of reporting period	₱197,737,148
Less: Category B: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	323,920,847
Retirement of preferred shares series B	23,558,459
	347,479,306
Deficit , as adjusted	(149,742,158)
Add: Net income for the current year	907,319,549
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	(11,570,014)
Unrealized fair value gain of investment property	(608,384,791)
	(619,954,805)
Sub-total	137,622,586
Less: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	(1,741,646)
Sub-total	135,880,940
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of net deferred tax asset not considered in the reconciling items under the previous categories	(12,024,182)
Retained earnings available for dividend declaration as at the end of reporting period	₱123,856,758

ARTHALAND CORPORATION
SCHEDULE OF USE OF PROCEEDS
DECEMBER 31, 2024

Green Bonds - Second Tranche

The gross proceeds from the offer of the second tranche of the Bonds amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Makati CBD Residential Project 1	₱226.0	₱226.0	₱95.0	₱131.0
Project Vanilla	1,120.0	1,120.0	—	1,120.0
ACPT Loan and Others	276.0	225.0	225.0	—
Project Olive	1,378.0	1,378.0	—	1,378.0
Total	₱3,000.0	₱2,949.0	₱320.0	₱2,629.0

Series F Preferred Shares

The gross proceeds from the offer of Series F Preferred Shares amounted to ₱2,482.4 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,451.5 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱—
Project Teal	1,140.0	1,140.0	—	1,140.0
ACPT Loans and Others	342.4	311.5	—	311.5
Total	₱2,482.4	₱2,451.5	₱1,000.0	₱1,451.5

ARTHALAND CORPORATION

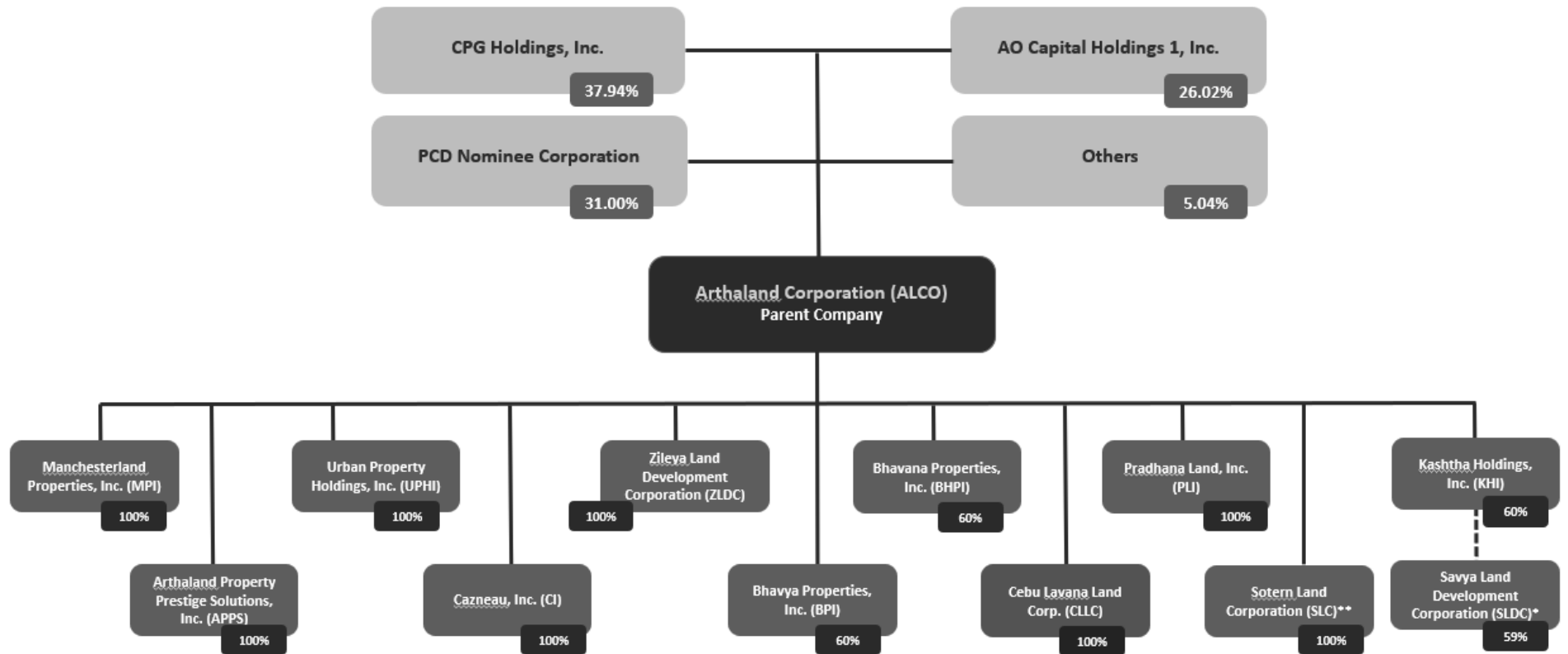
**SUPPLEMENTARY SCHEDULES OF EXTERNAL AUDITOR FEE RELATED INFORMATION
DECEMBER 31, 2024 AND 2023**

	2024	2023
Total Audit Fees	₱5,665,000	₱4,370,000
Non-audit services fees:		
Other assurance services	3,500,000	250,000
Tax services	892,857	—
All other services	540,000	180,000
Total Non-Audit Fees	4,932,857	430,000
Total Audit and Non-audit Fees	₱10,597,857	₱4,800,000

Audit and Non-audit Fees of Other Related Entities

	2024	2023
Audit Fees	₱—	₱—
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Audit and Non-audit Fees of Other Related Entities	₱—	₱—

CONGLOMERATE MAP



*Indirect ownership
**Incorporated April 2024

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From eafs@bir.gov.ph <eafs@bir.gov.ph>
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To Romel J. Espinoza <RJESPINOZA@ARTHALAND.COM>
Cc Romel J. Espinoza <RJESPINOZA@ARTHALAND.COM>

Hi ARTHALAND CORPORATION,

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Transaction Code: **AFS-0-NZQ241ZT024W2VNWPQ3PWZWVY0CBED6F8**

Submission Date/Time: **Apr 14, 2025 08:35 PM**

Company TIN: **004-450-721**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

Management of **ARTHALAND CORPORATION** (the “Corporation”) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 2024, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

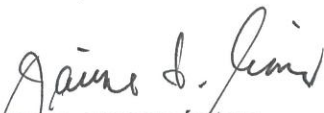
The Board of Directors is responsible in overseeing the Corporation's financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Corporation in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this **26th** day of **March 2025**, **Taguig City, Philippines**.


ERNEST K. CUYEGKENG
Chairman of the Board


JAIME C. GONZÁLEZ
Vice Chairman and President


MARIVIC S. VICTORIA
Chief Finance Officer

SUBSCRIBED AND SWORN, to before me this **15 APR 2025**
In the City of Makati. Affiant exhibited to me his/her Competent
Evidence of Identity No. _____
Issued on _____ at _____


ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2025

Appointment No. M-016-(2024-2025)
PTR No. 10466007 Jan. 2, 2025/ Makati
IBP Lifetime No. 04697 Roll No. 45790
MCLE Compliance No. VIII-0025286 / 3-27-25
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

ARTHALAND CORPORATION
Head Office, 7F Arthaland Century Pacific Tower
5th Avenue corner 30th Street, Bonifacio Global City
1634 Taguig City, Philippines

(+632) 8 403 6910 | www.arthaland.com

Doc No. **493**
Page No. **100**
Book No. **49**
Series of 20 **75**



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Arthaland Corporation
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited the separate financial statements of Arthaland Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2024 and 2023, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2024 and 2023, and its separate financial performance and its separate cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with PFRS Accounting Standards, 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 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.



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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these 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 audits 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 auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 separate 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

March 26, 2025

Makati City, Metro Manila

ARTHALAND CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2024	2023
ASSETS			
Cash and cash equivalents	4	₱3,465,872,862	₱4,040,018,465
Financial assets at fair value through profit or loss (FVPL)	5	1,528,745,250	294,175,235
Receivables	6	1,835,953,382	1,164,164,934
Creditable withholding taxes (CWT)		474,951,493	401,248,045
Real estate for sale	7	257,802,525	254,943,999
Investment properties	8	7,555,247,291	6,737,104,251
Property and equipment	9	253,666,664	248,520,256
Investments in and advances to subsidiaries	10	7,267,714,683	6,925,558,072
Net retirement asset	21	–	14,151,768
Other assets	11	398,608,934	255,616,456
		₱23,038,563,084	₱20,335,501,481
LIABILITIES AND EQUITY			
Liabilities			
Accounts and other payables	12	₱781,610,961	₱643,631,950
Loans payable	13	5,295,609,075	4,810,948,582
Bonds payable	14	5,955,532,419	5,941,522,413
Advances from subsidiaries	20	284,632,299	285,896,319
Retirement liability	21	19,442,830	–
Net deferred tax liabilities	23	557,541,381	551,925,818
Total Liabilities		12,894,368,965	12,233,925,082
Equity			
Capital stock	15	1,004,721,996	1,005,757,136
Additional paid-in capital		6,464,321,710	5,973,360,513
Retained earnings		3,633,198,985	3,073,358,742
Treasury shares	15	(1,000,000,000)	(2,000,000,000)
Cumulative remeasurement gains on net retirement asset - net of deferred tax	21	34,789,601	41,938,181
Stock options	15	7,161,827	7,161,827
Total Equity		10,144,194,119	8,101,576,399
		₱23,038,563,084	₱20,335,501,481

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2024	2023	2022
REVENUES				
Leasing operations	8	₱355,996,794	₱329,289,020	₱296,902,183
Project management and developer's fees		375,002,463	186,365,898	252,156,099
		730,999,257	515,654,918	549,058,282
COST OF SERVICES				
Cost of leasing operations	8	105,740,605	114,793,032	105,889,354
Cost of services	16	112,791,416	97,827,257	91,655,228
		218,532,021	212,620,289	197,544,582
GROSS INCOME		512,467,236	303,034,629	351,513,700
OPERATING EXPENSES	17	(509,715,330)	(422,887,356)	(363,158,281)
FINANCE COSTS	18	(903,098,920)	(824,636,918)	(497,303,954)
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	8	811,179,721	307,152,883	254,646,727
OTHER INCOME - Net	19	1,076,838,131	968,832,934	480,529,885
INCOME BEFORE INCOME TAX		987,670,838	331,496,172	226,228,077
PROVISION FOR (BENEFIT FROM) INCOME TAX	23	80,351,289	(81,065,403)	33,330,143
NET INCOME		907,319,549	412,561,575	192,897,934
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss -</i>				
Remeasurement gains (losses) on net retirement asset	21	(9,531,439)	(5,282,238)	57,294,636
Income tax benefit (expense) relating to item that will not be reclassified	23	2,382,859	1,320,560	(14,323,659)
		(7,148,580)	(3,961,678)	42,970,977
TOTAL COMPREHENSIVE INCOME		₱900,170,969	₱408,599,897	₱235,868,911

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2024	2023	2022
CAPITAL STOCK				
	15			
Common - at ₱0.18 par value - issued and outstanding		₱957,257,136	₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value				
Balance at beginning of year		48,500,000	48,500,000	48,500,000
Issuance of preferred shares		18,964,860	—	—
Cancellation of preferred shares		(20,000,000)	—	—
Balance at end of year		47,464,860	48,500,000	48,500,000
		1,004,721,996	1,005,757,136	1,005,757,136
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		5,973,360,513	5,973,360,513	5,973,360,513
Issuance of preferred shares		2,477,465,140	—	—
Cancellation of preferred shares		(1,956,441,541)	—	—
Stock issuance costs		(30,062,402)	—	—
Balance at end of year		6,464,321,710	5,973,360,513	5,973,360,513
TREASURY SHARES				
Balance at beginning of year - redemption of 20.0 million Series B Preferred Shares		(2,000,000,000)	(2,000,000,000)	(2,000,000,000)
Cancellation of Series B Preferred Shares	15	2,000,000,000	—	—
Redemption of 10.0 million Series C Preferred Shares	15	(1,000,000,000)	—	—
Balance at end of year		(1,000,000,000)	(2,000,000,000)	(2,000,000,000)
STOCK OPTIONS				
Balance at beginning of the year	15	7,161,827	7,161,827	7,080,164
Fair value of stock options		—	—	81,663
Balance at end of year		7,161,827	7,161,827	7,161,827
RETAINED EARNINGS				
Balance at beginning of year		3,073,358,742	2,973,890,309	3,094,085,517
Net income		907,319,549	412,561,575	192,897,934
Dividends declared during the year	15	(323,920,847)	(313,093,142)	(313,093,142)
Cancellation of preferred shares		(23,558,459)	—	—
Balance at end of year		3,633,198,985	3,073,358,742	2,973,890,309
CUMULATIVE REMEASUREMENT GAINS ON NET RETIREMENT ASSET - Net of tax				
	21			
Balance at beginning of year		41,938,181	45,899,859	2,928,882
Remeasurement gains (losses) on net retirement asset		(9,531,439)	(5,282,238)	57,294,636
Income tax benefit (expense) relating to other comprehensive income	23	2,382,859	1,320,560	(14,323,659)
Balance at end of year		34,789,601	41,938,181	45,899,859
		₱10,144,194,119	₱8,101,576,399	₱8,006,069,644

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱987,670,838	₱331,496,172	₱226,228,077
Adjustments for:				
Interest expense	13	900,583,892	823,187,326	495,835,606
Gain on change in fair value of investment properties	8	(811,179,721)	(307,152,883)	(254,646,727)
Interest income	4	(375,687,922)	(382,004,220)	(168,194,085)
Realized gain on disposals of financial assets at FVPL	5	(46,952,211)	(26,739,011)	(17,308,102)
Depreciation and amortization	9	36,679,783	33,776,954	29,817,269
Write-off of receivables	19	36,052,873	–	6,753,978
Retirement expense	21	24,063,159	16,624,477	25,504,155
Write-off of accounts and other payables	12	(17,495,195)	–	–
Provision for impairment of deposits	11	16,002,600	–	–
Unrealized holding losses (gains) on financial assets at FVPL	5	(11,570,014)	1,741,646	(1,325,368)
Amortization of initial direct leasing costs	8	5,338,684	1,357,221	3,834,926
Loss (gain) on disposal of property and equipment	9	(4,457,347)	857,717	(369,071)
Unrealized foreign exchange losses (gains)		(545,675)	3,761,137	(4,969,773)
Net loss on sale and purchase of investments in subsidiaries		–	–	11,763,485
Provision for expected credit loss	17	–	–	1,746,790
Stock options		–	–	81,663
Operating income before working capital changes		738,503,744	496,906,536	354,752,823
Decrease (increase) in:				
Receivables		(557,493,855)	78,364,675	(130,371,502)
Real estate for sale		(2,858,526)	(1,617,520)	(253,326,479)
Other assets		(152,232,191)	19,098,430	189,352,687
Increase (decrease) in accounts and other payables		51,202,052	170,955,055	(470,632,951)
Net cash generated from (used in) operations		77,121,224	763,707,176	(310,225,422)
Interest received		225,340,458	228,090,391	24,150,204
Income tax paid		(146,056,316)	(86,791,275)	(50,293,035)
Contributions to retirement plan assets	21	–	–	(120,000,000)
Net cash used in operating activities		156,405,366	905,006,292	(456,368,253)

(Forward)

Years Ended December 31				
	Note	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVPL	5	₱9,661,446,656	₱6,499,259,561	₱7,166,814,890
Property and equipment		4,457,347	3,327,270	19,065,260
Additions to:				
Financial assets at FVPL	5	(10,837,494,446)	(5,345,332,148)	(4,693,154,623)
Software and licenses	11	(10,890,229)	(8,602,737)	–
Property and equipment	9	(9,570,850)	(34,226,996)	(53,667,042)
Investment properties	8	–	(5,353,024)	(6,857,471)
Increase in investments in and advances to subsidiaries		(342,156,611)	(123,740,554)	(621,171,530)
Net cash provided by (used in) investing activities		(1,534,208,133)	985,331,372	1,811,029,484
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from:				
Loans payable	13	5,585,509,167	2,925,000,000	2,425,000,000
Bonds payable		–	–	2,959,176,969
Payments of:				
Loans payable	13	(5,107,040,000)	(3,330,000,000)	(2,957,723,970)
Dividends payable	24	(278,474,297)	(314,500,714)	(312,514,786)
Finance costs		(856,574,377)	(918,517,729)	(623,287,848)
Proceeds from issuance of preferred shares		2,466,367,598	–	–
Redemption of preferred shares series B	15	(1,000,000,000)	–	–
Payment of lease liabilities	12	(5,412,582)	–	–
Proceeds from (payments of) advances from subsidiaries	20	(1,264,020)	70,566	(11,625,205)
Net cash provided by (used in) financing activities		803,111,489	(1,637,947,877)	1,479,025,160
NET EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS				
		545,675	(3,761,137)	4,969,773
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(574,145,603)	248,628,650	2,838,656,164
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		4,040,018,465	3,791,389,815	952,733,651
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		₱3,465,872,862	₱4,040,018,465	₱3,791,389,815
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	4			
Cash on hand		₱65,000	₱65,000	₱65,000
Cash in banks		608,436,141	575,880,335	182,540,939
Cash equivalents		2,857,371,721	3,464,073,130	3,608,783,876
		₱3,465,872,862	₱4,040,018,465	₱3,791,389,815

Years Ended December 31				
	Note	2024	2023	2022
NONCASH FINANCIAL INFORMATION				
Cancellation of 20.0 million Series B Preferred Shares	15	₱2,000,000,000	₱—	₱—
Initial recognition of right-of-use asset	9	28,128,000	—	—
Reclassification of investment to advances	10	—	65,800,000	—
Application of advances for asset purchase to real estate for sale		—	—	219,674,259

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2024 AND 2023 AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

1. General Information

Corporate Information

Arthaland Corporation (the Company or ALCO) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 10, 1994. ALCO's common shares and Series C, D and F preferred shares are listed for trading in the Philippine Stock Exchange (PSE). The Company is primarily engaged in real estate development and leasing.

The Company is currently 37.94% owned by CPG Holdings, Inc. (CPG), a holding company incorporated in the Philippines, and 26.02% owned by AO Capital Holdings 1, Inc. (AOCH1), a holding company also incorporated in the Philippines.

The registered office and principal place of business of the Company is located at 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City.

Projects

Arya Residences

ALCO's first major development project is the Arya Residences Towers 1 and 2 (Arya Residences) located in BGC, Taguig City. Completed in 2016, Arya Residences is the first top-market residential condominium development in the Philippines to be awarded with Leadership in Energy and Environmental Design™ (LEED) Gold certification by the US Green Building Council (USGBC) and Building for Ecologically Responsive Design Excellence (BERDE) 4-Star rating by the Philippine Green Building Council (PHILGBC). In 2020, the building earned another certification from PHILGBC, Advancing Net Zero/PH 3-Star.

Arthaland Century Pacific Tower (ACPT)

ACPT is ALCO's flagship project in BGC, which was constructed starting in 2014 and completed in 2019. Designed by Skidmore, Owings & Merrill (SOM), it is a 30-storey AAA-grade office building. ACPT is the first in the Philippines to earn dual certifications: LEED Platinum and 5-Star BERDE in 2018. It is also registered as a PEZA Ecozone Facilities Enterprise (see Note 23).

In 2019, ACPT became the world's first net zero certified building under International Finance Corporation's (IFC) Excellence in Design for Greater Efficiencies (EDGE) rating system. This added to its earlier LEED and BERDE certifications. Since 2020, it has also held the WELL Building Standard (WELL) Health-Safety Rating from International WELL Building Institute (IWBI), recognizing its high standards for health and safety.

Project Vanilla

ALCO is also negotiating for the acquisition of an undivided interest in half of a five-hectare property in the middle of the most prime city center area in Southern Philippines. The acquisition program is expected to be completed between 2024 to 2027 to manage the funding requirements over time. ALCO plans to develop the property over multiple phases from 2026 to 2035 to provide a steady pipeline of projects which will contribute to the revenues of ALCO over the long-term. It is envisioned to be a sustainable, master planned development which will have commercial, residential and retail components.

Project Olive

ALCO is in the final phase of the acquisition of a property with a gross land area of 3.6 hectares located at the entry of one of the most prime Central Business Districts (CBD) in Metro Manila. The general area of the property is expected to benefit substantially from upcoming public infrastructure. The property is expected to result in 2.6 hectares of land, net of road lots. ALCO intends to complete the acquisition in phases which will allow it to manage funding requirements over time. ALCO plans to develop the property into a boutique master planned mixed-use community. Based on initial plans, the project will feature 12 residential towers that will cater to both the upscale and midscale markets as well as some retail or commercial segment to support the residents of the area. This project will be launched in phases between 2025 to 2038 with completion of first the first tower expected in 2029.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issue by the BOD on March 26, 2025, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policies that have been used in the preparation of the separate financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The Company also prepares consolidated financial statements for the same year in accordance with PFRS Accounting Standards. The consolidated financial statements are available for public use and can be obtained in the registered office address of the Company and SEC.

Measurement Bases

The separate financial statements are presented in Philippine Peso, the Company's presentation currency. All values are rounded in absolute amounts, unless otherwise indicated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and investment properties, which are carried at fair value, net retirement liability which is carried at the present value of the defined benefit obligation less the fair value of plan assets, and lease liabilities which are initially carried at the present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

Adoption of Amended PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

The adoption of the amended PFRS Accounting Standards did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

New and Amended PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amended PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the separate financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘transaction price as defined by PFRS 15, Revenue from Contracts with Customers’ to ‘the amount determined by applying PFRS 15’ to remove potential confusion. Earlier application is permitted.

- Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the separate financial statements provide relevant information that faithfully represents the entity’s assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS Accounting Standards is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets at Amortized Cost

The Company’s cash and cash equivalents, receivables (excluding accrued rent receivable), advances to subsidiaries, amounts held in escrow, and deposits are classified as financial assets at amortized cost. These financial assets are measured at amortized cost less allowance for expected credit losses (ECL), if any. For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company 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. Meanwhile, impairment of other financial assets is assessed based on potential liquidity of counterparties based on available financial information. Financial assets are derecognized when the right to receive cash flows from the asset has expired or the Company has transferred its right to receive cash flows from the financial asset.

Financial Assets at FVPL

The Company’s investment in unit investment trust funds (UITF) are classified as financial assets at FVPL. These financial assets are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent that these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset. Financial assets are derecognized when the right to receive cash flows from the asset has expired or the Company has transferred its right to receive cash flows from the financial asset.

Financial Liabilities at Amortized Cost

The Company’s accounts and other payables (excluding statutory payables, advance rent and other payables), loans payable, bonds payable and advances from subsidiaries are classified as financial liabilities at amortized cost. The Company recognized financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Creditable Withholding Taxes (CWT)

CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes. These are carried at cost less any impairment in value.

Real Estate for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include acquisition costs plus any other directly attributable costs of developing the asset to its saleable condition and costs of improving the properties up to the reporting date. NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to complete and the estimated costs to sell. NRV in respect of real estate for sale under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Company uses fair value model for accounting its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. The fair value of investment properties is determined using market approach and cost approach by an independent real estate appraiser. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these separate financial statements, in order to avoid double counting, the fair value reported in the separate financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Investment properties are derecognized when either those have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the separate statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment losses.

Depreciation and amortization is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

Asset Type	Number of Years
Building and building improvements	50
Transportation equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3 to 5
Right-of-use (ROU) asset	3 to 5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Investment in Subsidiaries

The Company's investment in subsidiaries, entities over which the Company has control, are accounted for under the cost method of accounting in the separate financial statements less any impairment in value. In assessing control, the Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Other Assets

Advances for Project Development. Advances for project development are recognized whenever the Company makes advance payments for its purchase of goods and services. These are measured at transaction price less impairment in value, if any.

Software and Licenses. Software and licenses are stated at cost less accumulated amortization and any impairment losses. Software and licenses are being amortized on a straight-line basis over ten (10) years and amortization is recognized in profit or loss. Amortization period and amortization method is reviewed at each reporting date. Any change in the useful life of the asset or the expected pattern of consumption of the future economic benefits embodied in the asset is recognized prospectively.

Prepayments. Prepayments pertain to expenses paid in advance and recorded as assets before these are utilized and apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Value-Added Tax (VAT). Revenues, expenses and assets are generally recognized net of the amount of VAT except in cases where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, or receivables and payables that are stated with the amount of VAT included.

Deferred input VAT. Deferred input VAT represents the unamortized amount of input VAT on capital goods.

In accordance with Revenue Memorandum Circular No. 21-2022, the amortization of the input VAT shall only be allowed until December 31, 2021, after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Advance Rent

Advance rent are initially recognized at the value of cash received from tenants, and will generally be applied as lease payments to the immediately succeeding months or in the last three (3) months of the lease term.

Capital Stock

Common Stock. Common stock is measured at par value for all shares issued.

Preferred Stock. The Company's preferred stocks are cumulative, nonvoting, nonparticipating and nonconvertible. Preferred stock is classified as equity if this is nonredeemable, or redeemable only at the Company's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Company.

Preferred stock is classified as a liability if this is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

Additional Paid-in Capital

Additional paid-in capital is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Treasury Shares

Owner's equity instruments which are reacquired are deducted from equity. Treasury stock is accounted for at cost and shown as a deduction in the equity section of the separate statements of financial position. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

Other Equity Reserves

Other equity reserves comprise of items of income and expense that are not recognized in profit or loss for the year. Other comprehensive income (OCI) pertains to cumulative remeasurement gains (losses) on net retirement asset (liability).

Revenue Recognition

The Company has assessed that it acts as a principal in all of its revenue sources. The following specific recognition criteria must also be met before revenue is recognized.

Leasing Operations. Leasing revenue consists of rent income and common use service area (CUSA) fees. Rent income arising from operating leases on investment properties is recognized on a straight-line basis over the lease terms, except for contingent rental income, which is recognized in the period that it arises. Tenant lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management is reasonably certain that the tenant will exercise that option. CUSA fees are recognized as income once earned. These are charged monthly and are based on the lessee's proportionate share on the common areas.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in profit or loss when the right to receive those amounts arises.

Project Management and Developer's Fees. Revenue is recognized in profit or loss when the related services are rendered.

Dividend income. Dividend income is recognized when the Company's right to receive the dividend payments is established.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expenses Recognition

Cost of Leasing Operations. Cost of leasing operations, which constitute direct cost incurred in relation to the leasing of ACPT, is recognized as expense when incurred.

Cost of Services. Cost of services, which constitute direct costs incurred in relation to project management and development services, is recognized as expense when the related services are rendered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market its products and services. These are recognized as incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a Lessor. Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Company as Lessee. At the commencement date, the Company recognizes ROU asset and a lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Company measures the ROU assets at cost. The cost comprises of amount of the initial measurement of lease liabilities and any initial direct costs incurred by the Company.

ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets is carried at cost less any accumulated amortization and adjusted for any remeasurement of the related lease liabilities. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Lease Liabilities. At commencement date, the Company measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise of fixed payments, including in-substance fixed payments, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date and amounts expected to be payable under a residual value guarantee.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has a funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Current service costs are the increase in the present value of the defined benefit obligation resulting from employee service and are recognized in profit or loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement 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 retirement liability or asset.

Remeasurements pertaining to actuarial gains and losses, return on plan assets and any change in effect of asset ceiling 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 in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the 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 retirement liability, 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 net retirement liability (asset) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

Related Party Transactions and Relationships

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

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

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

Provisions and Contingencies

Provisions, if any, are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate statements of financial position when an inflow of economic benefits is probable.

Events After the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of separate financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The accounting estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments

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

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor 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. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company has determined that by the virtue of the Company's majority ownership of voting rights in its subsidiaries as at December 31, 2024 and 2023, it has the ability to exercise control over its investees.

Classifying Financial Instruments. The Company exercises judgment in classifying financial instruments in accordance with PFRS Accounting Standard 9. The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Company's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statements of financial position.

Investments in UITF are classified as financial assets at FVPL as at December 31, 2024 and 2023 is disclosed in Note 5.

Classifying Real Estate for Sale, Investment Properties and Property and Equipment. The Company determines whether a property qualifies as a real estate for sale, an investment property or an item of property and equipment. In making its judgment, the Company considers whether the property is held for sale in the ordinary course of business, held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes by the Company.

Determining the Highest and Best Use of Investment Properties. The Company determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Company takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Company has determined that the highest and best use of the investment properties is their current use.

Determining Lease Commitments. The Company entered into various lease contracts for its office units in ACPT. The Company has determined that the risks and rewards of ownership related to the leased properties are retained by the Company. Accordingly, the leases were accounted for as operating leases. Revenue from leasing operations recognized from these operating leases in 2024, 2023 and 2022 are disclosed in Note 22.

Additionally, the Company entered into a lease agreement for transportation equipment for a period of three (3) to five (5) years. Accordingly, ROU asset and lease liability have been recognized. The carrying amounts of ROU asset and lease liability as at December 31, 2024 and 2023 are disclosed in Notes 9 and 12.

Assessing Provisions and Contingencies. The Company evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

Accounting Estimates and Assumptions

Estimating the Fair Value of Investment Properties. Investment properties are measured at fair values. The Company works closely with external qualified valuers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, and discount rates. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 8.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy. The carrying amounts of investment properties as at December 31, 2024 and 2023 are disclosed in Note 8.

Assessing the ECL on Trade Receivables. The Company initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.

No provision for ECL was recognized in 2024, 2023 and 2022, the amounts of allowance for ECL and the carrying amounts of the Company's trade receivables as at December 31, 2024 and 2023 are disclosed in Note 6.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

The Company limits its exposure to credit risk from balances with banks by depositing its cash with highly reputable and pre-approved financial institutions. The Company invests its cash only with banks and deposits only with counterparties that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For advances to subsidiaries, amounts held in escrow and deposits, credit risk is low since the Company only transacts with related parties and reputable companies that have strong capacity to meet its contractual cash flow obligations in the near term.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The amounts of provision for ECL recognized in 2024, 2023 and 2022 and the carrying amounts of the Company's other financial assets at amortized costs as at December 31, 2024, 2023 and 2022 are disclosed in Notes 4, 6, 10 and 11.

Determining the NRV of Real Estate for Sale. Real estate for sale is stated at lower of cost or NRV. NRV for completed real estate for sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Company in the light of recent market transactions. NRV in respect of real estate assets under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

No provision for inventory obsolescence was recognized in 2024. The carrying amounts of real estate for sale as at December 31, 2024 and 2023 are disclosed in Note 7.

Determining the Fair Value of Investment in UITF. The Company classifies its investments in UITF as financial asset at FVPL in the separate statements of financial position. The Company determined the fair value of investment in UITF using available market prices in active markets for identical assets (Level 1). Any changes in the fair value of this financial asset would affect profit or loss.

The fair values and carrying amounts of investments in UITF as at December 31, 2024 and 2023 are disclosed in Note 5.

Estimating the Useful Lives of Property and Equipment and ROU Assets. The Company reviews annually the estimated useful lives of property and equipment and ROU assets based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment.

There were no changes in the estimated useful lives of property and equipment and ROU assets in 2024, 2023 and 2022. The carrying amounts of property and equipment as at December 31, 2024 and 2023 are disclosed in Note 9.

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Company considers the external and internal sources of information. External sources of information include but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Company, whether it had taken place during period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information include evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Company whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

No provision for impairment loss on nonfinancial assets was recognized in 2024, 2023 and 2022. The carrying amounts of nonfinancial assets are disclosed in Notes 6, 9, 10 and 11.

Estimating the Retirement Expense. The determination of the Company's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 and include among others, discount rate and salary increase rate. While the Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

The Company's retirement expense in 2024, 2023 and 2022, and the net retirement asset as at December 31, 2024 and 2023 are disclosed in Note 21.

Assessing the Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and NOLCO is based on the projected taxable income in the following periods.

As at December 31, 2024 and 2023, the carrying amounts of recognized deferred tax assets are disclosed in Note 23.

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱65,000	₱65,000
Cash in banks	608,436,141	575,880,335
Cash equivalents	2,857,371,721	3,464,073,130
	₱3,465,872,862	₱4,040,018,465

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations. Cash equivalents are short-term time deposits made for varying periods up to three (3) months or less and earn interest at the respective prevailing time deposit rates.

Interest income is earned from the following (see Note 19):

	Note	2024	2023	2022
Cash in banks		₱858,116	₱2,435,175	₱839,988
Cash equivalents		224,482,342	225,655,216	23,310,216
Advances to subsidiaries	20	150,347,464	153,913,829	144,043,881
		₱375,687,922	₱382,004,220	₱168,194,085

5. Financial Assets at FVPL

This account pertains to investments in UITF. Movements in this account are as follows:

	Note	2024	2023
Balance at beginning of year		₱294,175,235	₱1,423,105,283
Additions		10,837,494,446	5,345,332,148
Disposals		(9,614,494,445)	(6,472,520,550)
Unrealized holding gains (losses)	19	11,570,014	(1,741,646)
Balance at end of year		₱1,528,745,250	₱294,175,235

Realized gain on disposals of financial assets at FVPL amounted to ₱47.0 million in 2024, ₱26.7 million in 2023 and ₱17.3 million in 2022 (see Note 19).

The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices (see Note 26).

6. Receivables

This account consists of:

	Note	2024	2023
Trade receivables from:			
Project management and development	20	₱316,822,002	₱90,357,461
Leasing	22	137,904,929	157,561,132
Interest receivable	20	768,639,382	622,802,342
Dividend receivable	20	535,000,000	150,000,000
Advances to employees		13,455,454	12,674,107
Accrued rent receivable	22	10,343,183	20,594,158
Due from related parties	20	4,871,340	43,082,172
Other receivables		50,663,882	68,840,352
		1,837,700,172	1,165,911,724
Allowance for ECL		(1,746,790)	(1,746,790)
		₱1,835,953,382	₱1,164,164,934

Trade receivables from leasing operations are non-interest bearing, unsecured and generally collectible within seven (7) days. Trade receivables from project management and development are non-interest bearing, unsecured and generally collectible within 30 days.

Interest receivable includes accrual of interest income from the Company's advances.

Advances to employees represent salary and other loans granted to employees which are non-interest bearing in nature and collectible through salary deductions.

Accrued rent receivable pertains to the difference between rental income recognized using straight-line method of accounting and rental payments based on the terms of the lease contracts.

Others mainly include other charges and advances which are non-interest bearing and collectible on demand.

7. Real Estate for Sale

This account pertains to parcels of land acquired by the Company with a total area of 1,271 sqm. located in Taguig, Metro Manila, which will be developed into a mixed-use building with condominium units for sale. This amounted to ₱257.8 million and ₱254.9 million as at December 31, 2024 and 2023, respectively.

As at December 31, 2024 and 2023, real estate for sale is stated at cost which is lower than its NRV. There is no allowance for inventory obsolescence as at December 31, 2024 and 2023.

8. Investment Properties

Investment properties consist of:

	2024	2023
ACPT	₱7,200,420,674	₱6,493,588,037
Land	325,642,500	216,962,168
Arya residences - parking slots	29,184,117	26,554,046
	₱7,555,247,291	₱6,737,104,251

Movements of this account follow:

	2024	2023
Balance at beginning of year, at cost	₱2,729,591,053	₱2,724,238,029
Development costs incurred	–	5,353,024
Balance at end of year, at cost	2,729,591,053	2,729,591,053
Cumulative gain on change in fair value	4,809,949,845	3,998,770,124
	7,539,540,898	6,728,361,177
Unamortized initial direct leasing costs	15,706,393	8,743,074
Balance at end of year, at fair value	₱7,555,247,291	₱6,737,104,251

Movements of the cumulative gain on change in fair value are as follows:

	2024	2023
Balance at beginning of year	₱3,998,770,124	₱3,691,617,241
Gain on change in fair value	811,179,721	307,152,883
Balance at end of year	₱4,809,949,845	₱3,998,770,124

Movements of the unamortized initial direct leasing costs are as follows:

	2024	2023
Balance at beginning of year	₱8,743,074	₱10,100,295
Additions	12,302,003	3,788,837
Amortization	(5,338,684)	(5,146,058)
Balance at end of year	₱15,706,393	₱8,743,074

ACPT

The carrying amount of ACPT includes office units and parking slots for lease. ACPT office units are used as collateral for loans payable amounting to ₱598.4 million and ₱1,094.7 million as at December 31, 2024 and 2023, respectively (see Note 13).

Land

The Company's land has a total area of 10.3 hectares located in Batangas and Tagaytay, which is being held for capital appreciation, with fair value aggregating ₱325.6 million and ₱217.0 million as at December 31, 2024 and 2023, respectively.

Arya Residences - Parking Slots

These are parking slots of the Company in Arya Residences which are used for leasing operations.

Leasing Operations

The Company recognized revenue from leasing operations amounting to ₱356.0 million in 2024, ₱329.3 million in 2023 and ₱296.9 million in 2022 (see Note 22) and incurred direct cost of leasing amounting to ₱105.7 million in 2024, ₱114.8 million in 2023 and ₱105.9 million in 2022.

Cost of leasing operations consists of:

	Note	2024	2023	2022
Condominium dues		₱63,850,820	₱55,440,636	₱54,413,528
Rentals		26,970,238	32,749,566	30,953,396
Consultancy fees		5,638,717	995,731	3,615,768
Real property taxes		4,873,005	10,598,976	10,598,976
Utilities		1,159,008	1,129,670	1,520,278
Security services		1,010,862	943,120	858,795
Janitorial		973,005	694,778	601,876
Repairs and maintenance		609,505	310,737	179,787
Depreciation	9	48,016	137,608	244,915
Others		607,429	11,792,210	2,902,035
		₱105,740,605	₱114,793,032	₱105,889,354

Other cost of leasing operations postal and communication and various miscellaneous expenses.

Fair Value Measurement

Details of the valuation techniques used in measuring fair values of investment properties, as appraised by a SEC-accredited and independent appraiser (Asian Appraisal Company, Inc.) in its report as at December 31, 2024 and 2023, are classified under Levels 2 and 3 of the fair value hierarchy as follows:

Class of Property	Valuation Technique	Significant Inputs	Range	
			2024	2023
ACPT	Discounted cash flow (DCF) approach	Discount rate	8.84%	8.97%
		Rental rate for an office unit per square meter (per sqm)	₱1,969	₱1,800
		Rental rate per slot	9,188	8,250
		Calculated no. of net leasable area (total sqm)	18,059	18,059
		Vacancy rate	—	—
		Income tax rate	25%	25%
		Rental rate per slot	₱8,828	₱8,000
Arya Residences - Parking slots	DCF approach	Rent escalation rate p.a.	7%	7%
		Discount rate	8.84%	8.97%
		Vacancy rate	5%	10%
		Income tax rate	25%	25%
Land	Market data approach	Price per sqm	₱3,000	₱2,000
		Value adjustments	25%	-30% to -5%

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

DCF Approach

Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate per sqm or per slot and rent escalation rate per annum (p.a.) in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate and vacancy rate in isolation would result in a significantly lower (higher) fair value measurement.

Market Data Approach

Market data approach involves the comparison of the Batangas and Tagaytay land properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.
- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features, among others.

The reconciliation of the balances of investment properties classified according to level in the fair value hierarchy is as follows:

	2024		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱216,962,168	₱6,520,142,083	₱6,737,104,251
Gain on change in fair value	108,680,332	702,499,389	811,179,721
Net initial direct leasing costs	—	6,963,319	6,963,319
Balance at end of year	₱325,642,500	₱7,229,604,791	₱7,555,247,291

	2023		
	Significant	Significant	Total
	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Balance at beginning of year	₱216,962,168	₱6,208,993,397	₱6,425,955,565
Gain on change in fair value	—	307,152,883	307,152,883
Development costs incurred	—	5,353,024	5,353,024
Net initial direct leasing costs	—	(1,357,221)	(1,357,221)
Balance at end of year	₱216,962,168	₱6,520,142,083	₱6,737,104,251

There are no transfers between the levels of fair value hierarchy in 2024 and 2023.

9. Property and Equipment

The balances and movements of this account consist of:

	2024					Total
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	ROU Asset	
Cost						
Balances at beginning of year	₱214,727,372	₱74,128,473	₱47,183,447	₱14,697,561	₱—	₱350,736,853
Additions	3,307,861	—	5,625,144	637,845	28,128,000	37,698,850
Disposals	—	(12,522,590)	—	—	—	(12,522,590)
Balances at end of year	218,035,233	61,605,883	52,808,591	15,335,406	28,128,000	375,913,113
Accumulated Depreciation and Amortization						
Balances at beginning of year	19,346,612	33,016,232	36,968,594	12,885,159	—	102,216,597
Depreciation and amortization	4,382,576	16,633,828	6,122,997	1,007,041	4,406,000	32,552,442
Disposals	—	(12,522,590)	—	—	—	(12,522,590)
Balances at end of year	23,729,188	37,127,470	43,091,591	13,892,200	4,406,000	122,246,449
Carrying Amount	₱194,306,045	₱24,478,413	₱9,717,000	₱1,443,206	₱23,722,000	₱253,666,664

	2023					Total
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures		
Cost						
Balances at beginning of year	₱208,111,650	₱79,808,826	₱40,542,340	₱13,716,683		₱342,179,499
Additions	6,615,722	19,989,289	6,641,107	980,878		34,226,996
Disposals	—	(25,669,642)	—	—		(25,669,642)
Balances at end of year	214,727,372	74,128,473	47,183,447	14,697,561		350,736,853
Accumulated Depreciation						
Balances at beginning of year	15,175,813	34,848,637	30,383,460	11,844,069		92,251,979
Depreciation	4,170,799	19,652,250	6,585,134	1,041,090		31,449,273
Disposals	—	(21,484,655)	—	—		(21,484,655)
Balances at end of year	19,346,612	33,016,232	36,968,594	12,885,159		102,216,597
Carrying Amount	₱195,380,760	₱41,112,241	₱10,214,853	₱1,812,402		₱248,520,256

In 2024, the Company entered into a lease agreement for the lease of various vehicles. The terms of the lease ranges from three (3) to five (5) years. This is recognized as ROU asset.

As at December 31, 2024 and 2023, fully depreciated property and equipment amounting to ₱50.7 million and ₱45.9 million, respectively, are still being used by the Company.

The Company sold property and equipment with carrying amount of nil in 2024, ₱4.2 million in 2023 and ₱4.5 million in 2022, which resulted to gain on disposal of ₱4.5 million in 2024, loss on disposal of ₱0.9 million in 2023, and gain on disposal of ₱0.4 million in 2022 (see Note 19).

Depreciation and amortization, which includes depreciation of property and equipment and amortization of software and licenses, were recognized in the following:

	Note	2024	2023	2022
Operating expense	17	₱36,631,767	₱33,639,346	₱29,572,354
Cost of leasing operations	8	48,016	137,608	244,915
		₱36,679,783	₱33,776,954	₱29,817,269

10. Investments in and Advances to Subsidiaries

This account consists of:

	Note	2024	2023
Investment in subsidiaries - at cost:			
Manchesterland Properties, Inc. (MPI)		₱900,459,683	₱900,459,683
Sotern Land Corporation (SLC)		330,000,000	—
Cebu Lavana Land Corporation (CLLC)		163,159,210	163,159,210
Bhavya Properties, Inc. (Bhavya)		162,300,000	81,300,000
Pradhana Land, Inc. (PLI)		125,000,000	25,000,000
Zileya Land Development Corporation (ZLDC)		50,000,000	50,000,000
Bhavana Properties, Inc. (Bhavana)		42,000,000	15,000,000
Cazneau Inc. (Cazneau)		26,000,000	1,000,000
Urban Property Holdings, Inc. (UPHI)		14,667,361	14,667,361
Kashtha Holdings, Inc. (KHI)		7,499,800	7,499,800
Arthaland Property Prestige Solutions, Inc. (APPS)		7,000,000	7,000,000
		1,828,086,054	1,265,086,054
Allowance for impairment		(5,232,027)	(5,232,027)
		1,822,854,027	1,259,854,027
Advances to subsidiaries:	20		
CLLC		2,936,995,930	3,336,796,699
Cazneau		954,545,410	785,834,002
ZLDC		527,123,444	432,140,985
Bhavana		331,800,000	331,800,000
Bhavya		314,408,714	314,408,714
KHI		154,500,000	296,767,527
UPHI		168,328,427	160,928,427
PLI		49,573,025	820,084
MPI		4,400,000	6,221,503
APPS		6,446,955	3,247,353
		5,448,121,905	5,668,965,294
Allowance for ECL		(3,261,249)	(3,261,249)
		5,444,860,656	5,665,704,045
		₱7,267,714,683	₱6,925,558,072

In March 2024, ALCO subscribed to 450,000 preferred shares of Bhavya at the price of ₱100 per share for ₱45.0 million. Moreover, in September and November 2024, ALCO subscribed to an additional 360,000 preferred shares at the price of ₱100 per share for ₱36.0 million.

On June 28, 2024, ALCO paid an amount of ₱25.0 million for 6.3 million preferred shares of Cazneau with a subscription price of ₱4 per share.

On August 6, 2024, ALCO entered into a subscription agreement to subscribe to 5.0 million redeemable preferred shares of SLC, at a subscription price of ₱100 per share for a total of ₱500.0 million. ALCO paid ₱305.0 million.

On October 16, 2024, ALCO entered into a subscription agreement to subscribe to 17.0 million preferred shares of PLI for ₱100 per share for a total of ₱1,700.0 million. ALCO paid ₱100.0 million.

In December 2024, ALCO subscribed to 270,000 preferred shares of Bhavana at the price of ₱100 per share for ₱27.0 million.

The Company's interest on the following subsidiaries follows:

Subsidiary	Place of Incorporation	Percentage of Ownership	
		2024	2023
Cazneau	Philippines	100%	100%
MPI	Philippines	100%	100%
APPS	Philippines	100%	100%
UPHI	Philippines	100%	100%
ZLDC	Philippines	100%	100%
PLI	Philippines	100%	100%
CLLC	Philippines	100%	100%
SLC*	Philippines	100%	—%
Bhavana	Philippines	60%	60%
Bhavya	Philippines	60%	60%
KHI	Philippines	60%	60%
Savya Land Development Corporation (SLDC)	Philippines	59%**	59%

*incorporated April 22, 2024

**indirectly owned through KHI

All of the subsidiaries were established to engage primarily either in real estate development or property leasing, except for APPS which is a property management company and KHI which is an investment holding company.

KHI and SLDC

In 2018, ALCO and Help Holdings Inc. (HHI) agreed to jointly develop a 5,991 sq.m. property in Arca South, Taguig City, through the merger of SLDC and Arcosouth Development Inc., with SLDC as the surviving entity. The merger was approved by the SEC in August 2019, and in the same month, ALCO partnered with Mitsubishi Estate Company (MEC) to form KHI, a joint venture where ALCO owned 60% and MEC owned 40%. KHI acquired 50% ownership in SLDC and ALCO's shareholder advances. In 2020, ALCO transferred 98% of its SLDC shares to KHI and later sold a 40% stake in KHI to MEC for ₱275.0 million, reducing ALCO's effective ownership of SLDC to 59%.

Bhavana and Bhavya

In December 2021, ALCO sold 40% of its common shares in Bhavana and Bhavya, along with shareholder advances and accrued interest totaling ₱449.4 million, to Narra Investment Properties Pte. Ltd. (Narra) for ₱446.8 million, resulting in a ₱2.6 million loss and reducing ALCO's ownership in Bhavana and Bhavya from 100% to 60%.

SLC

SLC was incorporated on April 22, 2024 and on the same date, ALCO subscribed to 25.0 million common shares of SLC with a subscription price of ₱1 per share for ₱25.0 million.

11. Other Assets

This account consists of:

	Note	2024	2023
Amounts held in escrow	13	₱208,946,358	₱128,154,209
Deposits		88,969,203	58,242,651
Advances for project development		63,341,684	33,586,522
Software and licenses		34,762,297	27,999,409
Prepaid:			
Taxes		5,432,206	1,095,165
Insurance		3,201,219	3,448,861
Others		7,546,861	295,278
Materials and supplies		1,341,909	1,341,909
Deferred input VAT		1,069,797	1,452,452
		414,611,534	255,616,456
Allowance for impairment loss	19	(16,002,600)	–
		₱398,608,934	₱255,616,456

Amounts held in escrow represents the debt service account required under an existing loan with a local bank and the amount which is equivalent to a quarterly principal and interest amortization. The outstanding loan balance under OLSA amounted to ₱598.4 million and ₱1,094.7 million as at December 31, 2024 and 2023, respectively (see Note 13).

Deposits pertain to utility, professional services, and guarantee deposits for the construction of the Company's real estate projects. These are settled upon completion of the documentary requirements. In 2024, the Company recognized a provision of allowance for impairment loss pertaining to deposits amounting to ₱16.0 million.

Advances for project development pertain to downpayments made to contractors for the construction of the Company's real estate projects. These advances are applied against contractors' progress billings.

The balance and movements in the software are as follows:

	2024	2023
Cost		
Balance at beginning of year	₱57,690,138	₱49,087,401
Additions	10,890,229	8,602,737
Balance at end of year	68,580,367	57,690,138
Accumulated Amortization		
Balance at beginning of year	29,690,729	26,790,029
Amortization	4,127,341	2,900,700
Balance at end of year	33,818,070	29,690,729
Carrying Amount	₱34,762,297	₱27,999,409

12. Accounts and Other Payables

This account consists of:

	Note	2024	2023
Accounts payable:			
Third parties		₱178,319,420	₱97,199,649
Related party	20	1,628,570	18,872,818
Security deposits	22	117,257,055	101,681,713
Accrued:			
Interest		72,899,147	49,090,964
Personnel costs		1,794,659	25,841,745
Others		14,859,341	56,967,915
Deferred output VAT		74,693,058	78,784,845
Subscription payable	20	56,250,000	56,250,000
Advance rent	22	54,424,445	61,163,314
Statutory payables		53,085,329	26,022,905
Dividends payable	20	51,132,727	5,686,177
Construction bonds		34,933,329	39,082,585
Lease liability		24,383,034	—
Retention payable		23,994,102	25,041,981
Others		21,956,745	1,945,339
		₱781,610,961	₱643,631,950

Accounts payable, which are unsecured, non-interest bearing and are normally settled within 30 days to one (1) year, consists mainly of liabilities to contractors and suppliers.

Security deposits pertain to the deposits made by the lessees of the ACPT which may be applied to unsettled balances or refunded at the end of the lease term.

Accrued expenses are expected to be settled within the next 12 months. Other accrued expenses pertain to management and professional fees, utilities, commissions, advertising and other expenses. In 2024, the Company recorded a write-off of accrued expenses amounting to ₱17.5 million.

Deferred output VAT pertains to the VAT on trade receivables from billed leasing operations and project management and developer's fees.

Statutory payables pertain to various withheld taxes payable to the government agencies which are generally paid within the next reporting period.

Subscription payable pertains to the unpaid portion of the Company's subscription to its subsidiaries.

Advance rent pertains to the payments made in advance by the tenants to be applied to their rent payable in the immediately succeeding months or in the last three (3) months of the lease term.

Construction bonds represent non-interest bearing deposits made by the lessees before the start of its construction in the ACPT and refundable upon fulfillment of contract provisions.

In 2024, the balance and movements in lease liability follow:

	Note	
Additions		₱28,115,160
Rental payments		(5,412,582)
Interest expense	13	1,680,456
Balance at end of year		24,383,034
Current portion of lease liability		17,629,344
Noncurrent portion of lease liability		₱6,753,690

Retention payable, which will be released after completion and satisfaction of the terms and conditions of the construction contract, pertains to amount retained by the Company from the contractors' progress billings for the Company's projects.

Other payables pertain to liabilities to local government, SSS, PhilHealth and HDMF, as well as advances to certain buyers as at cutoff date.

13. Loans Payable

Movements of this account follow:

	2024	2023
Balance at beginning of year	₱4,820,000,000	₱5,225,000,000
Availments	5,588,321,667	2,925,000,000
Payments	(5,107,040,000)	(3,330,000,000)
Balance at end of year	5,301,281,667	4,820,000,000
Unamortized debt issue cost	(5,672,592)	(9,051,418)
	5,295,609,075	4,810,948,582
Less current portion of loans payable	4,279,406,667	1,907,500,000
Long-term portion of loans payable	₱1,016,202,408	₱2,903,448,582

Movements in debt issue cost follow:

	2024	2023
Balance at beginning of year	₱9,051,418	₱17,119,562
Additions	2,812,500	—
Amortization	(6,191,326)	(8,068,144)
Balance at end of year	₱5,672,592	₱9,051,418

Future repayment of the outstanding principal amounts of loans payable is as follows:

	2024	2023
Within one (1) year	₱4,279,406,667	₱1,907,500,000
After one (1) year but not more than three (3) years	1,021,875,000	2,912,500,000
	₱5,301,281,667	₱4,820,000,000

Local Bank Loans

These are secured and unsecured loans from local banks obtained to finance the Company's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 5.50% to 8.85% per annum (p.a.) in 2024 and 2023.

Details and outstanding balances of loans from local banks as at December 31 follow:

Purpose	Terms	Nominal interest rate (p.a.)	2024	2023
Short-term loans for working fund requirements	Unsecured and payable in full within one (1) year	7.25% to 8.85%	₱2,351,281,667	₱1,557,500,000
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	998,665,566	996,672,989
Long-term loans for working fund requirements	Payable in 2026 and 2027	7.53% to 8.12%	997,234,025	812,038,096
Construction of ACPT	Payable on a quarterly basis starting 4th quarter of 2020 until July 2025; secured by ACPT office units with carrying amount of ₱7,200.4 million and ₱6,493.6 million as at December 31, 2024 and 2023, respectively (see Note 8), and an escrow account amounting to ₱208.9 million and ₱128.2 million as at December 31, 2024 and 2023 (see Note 11).	5.50%	598,427,817	1,094,737,497
Long-term loans for working fund requirements	Unsecured revolving credit line and payable in full upon maturity	7.75%	350,000,000	350,000,000
			₱5,295,609,075	₱4,810,948,582

Development of Green Projects

In 2020, the Company entered into a term loan agreement of ₱1,000.0 million with a local bank to obtain financing for the eligible green projects of the Company and its subsidiaries, including land banking, investments and refinancing in relation to eligible green projects. Drawdown of ₱1,000.0 million has also been made in 2020. The Company is required to submit a disbursement report to the bank soon after the date the proceeds has been utilized to confirm that the proceeds have been used for the eligible green projects.

The Company is required to maintain a debt-to-equity ratio of not more than 2.0x and current ratio of not less than 1.5x on a consolidated basis. As of December 31, 2024 and 2023, the Company has current ratio of 1.6x and 2.3x, respectively, and debt to equity ratio of 1.4x, based on its consolidated financial statements, which is compliant with the financial covenants.

Construction of ACPT

In 2015, the Company entered into an Omnibus Loan and Security Agreement (OLSA) for a credit line of ₱2,000.0 million, to partially finance the cost of construction and development of the ACPT. The outstanding loan balance is secured by the ACPT building and a security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements.

The Company is required to maintain a current ratio of at least 1.50x and a debt to equity ratio of not more than 2.00x based on a consolidated basis. For the years ended December 31, 2024, 2023 and 2022, the Company was fully compliant with these debt covenants.

Interest Expense

Total interest expense charged under "Finance costs" consists of the following (see Note 18):

	Note	2024	2023	2022
Interest expense on:				
Bonds payable	14	₱455,140,810	₱465,794,610	₱200,560,807
Loans payable		443,762,626	357,392,716	295,274,799
Lease liability	12	1,680,456	—	—
		₱900,583,892	₱823,187,326	₱495,835,606

14. Bonds Payable

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
Bonds payable	₱6,000,000,000	₱6,000,000,000
Unamortized debt issue cost	(44,467,581)	(58,477,587)
	5,955,532,419	5,941,522,413
Less current portion of bonds payable	3,000,000,000	—
Long-term portion of bonds payable	₱2,955,532,419	₱5,941,522,413

Movements in debt issue costs in 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	₱58,477,587	₱74,228,852
Amortization	(14,010,006)	(15,751,265)
Balance at end of year	₱44,467,581	₱58,477,587

In October 2019, ALCO's Board of Directors approved the registration of ₱6.0 billion fixed rate ASEAN Green Bonds, with an initial tranche of ₱2.0 billion and an oversubscription option of up to ₱1.0 billion. The SEC approved the registration in January 2020, and ALCO issued the initial tranche on February 6, 2020. These bonds have a five-year term ending on February 6, 2025, a fixed interest rate of 6.35% p.a., and an early redemption option in the 3rd and 4th years.

In October 2022, the Board approved the second tranche of up to ₱3.0 billion. The SEC approved the offer supplement in December 2022 for ₱2.4 billion with an oversubscription of up to ₱0.6 billion. These bonds have a five-year term with a fixed interest rate of 8.00% p.a. and an early redemption option in the 3rd and 4th years, and a seven-year term with a fixed interest rate of 8.75% p.a. and an early redemption option in the 5th and 6th years. Proceeds will fund eligible green projects and repay certain outstanding loans.

The Company is required to maintain debt to equity ratio of not more than 2.00x and current ratio of at least 1.50x based on its consolidated financial statements. As at December 31, 2024 and 2023, the Company is compliant with these financial ratios.

Interest expense incurred on the bonds amounted to ₱455.1 million in 2024, ₱465.8 million in 2023 and ₱200.6 million in 2022 (see Note 13).

15. Equity

The details of the Company's number of common and preferred shares follow:

	2024		2023	
	Preferred	Common	Preferred	Common
Authorized	80,000,000	16,368,095,199	50,000,000	16,368,095,199
Par value per share	₱1.00	₱0.18	₱1.00	₱0.18
Issued	47,464,860	5,318,095,199	48,500,000	5,318,095,199
Outstanding	37,464,860	5,318,095,199	28,500,000	5,318,095,199

Common Shares

As at December 31, 2024 and 2023, the Company has issued and outstanding common shares of 5,318.1 million at ₱0.18 par value equivalent to ₱957.3 million.

Preferred Shares

The Company's Series A, Series C, Series D, Series E and Series F preferred shares are cumulative, nonvoting, nonparticipating and nonconvertible. The movements and details of the issued and outstanding preferred shares are as follows:

	2024		2023	
	Number of shares	Amount	Number of shares	Amount
Balances at beginning of year	48,500,000	₱48,500,000	48,500,000	₱48,500,000
Issuance during the year	18,964,860	18,964,860	—	—
Cancellation during the year	(20,000,000)	(20,000,000)	—	—
Balances at end of year	47,464,860	47,464,860	48,500,000	48,500,000
Treasury shares	(10,000,000)	(10,000,000)	(20,000,000)	(20,000,000)
Outstanding	37,464,860	₱37,464,860	28,500,000	₱28,500,000

In 2016, ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series A Preferred Shares with ₱1 par value a share to MPI. On August 14, 2024, the Company issued to MPI 14.0 million Series E Preferred Shares with a selling price of ₱1 per share for ₱14.0 million.

Also in 2016, the Company made a follow-on offering of 20.0 million cumulative, nonvoting, nonparticipating, and nonconvertible Peso-denominated Series B Preferred Shares with ₱1 par value a share at the issuance price of ₱100 a share.

In June 2019, the Company made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series C Preferred Shares with ₱1 par value a share at the issuance price of ₱100 a share. Excess of the proceeds over the total par value amounting to ₱990.0 million and transaction costs of ₱12.5 million were recognized as addition and reduction to additional paid-in capital, respectively.

On December 3, 2021, the Company made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series D Preferred Shares with ₱1 par value a share at the issuance price of ₱500 a share. Excess of the proceeds over the total par value amounting to ₱2,994.0 million and transaction costs of ₱29.6 million were recognized as addition and reduction to additional paid-in capital, respectively.

In May 2024, the redemption of Series C Preferred Shares of the Company was approved. The Company redeemed the 10.0 million preferred shares at a redemption price of ₱100 per share, plus accrued and any unpaid cash dividends due to them on redemption date June 27, 2024.

On August 14, 2024, the Company obtained the approval from SEC to amend its Articles of Incorporation (AOI) to increase its authorized capital stock by ₱50.0 million. This was applied on December 13, 2023. Following the approval, the Company cancelled the 20.0 million Series B Preferred Shares with a selling price of ₱100 per share for ₱2,000.0 million.

In November 2024, the Company made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series F Preferred Shares with ₱1 par value a share at the issuance price of ₱500 a share. The Company has issued and outstanding Series F Preferred Shares of 5.0 million for ₱2,482.4 million. Excess of the proceeds over the total par value amounting to ₱2,477.5 million and transaction costs of ₱30.1 million were recognized as addition and reduction to additional paid-in capital, respectively.

Common and Preferred Shares Listed with PSE

The details and movement of the common and preferred shares listed with PSE follows:

Date of SEC Approval	Type of Issuance	No. of Shares Issued (Redeemed)	Issue/Offer Price
1996	Initial public offering	351,000,000	₱1.0
1998	Payment of subscription	256,203,748	1.0
1999	Stock dividends	410,891,451	1.0
2009	Payment of subscription	628,770,000	0.2
2010	Payment of subscription	100,000,000	0.2
2011	Payment of subscription	2,200,000,000	0.2
2016	Public offering of Series "B" preferred shares	20,000,000	100.0
2019	Public offering of Series "C" preferred shares	10,000,000	100.0
2021	Public offering of Series "D" preferred shares	6,000,000	500.0
2021	Redemption of Series "B" preferred shares	(20,000,000)	100.0
2024	Redemption of Series "C" preferred shares	(10,000,000)	100.0
2024	Public offering of Series "F" preferred shares	4,964,860	500.0

The Company has 1,908 and 1,921 common stockholders as at December 31, 2024 and 2023, respectively.

Dividend Declaration

The Company's BOD and stockholders approved the following cash dividends to preferred and common stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
January 31, 2024	March 1, 2024	March 27, 2024	Series C preferred shares	₱17,319,000	₱1.7319
January 31, 2024	February 8, 2024	March 3, 2024	Series D preferred shares	45,000,000	7.5000
May 8, 2024	June 3, 2024	June 27, 2024	Series C preferred shares	17,319,000	1.7319
May 8, 2024	May 23, 2024	June 3, 2024	Series D preferred shares	45,000,000	7.5000
June 28, 2024	July 19, 2024	August 9, 2024	Common shares	63,817,142	0.0120
August 6, 2024	August 23, 2024	September 3, 2024	Series D preferred shares	45,000,000	7.5000
November 5, 2024	November 19, 2024	December 3, 2024	Series D preferred shares	45,000,000	7.5000
December 11, 2024	January 21, 2025	February 14, 2025	Series F preferred shares	45,465,705	9.1575
				₱323,920,847	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 25, 2023	November 29, 2023	December 27, 2023	Series C preferred shares	₱17,319,000	₱1.7319
October 25, 2023	November 13, 2023	December 4, 2023	Series D preferred shares	45,000,000	7.5000
August 2, 2023	September 4, 2023	September 28, 2023	Series C preferred shares	17,319,000	1.7319
August 2, 2023	August 16, 2023	September 4, 2023	Series D preferred shares	45,000,000	7.5000
June 30, 2023	July 17, 2023	August 10, 2023	Common Shares	63,817,142	0.0120
May 3, 2023	June 1, 2023	June 27, 2023	Series C preferred shares	17,319,000	1.7319
May 3, 2023	May 17, 2023	June 5, 2023	Series D preferred shares	45,000,000	7.5000
January 25, 2023	March 1, 2023	March 27, 2023	Series C preferred shares	17,319,000	1.7319
January 25, 2023	February 8, 2023	March 3, 2023	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 26, 2022	December 5, 2022	December 27, 2022	Series C preferred shares	₱17,319,000	₱1.7319
October 26, 2022	November 14, 2022	December 3, 2022	Series D preferred shares	45,000,000	7.5000
August 5, 2022	September 1, 2022	September 27, 2022	Series C preferred shares	17,319,000	1.7319
August 5, 2022	August 19, 2022	September 3, 2022	Series D preferred shares	45,000,000	7.5000
June 24, 2022	July 11, 2022	August 4, 2022	Common shares	63,817,142	0.0120
May 4, 2022	June 2, 2022	June 27, 2022	Series C preferred shares	17,319,000	1.7319
May 4, 2022	May 19, 2022	June 3, 2022	Series D preferred shares	45,000,000	7.5000
February 23, 2022	March 10, 2022	March 27, 2022	Series C preferred shares	17,319,000	1.7319
January 26, 2022	February 11, 2022	March 3, 2022	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Stock Options

In ALCO's annual meeting on 16 October 2009, stockholders approved the 2009 ALCO Stock Option Plan, allowing the issuance of up to 10% of ALCO's total outstanding capital stock equivalent to 531,809,519 shares. The plan was administered by the Stock Option and Compensation Committee, composed of three directors, one of whom is independent. Eligible participants include Board members (excluding independent directors), the President and CEO, corporate officers, managerial employees, and executive officers of subsidiaries or affiliates. The Committee has the authority to determine grant recipients, exercise prices (not below par value), grant timing, and share allocation based on performance evaluations.

The option period spans three years, with vesting as follows: up to 33.33% within the first 12 months, up to 33.33% from the 13th to the 24th month, and up to 33.33% from the 25th to the 36th month. On the exercise date, the full purchase price must be paid, or as decided by the Committee. In 2010, 164.8 million options were granted, but none were exercised until the expiration of the option period in October 2012.

On 14 December 2018, the Board approved granting up to 90 million options at ₱0.85 per share based on performance evaluation of the grantees. On 25 March 2020, the option price was reduced to ₱0.50 per share.

As at December 31, 2024 and 2023, none of the qualified employees have exercised their options. The Group's stock options have already expired as at December 31, 2024 and 2023.

Use of Proceeds

Green Bonds – First Tranche

On February 21, 2024, the BOD approved the reallocation of the use of proceeds of the Bonds effective March 22, 2024, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Savya Financial Center or other Eligible Green Projects	₱1,500.0	₱1,351.0
Manila Long-Term Project	1,140.0	1,289.0
Arthaland Century Pacific Tower	309.0	309.0
Total	₱2,949.0	₱2,949.0

Green Bonds – Second Tranche

The gross proceeds from the offer of the second tranche of the bonds amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Makati CBD Residential Project 1	₱226.0	₱226.0	₱95.0	₱131.0
Project Vanilla	1,120.0	1,120.0	–	1,120.0
ACPT Loan and Others	276.0	225.0	225.0	–
Project Olive	1,378.0	1,378.0	–	1,378.0
Total	₱3,000.0	₱2,949.0	₱320.0	₱2,629.0

On January 22, 2025, the BOD approved the reallocation of the use of proceeds of the bonds effective February 21, 2025, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Makati CBD Residential Project 1	₱226.0	₱964.0
Project Vanilla	1,120.0	760.0
ACPT Loan and Others	225.0	225.0
Project Olive	1,378.0	1,000.0
Total	₱2,949.0	₱2,949.0

Series F Preferred Shares

The gross proceeds from the offer of Series F Preferred Shares amounted to ₱2,482.4 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,451.5 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱—
Project Teal	1,140.0	1,140.0	—	1,140.0
ACPT Loans and Others	342.4	311.5	—	311.5
Total	₱2,482.4	₱2,451.5	₱1,000.0	₱1,451.5

On March 26, 2025, the BOD approved the reallocation of the use of proceeds of the Preferred Shares Series F effective April 25, 2025, as follows (amounts in millions):

Purpose	Actual Net Proceeds	Proposed Reallocation
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0
Project Teal	1,140.0	821.5
ACPT Loan and Others	311.5	200.0
Debt Service Reserve Account (DSRA) Requirement for ACPT Loan	—	200.0
Investment into Bhavya to Fund Project Eluria	—	30.0
General Corporate Purposes	—	200.0
Total	₱2,451.5	₱2,451.5

16. Cost of Services

Cost of services amounted to ₱112.8 million, ₱97.8 million and ₱91.7 million in 2024, 2023 and 2022, respectively.

Personnel costs are classified as:

	Note	2024	2023	2022
Cost of services		₱112,791,416	₱97,827,257	₱91,655,228
Operating expenses	17	264,464,403	189,681,301	156,578,371
		₱377,255,819	₱287,508,558	₱248,233,599

Personnel costs consist of:

	Note	2024	2023	2022
Salaries and other employee benefits		₱353,192,660	₱270,884,081	₱222,647,781
Retirement benefits expense	21	24,063,159	16,624,477	25,504,155
Stock options		—	—	81,663
		₱377,255,819	₱287,508,558	₱248,233,599

17. Operating Expenses

Operating expenses are classified as follows:

	2024	2023	2022
Administrative	₱492,690,297	₱404,520,079	₱342,249,991
Selling and marketing	17,025,033	18,367,277	20,908,290
	₱509,715,330	₱422,887,356	₱363,158,281

Details of operating expenses by nature are as follows:

	Note	2024	2023	2022
Personnel costs	16	₱264,464,403	₱189,681,301	₱156,578,371
Taxes and licenses		61,840,809	72,974,746	37,142,660
Depreciation and amortization	9	36,631,767	33,639,346	29,572,354
Communication and office expenses		31,335,362	37,730,388	29,017,994
Management and professional fees		25,322,933	17,212,676	20,333,323
Transportation and travel		16,647,808	17,523,130	10,263,707
Repairs and maintenance		14,357,422	6,737,493	5,857,581
Insurance		14,061,310	14,485,495	18,749,473
Outside services		12,984,669	11,128,205	22,264,767
Advertising		11,686,349	13,221,219	13,235,604
Commissions		5,338,684	5,146,058	7,672,686
Provision for ECL		—	—	1,746,790
Others		15,043,814	3,407,299	10,722,971
		₱509,715,330	₱422,887,356	₱363,158,281

Others mainly pertains to utilities, dues and fees and fines and penalties.

18. Finance Costs

This account consists of:

	Note	2024	2023	2022
Interest expense	13	₱900,583,892	₱823,187,326	₱495,835,606
Bank charges		2,515,028	1,449,592	1,468,348
		₱903,098,920	₱824,636,918	₱497,303,954

19. Other Income - Net

This account consists of:

	Note	2024	2023	2022
Dividend income	20	₱619,000,000	₱556,414,000	₱300,000,000
Interest income	4	375,687,922	382,004,220	168,194,085
Gain on sale of property		48,419,719	—	—
Realized gains on disposals of financial assets at FVPL	5	46,952,211	26,739,011	17,308,102
Write-off of due from related parties	20	(36,052,873)	—	—
Provision for ECL	11	(16,002,600)	—	—
Unrealized holding gains (losses) on financial assets at FVPL	5	11,570,014	(1,741,646)	1,325,368
Gain (loss) on disposal of property and equipment	9	4,457,347	(857,717)	369,071
Foreign exchange gains		545,675	3,761,137	4,969,773
Net loss on sale and purchase of investments in subsidiaries		—	—	(11,763,485)
Others		22,260,716	2,513,929	126,971
		₱1,076,838,131	₱968,832,934	₱480,529,885

On February 2, 2024, the Company entered into a property conveyance agreement for additional consideration of the transferred area subject to a deed of dacion executed in 2018. This resulted to a gain of ₱48.4 million.

Others include income from penalties of late rental payments, write-off of liabilities and commissions.

20. Related Party Transactions

The Company has transactions with its related parties in the ordinary course of business as follows:

	Nature of Transaction	Note	Transactions during the Year		Outstanding Balance	
			2024	2023	2024	2023
Advances to Subsidiaries		10				
<i>Subsidiaries</i>	Advances for working capital		₱347,439,670	₱116,490,554	₱5,448,121,905	₱5,668,965,294
	Reclassification from investment		—	1,279,098	—	—
					5,448,121,905	5,668,965,294
	Allowance for ECL	10			(3,261,249)	(3,261,249)
					₱5,444,860,656	₱5,665,704,045
Trade Receivables		6				
<i>Subsidiaries</i>	Interest on advances for working capital		₱150,347,464	₱153,913,829	₱768,639,382	₱622,802,342
	Project management and developer's fees and working capital requirements		318,659,842	51,302,554	316,822,002	90,357,461
					₱1,085,461,384	₱713,159,803
Dividend Receivable		6				
<i>Subsidiaries</i>	Dividends income		₱619,000,000	₱556,414,000	₱535,000,000	₱150,000,000

		Note	Transactions during the Year		Outstanding Balance	
Nature of Transaction			2024	2023	2024	2023
Due from Related Parties			6			
Entity under common management	Advances for working capital		₱—	₱1,346,242	₱4,871,340	₱7,029,299
Principal stockholder	Share purchase agreement		—	—	—	36,052,873
					₱4,871,340	₱43,082,172
Advances from Subsidiaries						
Subsidiaries	Advances for working capital		₱34,178	₱70,566	₱284,632,299	₱285,896,319
Accounts Payable		12				
	Customer payments collected by ALCO on behalf of the Company		₱87,312	₱10,386,633	₱954,925	₱10,386,633
Subsidiaries	Advances for working capital		4,939,913	1,725,078	673,645	5,136,387
Principal Stockholder	Management fee		—	3,349,798	—	3,349,798
					₱1,628,570	₱18,872,818
Subscription Payable		12				
	Subscription of preferred shares		₱—	₱—	₱56,250,000	₱56,250,000
Dividends Payable		12				
Stockholders	Dividends declared		₱323,920,847	₱313,093,142	51,132,727	5,686,177

Advances for Working Capital

Outstanding balances of advances for working capital are unsecured, unguaranteed, collectible or payable on demand and to be settled in cash. These are non-interest bearing, except for advances to CLLC, KHI, Bhavana, Bhavya and Cazneau which bears a 3.5% interest rate.

The Company's allowance for ECL on advances to related parties amounted to P3.3 million as at December 31, 2024 and 2023 (see Note 10).

Project Management and Developer's Fees

As of December 31, 2024 and 2023, the Company has ongoing agreements to provide management services for the development and construction of various projects. These include SLC's Project Teal, ZLDC's Makati CBD Residential Project 1 (entered in 2024), Cazneau's Sevina Park, Bhavana's Lucima Residences, Bhavya's Eluria (entered in 2021), SLDC's Savya Financial Center (entered in 2019), and CLLC's Cebu Exchange Project (entered in 2017). Outstanding balances for these agreements are non-interest bearing, unsecured, and collectible within 30 days or upon resolution of any pending invoice matters.

Share Purchase Agreement

On December 11, 2024, the BOD approved the amendment on the share purchase agreement where the company shall no longer collect from CPG the amount of P36.1 million due to the considerable length of time the Complaint has been pending involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the property. The amendment resulted to the write off of the receivable from CPG.

Management Fee

Management fee is recognized for management consultancy, development and administrative services provided by CPG to the Company. Outstanding balances are unsecured, non-interest bearing, payable on demand and to be settled in cash.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2024	2023	2022
Salaries and other employee benefits	₱154,490,888	₱127,231,751	₱106,570,170
Retirement benefits expense	20,193,519	16,366,953	26,688,905
	₱174,684,407	₱143,598,704	₱133,259,075

21. Net Retirement Liability (Asset)

The Company has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary. The normal retirement age is 60 with a minimum of five (5) years of credited service. The plan also provides for an early retirement at age 50 with minimum of five (5) years of credited service or late retirement after age 60, both subject to the approval of the Company's BOD.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

There are no unusual or significant risks to which the retirement liability exposes the Company. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Company.

The following tables summarize the components of retirement benefit costs recognized in the separate statements of comprehensive income for the year ended December 31, 2024 based on the report of an independent actuary dated December 18, 2024:

Breakdown of retirement benefits expense is as follows (see Note 16):

	2024	2023	2022
Current service cost	₱24,602,850	₱18,970,377	₱22,188,161
Net interest cost (income)	(592,177)	(2,641,753)	3,315,994
Interest on the effect of the asset ceiling	52,486	295,853	—
	₱24,063,159	₱16,624,477	₱25,504,155

The movements of net retirement liability (asset) recognized in the separate statements of financial position are as follows:

	2024	2023
Balance at beginning of year	(₱14,151,768)	(₱36,058,483)
Current service cost	24,602,850	18,970,377
Net interest cost (income)	(539,691)	(2,345,900)
Remeasurement losses (gains) on:		
Experience adjustments	9,553,736	(7,298,446)
Change in financial assumptions	(1,521,160)	13,486,231
Return on plan assets	2,413,192	2,626,156
Effect of asset ceiling	(914,329)	(3,531,703)
Balance at end of year	₱19,442,830	(₱14,151,768)

The funded status and amounts recognized in the separate statements of financial position for the net retirement liability (asset) as at December 31, 2024 and 2023 are as follows:

	2024	2023
Present value of retirement liability	₱158,558,728	₱128,667,171
Fair value of plan assets	(139,115,898)	(143,680,782)
	19,442,830	(15,013,611)
Effect of asset ceiling	—	861,843
	₱19,442,830	(₱14,151,768)

The plan is underfunded by ₱19.4 million as at December 31, 2024 based on the latest actuarial valuation.

Changes in the present value of retirement liability are as follows:

	2024	2023
Balance at beginning of year	₱128,667,171	₱103,192,114
Current service cost	24,602,850	18,970,377
Interest cost	7,835,831	7,450,471
Benefits paid from plan assets	(10,579,700)	(7,133,576)
Remeasurement losses (gains) on:		
Experience adjustments	9,553,736	(7,298,446)
Change in financial assumptions	(1,521,160)	13,486,231
Balance at end of year	₱158,558,728	₱128,667,171

Changes in the fair value of plan assets are as follows:

	2024	2023
Balance at beginning of year	₱143,680,782	₱143,348,290
Benefits paid from plan assets	(10,579,700)	(7,133,576)
Interest income	8,428,008	10,092,224
Remeasurement loss on return on plan assets	(2,413,192)	(2,626,156)
Balance at end of year	₱139,115,898	₱143,680,782

Plan assets are primarily composed of cash and unit investment trust accounts and do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in operations. There is no expected contribution to the fund in the next financial year.

The cumulative remeasurement gains (losses) on net retirement asset or liability recognized in OCI as at December 31 are as follows:

	2024		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱55,917,574	₱13,979,393	₱41,938,181
Remeasurement loss	(9,531,439)	(2,382,859)	(7,148,580)
Balance at end of year	₱46,386,135	₱11,596,534	₱34,789,601

	2023		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱61,199,812	₱15,299,953	₱45,899,859
Remeasurement loss	(5,282,238)	(1,320,560)	(3,961,678)
Balance at end of year	₱55,917,574	₱13,979,393	₱41,938,181

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2024	2023
Discount rate	6.18%	6.09%
Salary projection rate	6.00%	6.00%
Average remaining service years	22.1	21.4

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2024 and 2023 are presented below.

	Change in Assumption	Effect on Present Value of Retirement Liability	
		Discount Rate	Salary Projection Rate
December 31, 2024	+1%	(₱15,408,175)	₱18,184,778
	-1%	18,338,115	(15,566,899)
December 31, 2023	+1%	(12,061,291)	14,194,547
	-1%	14,327,368	(12,176,204)

The expected future benefit payments within the next ten (10) years are as follows:

Financial Year	Amount
2025	₱34,295,354
2026	8,060,954
2027	4,955,915
2028	5,459,658
2029	30,804,365
2030-2034	87,286,350

The weighted average duration of the retirement benefit obligation as at December 31, 2024 and 2023 are 10.6 years and 10.3 years, respectively.

22. Lease Commitments

Operating Lease Commitments - Company as a Lessor

The Company entered into various non-cancellable lease agreements in ACPT for periods ranging from five (5) years to ten (10) years. All lease agreements include an escalation clause of 5% every year. The lease contracts do not provide for any contingent rent.

Leasing revenue recognized from these operating leases amounted to ₱356.0 million in 2024, ₱329.3 million in 2023, and ₱296.9 million in 2022 (see Note 8). Lease receivables amounted to ₱137.9 million and ₱157.6 million as at December 31, 2024 and 2023, respectively. Accrued rent receivable amounted to ₱10.3 million and ₱20.6 million as at December 31, 2024 and 2023, respectively (see Note 6). Advance rent from tenants amounted to ₱54.4 million and ₱61.2 million as at December 31, 2024 and 2023, respectively. Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to ₱117.3 million and ₱101.7 million as at December 31, 2024 and 2023, respectively (see Note 12).

The future minimum lease payments to be received under non-cancellable operating leases as at December 31 are as follows:

	2024	2023
Within one (1) year	₱236,747,313	₱185,057,535
After one (1) year but not more than five (5) years	479,383,851	285,332,829
	₱716,131,164	₱470,390,364

Operating Lease Commitments - Company as a Lessee

The Company's short-term and low value operating leases amounted to ₱0.4 million, ₱0.3 million and ₱0.3 million in 2024, 2023 and 2022, respectively.

23. Income Taxes

The components of provision for (benefit from) income tax are as follows:

	Note	2024	2023	2022
Reported in Profit or Loss				
Current income tax:				
Final taxes		₱54,346,177	₱50,828,138	₱8,296,140
MCIT		12,788,911	5,286,924	3,983,074
Gross income tax (GIT)		5,217,775	5,487,544	5,120,220
		72,352,863	61,602,606	17,399,434
Deferred tax expense (benefit)		7,998,426	(142,668,009)	15,930,709
		₱80,351,289	(₱81,065,403)	₱33,330,143
Reported in OCI				
Deferred tax benefit (expense) related to				
remeasurement gains or losses on net				
retirement asset	21	₱2,382,859	₱1,320,560	(₱14,323,659)

PEZA Registration

ACPT is registered with the PEZA as an Ecozone Facilities Enterprise (see Note 1). The scope of its registered activity is limited to development, operation and maintenance of an economic zone.

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and
- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT or MCIT whichever is higher at the rate of 25% and 2%, respectively, in 2024 and 25% and 1.5%, respectively, in 2023.

Deferred Tax Assets and Deferred Tax Liabilities

The components of the Company's recognized deferred tax assets and deferred tax liabilities are as follows:

	2024	2023
Deferred tax assets:		
NOLCO	₱651,803,510	₱469,031,184
Retirement liability	22,573,620	17,182,949
Excess MCIT over RCIT	22,058,909	9,269,998
Advance rent	11,009,177	12,751,558
Allowance for impairment loss	4,437,348	436,698
Effect of PFRS 16	165,258	—
	712,047,822	508,672,387
Deferred tax liabilities:		
Cumulative gain on change in fair value of investment properties	1,202,487,461	999,692,531
Depreciation of investment properties	44,684,624	36,935,759
Transfer of fair value to property and equipment	9,884,186	10,108,826
Capitalized debt issue cost	7,634,466	7,806,996
Accrued rent receivable	3,821,763	5,113,809
Unrealized foreign exchange gains	1,076,703	940,284
	1,269,589,203	1,060,598,205
Net deferred tax liabilities	₱557,541,381	₱551,925,818

As at December 31, 2023, the Company's unrecognized deferred tax assets relating to excess MCIT over RCIT incurred in 2021 amounted to ₱5.3 million. This expired in 2024.

NOLCO and Excess MCIT over RCIT

Details of the Company's NOLCO are as follows:

Year Incurred	Amount	Additions	Expired	Balance	Valid Until
2024	₱—	₱731,089,305	₱—	₱731,089,305	2027
2023	830,503,878	—	—	830,503,878	2026
2022	449,215,054	—	—	449,215,054	2025
2021	189,871,601	—	—	189,871,601	2026
2020	406,534,201	—	—	406,534,201	2025
	₱1,876,124,734	₱731,089,305	₱—	₱2,607,214,039	

Under Republic Act No. 11494, also known as "Bayanihan to Recover As One Act" and Revenue Regulations No. 25-2020, NOLCO incurred for the taxable years 2020 and 2021 will be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Company's excess MCIT over RCIT are as follows:

Year Incurred	Amount	Additions	Expired	Balance	Valid Until
2024	₱—	₱12,788,911	₱—	₱12,788,911	2027
2023	5,286,924	—	—	5,286,924	2026
2022	3,983,074	—	—	3,983,074	2025
2021	5,324,366	—	(5,324,366)	—	2024
	₱14,594,364	₱12,788,911	(₱5,324,366)	₱22,058,909	

The reconciliation between the income tax computed based on statutory income tax rate and the provision for (benefit from) income tax reported in the separate statements of comprehensive income is as follows:

	2024	2023	2022
Income tax computed at statutory tax rate	₱246,917,710	₱82,874,043	₱56,557,019
Add (deduct) tax effects of:			
Dividend income	(154,750,000)	(139,103,500)	(75,000,000)
Difference in income and statutory rates	(25,091,619)	(24,893,077)	(22,981,242)
Nondeductible expenses	23,604,534	15,068,921	3,196,502
Taxable rent	13,805,758	10,262,838	—
Interest income subjected to final tax	(11,267,023)	(11,404,520)	(1,207,510)
Stock issuance costs	(7,515,600)	—	—
Realized gain on disposals of financial assets at FVPL subjected to final tax	(2,459,967)	(1,474,693)	(860,927)
Unrealized holding losses (gains) on financial assets at FVPL	(2,892,504)	435,412	(331,342)
Expired NOLCO	—	—	42,848,745
Expired MCIT	—	—	5,409,829
Net gain on sale of shares	—	—	2,940,871
Stock options outstanding	—	—	20,416
Change in unrecognized deferred tax assets	—	(12,830,827)	22,737,782
	₱80,351,289	(₱81,065,403)	₱33,330,143

24. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes:

	2024						
	Financing Cash Flows			Noncash Transactions			
	Balances at Beginning of Year	Availments	Payments	Additions/ Declaration	Amortization of Debt Issue Cost	Interest Expense	Balances at End of the Year
Loans payable	₱4,810,948,582	₱5,585,509,167	(₱5,107,040,000)	₱—	₱6,191,326	₱—	₱5,295,609,075
Bonds payable	5,941,522,413	—	—	—	14,010,006	—	5,955,532,419
Advances from subsidiaries	285,896,319	34,178	(1,298,198)	—	—	—	284,632,299
Dividends payable	5,686,177	—	(278,474,297)	323,920,847	—	—	51,132,727
Lease liability	—	—	(5,412,582)	28,115,160	—	1,680,456	24,383,034
	₱11,044,053,491	₱5,585,543,345	(₱5,392,225,077)	₱352,036,007	₱20,201,332	₱1,680,456	₱11,611,289,554

	2023					
	Balances at Beginning of Year	Financing Cash Flows		Noncash Transactions		Balances at End of Year
		Availments	Payments	Declaration	Amortization of Debt Issue Cost	
Loans payable	₱5,207,880,438	₱2,925,000,000	(₱3,330,000,000)	₱—	₱8,068,144	₱4,810,948,582
Bonds payable	5,925,771,148	—	—	—	15,751,265	5,941,522,413
Advances from subsidiaries	285,825,753	70,566	—	—	—	285,896,319
Dividends payable	7,093,749	—	(314,500,714)	313,093,142	—	5,686,177
	₱11,426,571,088	₱2,925,070,566	(₱3,644,500,714)	₱313,093,142	₱23,819,409	₱11,044,053,491

25. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, financial assets at FVPL, receivables (excluding accrued rent receivable), advances to and from subsidiaries, amounts held in escrow, deposits, loans payable, bonds payable and accounts and other payables (excluding statutory payables, advance rent and other payables).

It is the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

The Company's exposure to foreign currency risk is minimal, as it does not enter into significant transactions in currencies other than its functional currency.

Credit Risk

The Company's exposure to credit risk arises from the failure of counterparty to fulfill its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of financial assets at amortized cost represent its maximum credit exposure.

Trade Receivables

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms, and conditions are offered. The Company's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Company limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Company. Also, customers are required to deposit postdated checks to the Company covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at December 31, 2024 and 2023, there were no significant credit concentrations. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables.

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost are mostly composed of cash in banks, cash equivalents and amounts held in escrow. The Company limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For deposits and advances to subsidiaries, credit risk is low since the Company only transacts with related parties and reputable companies and individuals with respect to this financial asset.

The Company considers credit risk in measuring ECL of financial assets at amortized cost. Since the financial assets of the Company are considered to have low credit risk, impairment loss is limited to 12 months ECL. The Company has no concentration of credit risk.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL

The Company is also exposed to credit risk in relation to its investments in UITF that is measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

	2024				
	Financial assets at amortized cost			Financial Assets at FVPL	Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	₱3,465,807,862	₱—	₱—	₱—	₱3,465,807,862
Financial assets at FVPL		—	—	1,528,745,250	1,528,745,250
Receivables**	1,370,883,268	454,726,931	1,746,790	—	1,827,356,989
Advances to subsidiaries	5,444,860,656	—	3,261,249	—	5,448,121,905
Amounts held in escrow	208,946,358	—	—	—	208,946,358
Deposits	88,969,203	—	—	—	88,969,203
	₱10,579,467,347	₱454,726,931	₱5,008,039	₱1,528,745,250	₱12,567,947,567

*Excluding cash on hand amounting to ₱65,000 as at December 31, 2024.

**Excluding accrued rent receivable under straight-line basis of accounting aggregating to ₱10.3 million as at December 31, 2024.

2023					
	Financial assets at amortized cost			Financial Assets at FVPL	Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	₱4,039,953,465	₱—	₱—	₱—	₱4,039,953,465
Financial assets at FVPL	—	—	—	294,175,235	294,175,235
Receivables**	895,652,183	247,918,593	1,746,790	—	1,145,317,566
Advances to subsidiaries	5,665,704,045	—	3,261,249	—	5,668,965,294
Amounts held in escrow	128,154,209	—	—	—	128,154,209
Deposits	58,242,651	—	—	—	58,242,651
	₱10,787,706,553	₱247,918,593	₱5,008,039	₱294,175,235	₱11,334,808,420

*Excluding cash on hand amounting to ₱65,000 as at December 31, 2023.

**Excluding accrued rent receivable under straight-line basis of accounting aggregating to ₱20.6 million as at December 31, 2023.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to settle its obligations as they fall due.

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted cash flows as at December 31, 2024 and 2023:

2024						
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱—	₱4,279,406,667	₱521,875,000	₱500,000,000	₱—	₱5,301,281,667
Bonds payable	—	3,000,000,000	—	—	3,000,000,000	6,000,000,000
Accounts and other payables*	23,994,102	535,827,939	7,564,841	5,386,833	4,677,669	577,451,384
Advances from subsidiaries	284,632,299	—	—	—	—	284,632,299
	₱308,626,401	₱7,815,234,606	₱529,439,841	₱505,386,833	₱3,004,677,669	₱12,163,365,350

*Excluding deferred output VAT, statutory payables, advance rent and other payables aggregating to ₱204.2 million as at December 31, 2024.

2023						
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱—	₱1,907,500,000	₱2,412,500,000	₱500,000,000	₱—	₱4,820,000,000
Bonds payable	—	—	3,000,000,000	—	3,000,000,000	6,000,000,000
Accounts and other payables*	25,041,981	385,272,695	—	—	—	410,314,676
Advances from subsidiaries	285,896,319	—	—	—	—	285,896,319
	₱310,938,300	₱2,292,772,695	₱5,412,500,000	₱500,000,000	₱3,000,000,000	₱11,516,210,995

*Excluding deferred output VAT, statutory payables, advance rent and other payables aggregating to ₱167.9 million as at December 31, 2023.

The Company monitors its risk to a shortage of funds through analyzing the maturity of its financial investments and financial assets and cash flows from operations. The Company monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a daily basis to arrive at the projected cash position to cover its obligations.

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on annual intervals.

The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as management has assessed that future interest rate changes are not expected to significantly affect the Company's net income.

Capital Management

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

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

	2024	2023
Total liabilities	₱12,894,368,965	₱12,233,925,082
Total equity	10,144,194,119	8,101,576,399
Debt-to-equity ratio	1.27:1.00	1.51:1.00

The Company manages the capital structure and makes adjustments when there are changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

26. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

			2024		
			Fair Value		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Note	Carrying Amount			
Assets measured at fair value:					
Financial assets at FVPL	5	₱1,528,745,250	₱1,528,745,250	₱—	₱—
Investment properties	8	7,555,247,291	—	325,642,500	7,229,604,791
Financial assets at amortized cost - Deposits					
	11	88,969,203	—	—	88,969,203
		₱9,172,961,744	₱1,528,745,250	₱325,642,500	₱7,318,573,994
Loans payable	13	₱5,295,609,075	₱—	₱—	₱5,414,699,037
Bonds payable	14	5,955,532,419	—	—	6,280,628,403
		₱11,251,141,494	₱—	₱—	₱11,695,327,440

	Note	Carrying Amount	2023		
			Fair Value		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	5	₱294,175,235	₱294,175,235	₱—	₱—
Investment properties	8	6,737,104,251	—	216,962,168	6,520,142,083
Financial assets at amortized cost - Deposits	11	58,242,651	—	—	58,242,651
		₱7,089,522,137	₱294,175,235	₱216,962,168	₱6,578,384,734
Loans payable	13	₱4,810,948,582	₱—	₱—	₱4,810,948,582
Bonds payable	14	5,941,522,413	—	—	5,941,522,413
		₱10,752,470,995	₱—	₱—	₱10,752,470,995

The following methods and assumptions were used in estimating the fair value of the Company's financial assets and liabilities:

Financial Assets at FVPL. The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices.

Investment Properties. The fair value of ACPT, parking lots in Arya Residences and land were determined using discounted cash flow approach and market data approach.

Deposits. Deposits are measured at amortized cost. The fair value of deposits has not been determined using observable market data because management believes that the difference between fair value and carrying amount is not significant. The fair value of utility deposits has been categorized as level 3.

Loans and Bonds Payable. The fair value of the Company's loans and bonds payable were determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities. Interest-bearing loans and bonds payable include accrued interest in the estimation of its fair value.

The table below presents the financial assets and liabilities of the Company whose carrying amounts approximate fair values as at December 31, 2024 and 2023:

	2024	2023
Financial assets:		
Cash and cash equivalents	₱3,465,872,862	₱4,040,018,465
Receivables*	1,825,610,199	1,143,570,776
Advances to subsidiaries	5,444,860,656	5,665,704,045
Amounts held in escrow	208,946,358	128,154,209
	₱10,945,290,075	₱10,977,447,495
Financial liabilities:		
Accounts and other payables**	₱577,451,384	₱410,314,676
Advances from subsidiaries	284,632,299	285,896,319
	₱862,083,683	₱696,210,995

*Excluding accrued rent receivables aggregating ₱10.3 million and ₱20.6 million as at December 31, 2024 and 2023, respectively.

**Excluding deferred output VAT, statutory payables, advance rent and other payables aggregating ₱204.2 million and ₱167.9 million as at December 31, 2024 and 2023, respectively.

27. Classification of Separate Statements of Financial Position Accounts

The Company's current portions of its assets and liabilities as at December 31, 2024 and 2023 are as follows:

	Note	2024	2023
Current Assets			
Cash and cash equivalents	4	₱3,465,872,862	₱4,040,018,465
Financial assets at FVPL	5	1,528,745,250	294,175,235
Receivables	6	1,835,953,382	1,164,164,934
Real estate for sale	7	257,802,525	254,943,999
CWT		474,951,493	401,248,045
Advances to subsidiaries	10	5,444,860,656	5,665,704,045
Other assets*	11	308,569,934	195,921,353
		₱13,316,756,102	₱12,016,176,076

*Excluding deposits and deferred input VAT aggregating to ₱90.0 million and ₱59.7 million as at December 31, 2024 and 2023, respectively.

	Note	2024	2023
Current Liabilities			
Accounts and other payables	12	₱781,610,961	₱643,631,950
Current portion of loans payable	13	4,279,406,667	1,907,500,000
Current portion of bonds payable	14	3,000,000,000	–
Advances from subsidiaries	20	284,632,299	285,896,319
		₱8,345,649,927	₱2,837,028,269

28. Events After Reporting Period

Declaration of Cash Dividends

The Company's BOD approved and declared the following cash dividends:

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series D Preferred Shares	January 22, 2025	February 7, 2025	March 3, 2025	₱45,000,000	₱7.5000
Series F Preferred Shares	March 26, 2025	April 15, 2025	May 15, 2025	45,465,705	9.1575

Amendments to the Articles of Incorporation (AOI)

On January 22, 2025, the BOD approved the proposal to amend the Article Seventh of the AOI by decreasing the Company's authorized capital stock by ₱10.0 million. The foregoing decrease in the authorized capital stock corresponds to the redemption of Series C Preferred Shares on June 27, 2024 (see Note 15).

Reallocation of Use of Proceeds

Green Bonds Second Tranche

On January 22, 2025, the BOD approved the reallocation of the use of proceeds of the second tranche of green bonds effective February 21, 2025 (see Note 15).

Preferred Shares Series F

On March 26, 2025, the BOD approved the reallocation of the use of proceeds of the Series F Preferred Shares effective April 25, 2025 (see Note 15).

Subscription to Preferred Shares of a Subsidiary

On January 22, 2025, the BOD approved the Company's subscription to 7.1 million Series B Preferred Shares of ZLDC at a subscription price of ₱100 per share once ZLDC's proposed increase in authorized capital stock is approved by the SEC.

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Arthaland Corporation
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited the accompanying separate financial statements of Arthaland Corporation (the Company), as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 on which we have rendered our report dated March 26, 2025.

In compliance with the Revised Securities Regulations Code Rule 68, we are stating that the Company has 1,904 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.



CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

March 26, 2025
Makati City, Metro Manila

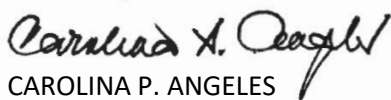
**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Arthaland Corporation
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippines Standards on Auditing, the separate financial statements of Arthaland Corporation (the Company) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report thereon dated March 26, 2025. Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not part of the separate financial statements. The supplementary schedule has been subjected to the auditing procedures applied in the audits of the basic separate financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the separate financial statements or to the separate financial statements themselves. In our opinion, the information is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

REYES TACANDONG & Co.



CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

March 26, 2025
Makati City, Metro Manila

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024**

ARTHALAND CORPORATION

7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

	Amount
Retained earnings available for dividend declaration as at the beginning of reporting period	₱197,737,148
Less: Category B: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	323,920,847
Retirement of preferred shares series B	23,558,459
	347,479,306
Deficit, as adjusted	(149,742,158)
Add: Net income for the current year	907,319,549
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	(11,570,014)
Unrealized fair value gain of investment property	(608,384,791)
	(619,954,805)
Sub-total	137,622,586
Add: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	(1,741,646)
Sub-total	135,880,940
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(12,024,182)
Retained earnings available for dividend declaration as at the end of reporting period	₱123,856,758

SUSTAINABILITY REPORT

Company Details	
Name of Organization	ARTHALAND CORPORATION (“Arthaland” or the “Company”)
Location of Headquarters	7F Arthaland Century Pacific Tower 5th Avenue corner 30th Street Bonifacio Global City, Taguig City 1634, Philippines
Location of Operations	Taguig City, Cebu City, Laguna
Report Boundary	<p>This Annex applies the control approach to its boundary to report on the performance of the following developments/projects owned by Arthaland or its subsidiaries, listed according to their development progress:</p> <p>Fully operational:</p> <ol style="list-style-type: none"> 1. Arthaland Century Pacific Tower (ACPT) in Taguig City, owned by Arthaland¹ and managed by Arthaland Prestige Property Solutions, Inc. (APPS) 2. Arya Residences in Taguig City, managed by APPS 3. Sevina Park in Laguna, owned by Cazneau, Inc. and managed by APPS <ol style="list-style-type: none"> a. Courtyard Hall b. Villa Model Units 138, 162, 182 c. Sales Gallery d. Sevina Park Amenity Pavilion <p>In partial operations²:</p> <ol style="list-style-type: none"> 4. Cebu Exchange in Cebu City, owned by Cebu Lavana Land Corp. and managed by APPS 5. Savya Financial Center in Taguig City, owned by Savya Land Development Corporation and managed by APPS <p>Under construction:</p> <ol style="list-style-type: none"> 6. Sevina Park in Laguna, owned by Cazneau Inc.; <ol style="list-style-type: none"> a. Villa Turnover Units 138, 162, 182 b. Una Apartments Tower 1 7. Lucima in Cebu City, owned by Bhavana Properties, Inc. 8. Eluria in Makati City, owned by Bhavya Properties, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Arthaland is a sustainable developer recognized by local and global organizations for its superior design, high quality, and commitment to sustainability and innovation. Its residential, commercial, and horizontal mixed-use development portfolio is certified or vying for green and wellness certifications.
Reporting Period	January 1 to December 31, 2024
Highest Ranking Person responsible for this report	Jaime C. González Vice Chairman and President

¹ Arthaland retains the ownership of over 21,089 sqm of ACPT, representing approximately 66% of its 32,016 sqm net leasable area.

² Developments are considered “in partial operations” when operated for less than 12 months or have less than 85% occupancy rate.

MATERIALITY PROCESS

ARTHALAND is the pioneer developer of sustainable projects in the Philippines. At the heart of every Arthaland project are sustainability, exceptional and innovative design, and high-quality construction standards. Its current projects consist of residential, commercial, and horizontal mixed-use developments. All these projects adhere to globally and nationally recognized standards for green and wellness buildings through the pursuance of certifications such as the Leadership for Energy and Environmental Design™ (LEED™) of the US Green Building Council (USGBC), the Building for Ecologically Responsive Design Excellence (BERDE) of the Philippine Green Building Council (PHILGBC), Excellence for Design and Greater Efficiencies (EDGE) of the International Finance Corporation (IFC), and the WELL Building Standard™ (WELL™) of the International WELL Building Institute™ (IWBI™).

Building its foundations on sustainable principles, Arthaland understands the significant impact of its developments on the economy, the environment, and society, hence weaving its sustainability strategies to prosper simultaneously throughout its business processes. The subsequent sections of the Report discuss the impact of the organization's activities, risks, and opportunities in these areas. Moreover, as Arthaland leans towards sustainable design, construction, and operations, its contributions to the Sustainable Development Goals (SDGs) of the United Nations (UN) are also identified in the subsequent section.

In 2023, Arthaland management and employees representing the company's different business units identified, assessed, and prioritized sustainability concerns based on their expertise, decision process, and knowledge representing stakeholders' interests, particularly the company's customers, employees, contractors, and local communities. These representatives engage their respective stakeholders through customer feedback, project development discussions, surveys, interviews, and the like.

The materiality assessment sessions resulted in the following:



Topics that ranked medium to high in their impact on stakeholders and the business are discussed in detail in this Sustainability Report ("Report"), while the other topics that ranked a low level of criticality are addressed in the overview of the Company's Management approach. The material topics with the highest impact identified for this Report are Resource Management, Infrastructure Investment, Marketing and Labelling, GHG Emissions, and Anti-corruption.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure		Amount	Units
Direct economic value generated		8,585,073,278	Php
Direct economic value distributed	Operating costs, including payment to suppliers ³	5,457,518,403	Php
	Employee wages & benefits	374,808,551	Php
	Dividends to stockholders and interest payments	2,001,899,780	Php
	Taxes to government	456,158,089	Php
Direct economic value retained		294,688,455	Php

The direct economic value generated and distributed includes the performance of Arthaland and its subsidiaries.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
A company's business model affects its overall economic performance, primarily impacted by market view and acceptance.	Shareholders and stakeholders	<p>Arthaland creates shareholder and stakeholder value by positioning itself as the foremost sustainable developer who designs, constructs, and operates certified sustainable developments through nationally and globally recognized rating systems, such as LEED™, BERDE, EDGE, and WELL™ green building rating tools.</p> <p>Arthaland's development portfolio consists of the following:</p> <ul style="list-style-type: none"> • Arya Residences (Arya) is the Philippines' first and only dual-certified residential building. It was awarded LEED Gold and BERDE 4-Star. In 2020, it was awarded ANZ/PH 3-Star under PHILGBC's Advancing Net Zero pilot program. • Arthaland Century Pacific Tower (ACPT) is the only triple-certified building in the Philippines, having been awarded the highest distinctions of LEED Platinum, BERDE 5-Stars, and EDGE Zero Carbon. In 2020, it was awarded Net Zero Energy under PHILGBC's Advancing Net Zero pilot program and rated under the WELL Health-Safety Rating (HSR).

³ Net of other costs identified (wages, taxes, community investments)

		<ul style="list-style-type: none"> • Cebu Exchange (CebEx) is an office building in Cebu that is now LEED Gold, BERDE 5-Star, EDGE Advanced, WELL Precertification, and WELL HSR. • Savya Financial Center is an office building in Arca South, Taguig City. It is LEED Precertified Gold, EDGE Advanced Preliminary Stage, WELL precertified, and WELL HSR. It is on track for BERDE certification. • Sevina Park is a horizontal mixed-use development in Laguna with townhouses⁴ awarded LEED Platinum under LEED Neighborhood Development and LEED Homes. Inside Sevina Park is Una Apartments, a newly launched vertical residential development vying for LEED, BERDE, EDGE, and WELL certifications. • Lucima is a high-rise residential condominium in Cebu City. It is precertified with LEED Gold and on track for BERDE, EDGE, and WELL certifications. • Eluria is a newly launched vertical residential development in Makati City, precertified with LEED Gold and on track for BERDE, EDGE, and WELL certifications.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Building green in an emerging economy requires market transformation and innovation.	Shareholders and stakeholders	<p>Arthaland capitalizes on the extensive experience of its Management team, composed of highly experienced industry veterans. These individuals carry a wealth of cumulative management experience to drive market transformation by carefully forming strategies.</p> <p>Through its flagship residential and commercial office developments, Arya and ACPT, Arthaland has proven its capability to deliver sustainable, world-class projects on schedule and within budget.</p>
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Sustainability is for all. It is not for a select few but for everyone to benefit from.	Shareholder and stakeholder	Arthaland aims to spread sustainability in the Philippines by expanding its portfolio in different market segments and geographic areas.

⁴ Only one townhouse (a.k.a. Villa Model Unit) is awarded at present. The rest of the townhouses are on track for LEED and EDGE certifications.

Climate-related risks and opportunities

Governance	
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Arthaland integrates climate-related risks and opportunities into its corporate governance by making sustainability a fundamental pillar of its business strategy. From its inception, the company has committed to developing a 100% certified sustainable portfolio, earning local and globally recognized certifications such as LEED, BERDE, EDGE, and WELL.</p> <p>In 2024, Arthaland further strengthened its climate commitment by becoming a signatory of the Science Based Targets initiative (SBTi), aligning its emissions reduction goals with the 1.5°C warming limit. Additionally, the company upholds its Net Zero Carbon Buildings commitment under the World Green Building Council, reinforcing its dedication to decarbonizing the built environment.</p> <p>Sustainability governance is led by the Chief Sustainability Officer and supported by a dedicated team responsible for sustainability initiatives, certifications, and strategic partnerships. The Board of Directors provides active oversight on climate-related strategies, ensuring alignment with global best practices and stakeholder expectations.</p>
Strategy	
<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>Arthaland's strategy is centered on mitigating climate risks while leveraging opportunities to sustain the long-term growth of its business. The company remains at the forefront of sustainable real estate development by committing to full decarbonization of its entire development portfolio by 2030, setting the standard for net zero and low-carbon buildings.</p> <p>As the only real estate developer in the Philippines with a 100% certified sustainable portfolio, Arthaland integrates green building principles, energy efficiency, and carbon reduction across all its projects. Through its net zero roadmap, the company continually refines its design, construction, and operational strategies to reduce both embodied and operational carbon, ensuring resilience in an evolving climate and regulatory landscape while maximizing long-term value for its stakeholders.</p> <p>Beyond development, Arthaland extends its sustainability leadership through APPS, its dedicated property management arm. APPS ensures that all Arthaland buildings maintain high-performance standards in energy efficiency, water conservation, indoor air quality, and overall building wellness. By embedding sustainability into operations, APPS enhances asset value, reduces environmental impact, and provides tenants and investors with long-term benefits.</p> <p>Arthaland also collaborates with industry leaders, policymakers, and sustainability organizations to stay ahead of climate regulations and market shifts. By continuously innovating and improving its projects, the company strengthens its competitive advantage, aligning with global best practices and reinforcing its position as a leader in sustainable real estate development.</p>

Risk Management	
<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Arthaland employs a proactive approach in managing climate-related risks, including regulatory, physical, and market risks. The company continuously monitors and assesses climate risks associated with extreme weather events, rising construction costs due to resource constraints, and evolving building standards. To mitigate these risks, Arthaland has established an internal team, the Sustainability Department, dedicated to identifying resource needs and ensuring supply chain resilience.</p> <p>The company also works closely with industry partners, government bodies, and sustainability organizations to stay ahead of regulatory changes and emerging climate policies. Its fully certified portfolio ensures that all developments comply with the latest sustainability and resilience standards, reducing exposure to regulatory and operational risks.</p>
Metrics and Targets	
<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>Arthaland is committed to tracking and disclosing its climate-related performance through science-based targets and third-party certifications. By 2026, the company will formalize its emissions reduction targets under SBTi, reinforcing its net zero carbon commitment. It continues to measure key performance indicators (KPIs) such as operational and embodied carbon emissions, energy and water efficiency, and waste reduction across all projects.</p> <p>In addition to SBTi, Arthaland maintains a 100% certified sustainable portfolio, holding key certifications that reflect its leadership in green building practices. Notable certifications include:</p> <ul style="list-style-type: none"> • Arya is the Philippines' first and only multi-certified residential building, having achieved LEED Gold, BERDE 4-Stars, and ANZ/PH 3-Star. • ACPT is the Philippines' first and only triple-certified office building with the highest ratings of LEED Platinum, BERDE 5-Stars, and EDGE Zero Carbon. It has also been rated WELL HSR since 2021. • Sevina Park is Southeast Asia's first LEED Platinum project awarded under the LEED v4 for Neighborhood Development. Its Villa-182 Model Unit is LEED Platinum under LEED v4 for Single-Family Residential. Sevina Park has also been awarded BERDE 5-Star for Districts. • CebEx is LEED Gold, BERDE 5-Star, WELL Precertified, WELL HSR 2022, and EDGE Advanced. It is on track for EDGE Zero Carbon certification. • Savya Financial Center is LEED Precertified Gold, EDGE Advanced Preliminary certification, WELL Precertified, and WELL HSR 2024. It is on track for BERDE certification. • Lucima is LEED Precertified Gold and on track for BERDE, EDGE, and WELL certifications. • Eluria is LEED Precertified Gold and on track for BERDE, EDGE, and WELL certifications. • Una Apartments is registered for LEED, BERDE, EDGE, and WELL certifications.

Procurement Processes

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement spending used for significant locations of operations that are spent on local suppliers	98.48	%

The local suppliers refer to organizations or persons based in the Philippines that provide a product or service to Arthaland and/or its subsidiaries (GRI Standard 2016 Glossary).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
An organization's procurement process and practices heavily influence the success of its supply chain. This consequently affects the overall quality of the product.	Shareholders and customers	Arthaland established policies on Business Conduct and Ethics, Conflict of Interest, Anti-Corruption and Bribery, Insider Trading, and Related Party Transactions. These policies include the implementation of the following: <ul style="list-style-type: none"> • The promotion of a culture that fosters and maintains the core values of fairness, transparency, accountability, and integrity • Mandatory disclosure of any conflict of interest on personal, professional, and business interests • Zero-tolerance to bribery and corruption • No inside trading allowed, and • Related party transactions must always be disclosed and implemented on an arms-length basis.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Without a fair, unbiased, and consistent procurement process, a business can narrow its supply chain pool, hampering its ability to innovate and remain competitive.	Shareholders and investors	Arthaland's Internal Audit and Risk Department regularly evaluates its procurement and other business processes at multiple levels.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
An organization's procurement process can safely guard its business ethics.	Shareholders and investors	Procurement practices and related policies are reviewed annually and as often as necessary to ensure relevance to the present time.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Arthaland's anti-corruption policies and procedures are communicated to all employees during onboarding. Positions with a higher risk of exposure receive additional training on the subject. At the same time, suppliers and business partners must agree and abide by Arthaland's Code of Business Ethics and Anti-corruption policies before engaging with the Company.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Corruption affects the trust between employers and employees which can lead to concerns about the management's integrity.	Entire Organization	Arthaland has a zero-tolerance policy to bribery and corruption in all its dealings and engagements. The organization ensures that this policy is communicated to all employees during onboarding and appropriate supplemental training is conducted throughout their employment.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
The ineffective implementation of this policy reflects a failure in leadership and governance which could potentially lead to retention of subpar employee.	Entire Organization	Enforcing this policy can be challenging as employees who report corruption or unethical behavior may fear retaliation from colleagues or superiors involved in such activities. Arthaland, therefore, has a whistleblowing policy that provides confidential and secure channels and guidance on reporting these illegal activities responsibly.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Having zero-tolerance to bribery and corruption and whistleblowing policies ensures the organization promotes a corporate culture that prioritizes ethical behavior and upholds core values.	Entire organization	By strictly implementing these policies, Arthaland actively cultivates its employees' character and values by embracing the core value "we always work with integrity," thereby underscoring its dedication to conducting business ethically and fostering an honest culture within its workforce.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Unethical practices will harm Arthaland's reputation and brand. Corruption often occurs during vendor engagements when confidential project information is leaked ahead of the award to specific vendors.	Entire organization	Confidential information, such as budgets and costs, is strictly limited to authorized members of the Bidding Committee and executive leaders of the organization. This stringent protocol upholds the organization's commitment to responsible governance. By restricting access to only those with a legitimate need to know, the organization maintains confidentiality and fosters trust among stakeholders.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Corruption can increase project construction costs, thereby inflating the overall expenses associated with the project. This, in turn, decreases the project's bottom-line figures.	Entire Organization	The Bidding Committee comprises of industry experts from the organization's business operations, finance, and procurement departments. This guarantees a rigorous and impartial evaluation of every bid package and upholds standards of fairness and objectivity in the bid selection process.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
With an Anti-corruption and Bribery Policy, the organization can manage project costs as well as protect the company from corruption risks.	Entire Organization	Arthaland fosters positive and long-term working relationships with designers, suppliers, and contractors by emphasizing all parties' mandatory adherence to the organization's Anti-corruption and Bribery Policy in all interactions. This ensures alignment of ethical standards among internal and external stakeholders and promotes transparency and integrity in all business dealings.

- End of ECONOMIC -

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure		Quantity	Units
Non-renewable energy sources	Purchased electricity	1,836	MWh
	Liquified petroleum gas	0	MWh
	Diesel	50	MWh
Renewable energy sources	Purchased electricity	8,521	MWh
	On-site generation	0	MWh

Energy consumption encompasses usage from Arthaland's operational developments within the organization's control. This includes Arthaland's offices, the Business Center in ACPT, amenity areas in Arya and Sevina, as well as other common and back-of-house areas in operational developments. Areas controlled by tenants, such as tenant office spaces and residential units, are excluded from this disclosure.

The disclosed diesel consumption includes the fuel used by generator sets, encompassing usage for preventive maintenance. While fuel monitoring is conducted in liters, the data is converted to MWh for the purposes of this disclosure. The conversion rate is determined in accordance with the equipment's specifications.

Reduction of energy consumption

Disclosure		Quantity ⁵	Units
Non-renewable energy sources	Purchased electricity	1,751	MWh
	Liquified petroleum gas	0	MWh
	Diesel	-32	MWh
Renewable energy sources	Purchased electricity	-4,836	MWh
	On-site generation	0	MWh

The reduction in energy consumption is determined by calculating the difference between the total energy consumption of the previous year and the current year's records. A positive value indicates a decrease in consumption, whereas a negative value signifies an increase.

The table above illustrates a decrease in non-renewable energy procurement alongside an increase in renewable energy acquisitions compared to the previous year. This indicates a strategic shift in Arthaland's energy mix towards renewable sources. Furthermore, it is crucial to highlight that the overall rise in the company's energy purchases is attributable to the subsequent expansion of the total operational space managed by Arthaland.

⁵ The data in the table reflects the reduction or addition in consumption compared to the previous year's. A positive value means a decrease while a negative value means an increase in consumption.

ENVIRONMENT

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The building design influences the overall energy demand, directly affecting the occupant's utility bills and resource footprint.	Building occupants (homeowners and tenants)	Arthaland designs its projects to achieve at least 20% energy efficiency compared to conventional buildings in the country. During the design stage of each property development, Arthaland first conducts an energy modeling study to guide the building design and achieve the project's energy efficiency target.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Buildings need technology and innovation to achieve a higher energy efficiency than conventional design. This will affect the capital cost and marketability of the building.	Building occupants	Arthaland carefully deliberates and selects its building technologies to balance its energy efficiency and profitability targets. The cost of installing these technologies is an investment that will benefit not just the present occupants but, more importantly, the future generations.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Buildings with a higher energy efficiency performance provide a value proposition to buyers and investors.	Shareholders and investors	Arthaland's sales and marketing materials communicate the energy savings that the project can achieve. Arthaland couples this information with a message of its importance to society.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	164,529	m3
Water consumption	0	m3
Water recycled and reused	11,888	m3

Following the GRI 303: Water and Effluents 2018 reporting definition, water withdrawal is water drawn from all sources, including municipal water. Water consumption is the portion of water that is not returned to the same source from which it was withdrawn due to evaporation, incorporation into products, or consumption by humans or animals.

The data disclosed encompasses all facets of Arthaland's operational developments, including shared and back-of-house areas. The common areas considered include, but are not limited to, the ACPT Business Center and amenity spaces within Arya and Cebu Exchange, particularly shared restroom facilities, irrigation systems, swimming pools, and general building maintenance activities.

ENVIRONMENT

It is important to note that in commercial properties, water is reported according to the building's footprint, regardless of the demand sourced from individual tenants. Furthermore, any increase in water withdrawal can be attributed to the expansion of properties and the subsequent irrigation requirements of landscaped areas.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The building design influences the overall water demand, directly impacting the occupant's utility bills and resource footprint.	Building occupants (homeowners and tenants)	Arthaland designs its projects to achieve at least 20% water efficiency compared to conventional buildings in the country. During the design stage of each building development, Arthaland conducts a water balance study to guide the design and achieve the project's water efficiency target.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Buildings need technology and innovation to achieve a higher water efficiency than conventional design. This will affect the capital cost and marketability of the building.	Building occupants	Arthaland carefully deliberates and selects its building technologies to balance its water efficiency and profitability targets. The cost of installing these technologies is an investment that will benefit not just the present occupants but, more importantly, the future generations.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Buildings with a higher water efficiency performance provide a value proposition to buyers and investors.	Shareholders and investors	Arthaland's sales and marketing materials communicate the project's potential water savings and emphasize its importance to society.

Materials used by the organization

Disclosure	Quantity	Units
Materials used manufacture the organization's primary products and services		
Renewable	Not measured	%
Non-renewable	Not measured	%

The data disclosed in this section refers to the permanently installed architectural and structural construction materials for Arthaland developments. A project's general contractor sources and procures these materials but is guided by Arthaland's sustainability requirements.

Renewable materials mean those with recycled content, reused materials, bio-based materials, rapidly renewable materials, or third-party certified green materials. Otherwise, it is considered nonrenewable. The quantities are calculated according to the cost of materials.

ENVIRONMENT

Arthaland's existing monitoring system for the performance of the materials used was crafted to measure its sustainability commitment and is based on each project's purchased materials. The difference between the data requirements of the Securities and Exchange Commission (SEC) and Arthaland's existing monitoring system is that the latter records data per project regardless of the year purchased, and the unit of measure is recorded per material cost, not per weight.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Building materials account for about 11% of global emissions (WorldGBC, 2020).	Investors and partner organizations	<p>Although construction materials are generally the responsibility of the project's general contractor, Arthaland sets guidelines for its building materials to ensure a greener selection. Below are the target characteristics:</p> <ul style="list-style-type: none"> • At least 10% of the cost of materials must be sustainable by having recycled content, reused materials, bio-based materials, rapidly renewable materials, Forest Stewardship Council (FSC) certified wood, and the like. • At least 10% of the cost of materials must be sourced within 160 kilometers of the project site, and • 100% of the liquid applied materials (paints, coatings, adhesives, sealants, etc.) per volume must be within the VOC limits of the SCAQMD <p>Only materials with documentary proof of their sustainable characteristic are recorded as green.</p>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Green materials and products commonly pose challenges to availability in the Philippines, thereby often driving an increase in the overall capital cost of the building.	Shareholders and Investors	Arthaland carefully deliberates and selects its building materials to balance its environmental and profitability targets. The cost of installing green materials is an investment that will benefit not just the present occupants but, more importantly, the future generations.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Influencing Arthaland's supply chain to innovate and to develop green products can accelerate the market's transition toward sustainable materials.	General contractors, suppliers, and manufacturers	Arthaland conveys its preference for green materials through its building materials criteria. This encourages more suppliers and manufacturers to offer more green products if they want to continue doing business with the Company.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	#
Habitats protected or restored	0	ha
IUCN ⁶ Red List species and National Conservation List species with habitats in areas affected by operations	9*	#

None of the parcels of land Arthaland builds on have an existing high biodiversity value or ecosystems for protection or conservation. Moreover, Arthaland has adopted standards to minimize the organization's negative impact and hone its positive impact on the ecosystems and biodiversity.

*Disclosed IUCN Red List species (vulnerable to critically endangered) are those purposefully planted by Arthaland to help propagate them: *Pterocarpus indicus* (Narra), *Radermachera coriacea* (Labayanan), *Cinnamomum cebuense* (Kalingag), *Sindora supa* (Supa), *Ardisia squamulosa* (Tagpo), *Taxus sumatrana* (Taxus), *Syzygium hutchinsonii* (Malatambis), *Drypetes falcata* (Gakakan), and *Diospyros poncei* (Kamagong Ponce).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Developing on land with a significant ecosystem and biodiversity value disrupts the area's natural habitat, thereby affecting the ecosystem.	Surrounding communities	Arthaland avoids building on land with significant ecosystem and biodiversity value to help preserve them. This approach ensures that it does not build on land classified for agricultural use and/or with habitat for threatened species, waterbodies/wetlands, historical sites, and high-hazard risks.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Continuous disruption of ecosystems and biodiversity can lead to the extinction of species and can increase the probability of flood risk due to reduced biodiversity.	Surrounding communities	Where possible, Arthaland provides areas within its properties/ projects for threatened tree species to grow and be nurtured. This allows Arthaland to help propagate threatened biodiversity and mitigate the effects of disrupted ecosystems. Arthaland started this initiative by planting vulnerable to critically endangered trees in its developments.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Planting and growing threatened species in the country can help restore the ecosystem and biodiversity.	Surrounding communities	Arthaland dedicates an area equivalent to at least 30% of its projects to open space and vegetation. This helps increase biodiversity and provides a means to manage rainwater and spaces the occupants can enjoy.

⁶ International Union for Conservation of Nature (IUCN)

Environmental Impact Management

GHG Emissions

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	37	mtCO ₂ e
Energy Indirect (Scope 2) GHG Emissions	1,273	mtCO ₂ e
Emissions of ozone-depleting substances (ODS)	698	tonnes

GHG emissions encompass those associated with the operation and maintenance of Arthaland's developments. This includes emissions from electricity, backup power sources, and refrigerants. The inclusion of refrigerant emissions marks a significant update in the organization's reporting scope.

GHG emissions, in carbon dioxide equivalence, are calculated according to the GHG Protocol. The Scope 2 stationary energy emissions factor is from the Philippines' Department of Energy 2019-2021 National Grid Emission Factor. The emissions factor for the other fuel types is from the 2006 IPCC Guidelines for National Inventories.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Buildings operations account for 28% of global emissions (WorldGBC, 2020).	Investors and partner organizations	The GHG emissions from building operations differ depending on their energy source and the amount used for their operations. Arthaland actively reduces its GHG emissions by shifting its energy source to renewables and by combining these with its energy efficiency targets.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
The increase in renewable energy demand has reduced the available supply of renewable energy in the region.	Investors and partner organizations	Arthaland secures renewable energy supply contracts from acceptable providers to ensure allocation for its developments and constantly explores other vendors that can supply its renewable capacity requirements.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Arthaland helps transform the Philippines' energy sector into a cleaner and more reliable supplier by increasing demand for renewable energy.	Investors, partner organizations, and building occupants	Arthaland is the first real estate developer in Asia to be a signatory to the World Green Building Council's Net Zero Carbon Buildings Commitment. It is committed to decarbonizing its development portfolio operations by 2030.

Air pollutants

Disclosure	Quantity	Units
NOx	N/A	kg
SOx	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

The concentration level of the abovementioned air pollutants in Arthaland's properties is inconsequential due to the nature of the activities in residential and commercial developments. However, Arthaland established standards and procedures to prevent air pollutants from entering and to flush out the air inside. These practices comply with international standards for building ventilation design.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The air quality inside buildings affects the health of the occupants during operations.	Building occupants	To ensure good indoor air quality in Arthaland developments, its ventilation systems are designed according to the international standards ASHRAE 62.1 and 62.2. Compliance with these standards means all spaces in the building can receive adequate and clean air during operations.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Due to the nature of activities, there is an unlikely risk of having high concentrations of these pollutants in residential or office commercial buildings.	Building occupants	Indoor air quality monitoring is established in key areas likely to have pollutants. A few of these applications in Arthaland developments are: <ul style="list-style-type: none"> Indoor parking spaces have carbon monoxide monitoring linked to the parking ventilation. Residential units have carbon monoxide alarms to notify the residents when the concentration is unsafe.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Improving air quality in buildings promotes better health and helps the productivity of the occupants.	Building occupants	The ventilation system provided in Arthaland developments is installed with high-efficiency air filter media which cleans the air supplied into the space and prevents pathogens from entering the interior spaces.

Solid and Hazardous Wastes

Solid Wastes

Disclosure	Quantity	Units
Total solid waste generated	762,929	kg
a. Recyclable / Reusable / Composted	101,997	kg
b. Incinerated	0	kg
c. Residuals/Landfilled	660,952	kg

In real estate development, solid waste generated during project construction represents the bulk of the waste produced. Arthaland's general contractors are primarily responsible for disposing of these wastes. However, Arthaland requires its contractors to establish and implement construction waste management procedures that diverts waste generated from landfills or dumpsites to facilities or organizations that extend the life of the material. This can be through facilities that recycle, reuse, repurpose, or remanufacture materials or facilities that use wastes as fuel to generate energy.

The data refer to solid wastes generated in Arthaland's ongoing construction sites. The wastes recorded as Recyclable, Reusable, or Compostable are the amount of garbage that has been transported to accredited facilities to recycle, reuse, or compost construction wastes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
According to academic studies ⁷ , construction waste is estimated to account for a third of the world's overall waste.	Surrounding communities	All Arthaland construction sites must implement a construction waste management plan. The plan identifies strategies to divert the salvageable wastes on-site from dumpsites to recycling or appropriate facilities.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Unmanaged construction wastes cause pollution and health hazards to the surrounding communities.	Surrounding communities	The construction sites of Arthaland developments have a material recovery facility for waste segregation, safe storage, and a collection point for disposal.

⁷ Source: C. K., Al Zulayq, D. M., O'Brien, B. T., Kowalewski, M. J., Berenjian, A., Tarighaleslami, A. H., & Seifan, M. (2021). Circular Economy of Construction and Demolition Waste: A Literature Review on Lessons, Challenges, and Benefits. *Materials*, 15(1), 76. <https://doi.org/10.3390/ma15010076>

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What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Managing construction wastes supports the circularity ⁸ of a material's lifecycle.	Surrounding communities	Diverting wastes from dump sites to facilities where they can be reused or recycled prolongs the materials' useful life and reduces the construction site's emissions. Each site targets at least 50% diversion of the generated construction wastes.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	4,929	kg
Total weight of hazardous waste transported	4,929	kg

Hazardous wastes refer to dangerous construction wastes generated by the General Contractor on construction sites. These include, but are not limited to, paint cans, sealants, damaged lamps, and the like. Note that hazardous wastes are disclosed as such when they are removed from the construction sites.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The construction site's general contractor manages the generated hazardous and solid wastes.	Surrounding communities	The construction waste management plan mandated in Arthaland's construction sites requires the safe storage and disposal of hazardous wastes.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Hazardous wastes pose a serious health risk to the surrounding communities when not handled accordingly.	Surrounding communities	The protocol for handling hazardous waste must comply with relevant laws and regulations implemented by the Department of Environment and Natural Resources – Environmental Management Bureau.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Having a waste storage facility enables proper handling and disposal of hazardous waste.	Surrounding communities	The material recovery facility at Arthaland construction sites has a dedicated space for hazardous wastes to ensure ease of access, safe storage, and proper disposal.

⁸ Circularity is a term used for when a material's life continues to extend instead of thrown away.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	164,529	m ³
Percent of wastewater recycled	0	%

The effluent water volume in buildings is correlated to their water consumption. Hence, monitoring the building's water consumption will suffice to monitor the organization's impact on effluents.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The quality of the wastewater discharged affects the municipal sewers' overall quality.	Surrounding communities	Similar to the approach to water consumption, Arthaland aims to reduce the building's water demand to minimize the wastewater generated.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Untreated wastewater can damage plants and marine life where it is discharged.	Surrounding communities	Arthaland designs all its developments so that wastewater passes through a sewage treatment plant to ensure adequate treatment before discharge.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Additional water savings can be achieved when the wastewater is treated and reused.	Building occupants and surrounding communities	Arthaland recycles the building's wastewater where feasible to reduce its potable water demand. For instance, Cebu Exchange treats and reuses its wastewater from the lavatory and shower areas to aggregate the building water demand for irrigation and toilet flushing.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws or regulations	0	PHP
No. of non-monetary sanctions for non-compliance with environmental laws or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

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All construction developments are subject to environmental compliance set by the Department of Environment and Natural Resources – Environmental Management Bureau.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Construction activities without preventive measures are prone to polluting the surrounding areas.	Surrounding communities	The general contractors of Arthaland developments are mandated to acquire all necessary permits before construction commences and to comply with all relevant environmental laws and practices during construction.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Pollution from construction activities damages the environment and ecosystems.	Surrounding communities	Following Arthaland's mandate, the general contractors are required to implement an Erosion and Sedimentation Control (ESC) Plan during construction to protect nearby bodies of water and public sewers near and around the site.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
The preventive measures established for the ESC can be damaged during construction and must be maintained.	Surrounding communities	The ESC preventive measures, such as perimeter fence with zocalo/sandbags, curb inlet cover, wash bay with sedimentation tank, and the like, are being inspected at least weekly and reported monthly to ensure their effectiveness on-site.

- End of ENVIRONMENTAL -

SOCIAL

Employment Management

Employee Hiring and Benefits: Employee data

Disclosure	Quantity	Units
Total number of employees	277	#
a. Number of female employees	144	#
b. Number of male employees	133	#
Attrition rate ⁹	21	%
Ratio of the lowest paid employee against minimum wage	6:5	ratio

According to national law or its application, employees are individuals in an employment relationship with the organization (GRI Standards 2016 Glossary). The employee data in this Report covers the employees of Arthaland and APPS as of December 31 of the reporting year.

Employee Hiring and Benefits: Employee benefits

List of Benefits	Y/N	% of female employees who availed for the Year	% of male employees who availed for the Year
SSS	Y	13%	9%
PhilHealth	Y	5%	3%
Pag-ibig	Y	6%	5%
Parental leaves	Y	3%	0%
Vacation leaves (VL)	Y	78%	79%
Sick leaves (SL)	Y	51%	45%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	Y	0%	0%
Retirement fund (aside from SSS)	Y	0%	2%
Further education support ¹⁰	Y	1%	2%
Telecommuting ¹¹	Y	65%	48%
Flexible-working Hours	N	0%	0%
Transportation allowance ¹²	Y	28%	33%

9 Following the SEC formula, the attrition rate is calculated by (no. of new hires – no. of turnover) / (average of total number of employees of previous year and total number of employees of current year).

10 Further education support includes formal education, short courses, and continuous professional development/education that aims to upgrade skills.

11 Telecommuting covers employees with work-from-home flexibility.

12 The availability and extent of the transportation benefit depend on the employee's rank. This includes, in part or in combination with, a car plan, fuel allowance, parking, and reimbursement of other transportation costs.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Attrition rates affect business operations through employee productivity and efficiency, project continuity, and the like.	<p>Arthaland aims to keep its attrition rate to a minimum and lessen its negative impact through employee engagement and attractive employee benefits.</p> <p>Among these employee engagements are:</p> <ul style="list-style-type: none"> • Townhall meetings • Internal talks/workshops/seminars • External seminars/training • Regular health checkups and information, and • Email announcements. <p>Employee benefits aside from those government-mandated are:</p> <ul style="list-style-type: none"> • Additional days for vacation and sick leaves • Emergency leaves • Comprehensive medical benefits • Retirement fund • Educational and training support • Stock options • Transportation • Communication allowances, and • Uniform allowance.
What are the Risks Identified?	Management Approach
High attrition rates impact business operations negatively – reduced employee productivity, unsatisfactory results, and low morale.	Arthaland strives to be a good employer and to promote good working conditions and culture within the organization. Its core values are “we will have fun while getting things done” to encourage low-stress levels and “we work together to get better” to promote collaboration among employees and consultants.
What are the Opportunities Identified?	Management Approach
For better employee retention, causes of attrition can be identified and addressed by providing solutions.	Arthaland closely monitors employee engagement levels to identify concerns or issues before they worsen. Arthaland also conducts exit interviews to identify problems and obtain feedback that leads to an employee's resignation.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	2949	hrs

Disclosure	Quantity	Units
a. Female employees	1832	hrs
b. Male employees	1117	hrs
Average training hours provided to employees	11	hrs/ee
a. Female employees	13	hrs/ee
b. Male employees	8	hrs/ee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Employee training and development enhances employees' expertise in shaping a project's design and quality.	Arthaland supports the professional growth of its employees by providing training and development assistance through internal and external training, seminars, and conferences.
What are the Risks Identified?	Management Approach
Little or no continuous training and development can compromise Arthaland's product design and quality. These products may subsequently be found lacking, substandard, out-of-date, or not the best solution for the project's green building goals.	Arthaland encourages employees to participate in the training and development of their choice for continuous professional growth.
What are the Opportunities Identified?	Management Approach
Employee training and development are mutually beneficial to employers and employees. They allow employees to improve their proficiency and increase their skill set which, in turn, can benefit the Company through their productivity levels and application of new skills.	Arthaland has made it a policy for its employees to have continuous training and development with a full salary while undergoing said training/seminar.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

Arthaland does not have collective bargaining agreements. Nevertheless, Arthaland initiates consultations with its employees to discuss employee-related concerns, such as the new work arrangements.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Employee concerns must be expressed and addressed because they can impact employee morale and performance.	Arthaland does not have any collective bargaining agreements with its employees wherein only one person speaks for everyone. All employees are encouraged to freely raise their concerns by approaching their direct supervisors or anyone in

	the Human Resources and Administration Department or the Legal and Compliance Department.
What are the Risks Identified?	Management Approach
Employee concerns not expressed and addressed may result in low morale and poor performance, eventually leading to resignation or termination.	Arthaland has established a protocol to enable employees to raise and resolve grievances managed by the Human Resources and Administration Department to ensure that concerns are appropriately addressed in due course. The approach allows grievances to be resolved within the affected business unit, but should there be no resolution, the matter will be elevated to Management.
What are the Opportunities Identified?	Management Approach
Employees are integral to a company's success; hence, employers and their employees must have good working relationship.	Arthaland promotes a harmonious and caring working environment for its employees. The Company has open communication lines where employees can approach and raise concerns anytime and in any medium. Arthaland's recognition of the importance of its employees is reflected in its core values: "We care for each other," "We will have fun while getting things done," and "We work together to get better."

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	52	%
% of male workers in the workforce	48	%
Number of employees from Indigenous communities and vulnerable sector ¹³	4	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Arthaland employees play a crucial role in project design and quality, affecting day-to-day business operations' efficiency.	Arthaland hires based on qualifications and capabilities, measured according to merit, ability, competence, experience, good prior employee track record, and appropriateness to the position. Gender, race, religion, and the like have no bearing. Everyone is provided with equal and unbiased opportunities.

¹³ Vulnerable sector includes elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What are the Risks Identified?	Management Approach
Bias hiring can be a roadblock to hiring the best-fit person for the position, and this risk can happen during the hiring process.	Arthaland practices qualification-based hiring and assessment, providing equal opportunities to all applicants. This emulates Arthaland's core value "we only go for the best."
What are the Opportunities Identified?	Management Approach
An equal opportunity and unbiased hiring process ensures best-fit employees are engaged.	The Recruitment and Regularization Policy of the Human Resources and Administration Department and its related policies are reviewed annually to ensure continued improvement and relevance to the present time.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	N/A	hrs
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work-related ill-health	N/A	#
No. of safety drills	109	#

The nature of work in Arthaland is primarily professional and administrative, where occupational health and safety are at low risk. This matter is not usually reported. Safety drills refer to participation in the building's activities that ensure the safety of the occupants/workers, such as alarm sounds, lights, earthquakes, fires, and the like, for projects in operation.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Occupational health and safety in high-risk working conditions such as construction are essentially the responsibility of the General Contractor. However, they also affect the developer's reputation since it is their property.	<p>Arthaland requires all its General Contractors to have a Philippine Contractors Accreditation Board (PCAB) license before engagement, to submit a sound safety management plan as part of their bid documents, and to comply with Occupational Safety and Health Standards (OSHA) during construction. Among these are compliance with the following:</p> <ul style="list-style-type: none"> • Construction workers are oriented, instructed, and trained by the construction project manager to ensure the safe handling of equipment and disposition of waste • All workers must wear protective equipment for their eyes, faces, feet, and other crucial body parts when exposed to hazardous work procedures.

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What are the Risks Identified?	Management Approach
Construction works have significant occupational risks because of their high exposure to health and safety issues. Due to the nature of the work, workers can be injured, fall ill, or die.	The General Contractors must have Health and Safety Officers inspect the site to ensure compliance with OSHA and identify potential safety risks. Emergency health personnel and facilities are also required depending on the number of construction personnel engaged.
What are the Opportunities Identified?	Management Approach
In addition to compliance with the standards and requirements already mentioned, the health and safety of the construction workers can be further improved through protocols that would foster better indoor air quality in construction sites.	<p>Arthaland requires all General Contractors to implement an Indoor Air Quality Management Plan during construction to ensure the health and safety of the workers on site. The plan must at least contain the following:</p> <ul style="list-style-type: none"> • Abatement of dust during construction • Use of low-emitting materials to protect the workers from inhaling volatile organic compounds • Use of human-powered or electric equipment to reduce air pollutants • Proper housekeeping to reduce risk hazards on-site, and • Use of local exhaust to clear the air of pollutants.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g., harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite the reference in the company policy
Forced labor	N*	
Child labor	N*	
Human Rights	Y	F.9 Sexual Harassment Policy

*Arthaland complies with all applicable laws and regulations even if they are not categorically stated in its policies. Arthaland has not had any case where it has been accused of violating laws on forced labor, child labor, and/or human rights.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Labor laws and human rights violations can adversely affect Arthaland's business operations and may result in its suspension by regulators or worse.	Arthaland fully complies with all applicable laws and regulations, including labor laws and human rights, especially those on sexual harassment and HIV/AIDS.
What are the Risks Identified?	Management Approach
Arthaland's business operations have minimal exposure to labor laws and human rights violations because the Company engages professionals and experts who are familiar with these laws.	Although the law is incorporated into any contract or policy, even if not categorically embodied therein, Management reviews regularly related policies, especially when there are specific amendments to existing laws and regulations and determine whether there is a need to revise the same.
What are the Opportunities Identified?	Management Approach
A constant review of the Company's policies is necessary to ensure relevance to the present time.	The Recruitment and Regularization Policy of the Human Resources and Administration Department and other related policies are reviewed annually to ensure relevance to the present time.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes, kindly see the attached document labeled Annex "1".

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite the reference in the company policy
Environmental performance	Y	Vendor Accreditation Form
Forced labor	N*	
Child labor	Y	E.2.1.b.2
Human rights	Y	E.2.1.b.3
Bribery and corruption	Y	E.2.1.c

*Arthaland complies with all applicable laws and regulations even if the same is not categorically reflected in its policies. It requires its counterparties to follow the same approach.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Vendor compliance with Labor Laws and Human Rights reflects on Arthaland's reputation by association.	<p>Arthaland has established policies related to Vendors wherein they are required to comply at the minimum with the following:</p> <ul style="list-style-type: none"> • Local minimum working age, • Does not engage in physical abuse, sexual or other harassment, verbal abuse, and • Pay the legal minimum wages and benefits.

What are the Risks Identified?	Management Approach
Labor-intensive works such as construction may involve labor law and human rights violations. Vendors' unfair practices can hurt Arthaland's reputation.	<p>Arthaland has established policies related to Vendors wherein they are required to comply at the minimum with the following:</p> <ul style="list-style-type: none"> • Local minimum working age, • Does not engage in physical abuse, sexual or other harassment, verbal abuse, and • Pay the legal minimum wages and benefits. <p>As an added precaution, Arthaland requires its vendors to submit a notarized affidavit every month declaring that they fully pay their laborers and workers according to the Minimum Wage Laws of the Philippines.</p>
What are the Opportunities Identified?	Management Approach
Formalize vendor compliance requirements by stating the same explicitly in the Company's policies.	Arthaland will review and revise its related policies as may be necessary.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Development of a sustainable community – Sevina Park
Location	Biñan, Laguna
Vulnerable groups (if applicable) ¹⁴	Youth
Does the particular operation impact indigenous people (IP) (Y/N)?	N
Collective or individual rights that have been identified as of particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Traffic impact	Arthaland conducts due diligence on the project site and engages relevant experts to study traffic impacts and determine how best to address potential issues.
Erosion and sedimentation during construction	Arthaland requires its General Contractors to implement Erosion and Sedimentation Control measures which are reported to Arthaland monthly.
Employment opportunities	Sevina Park will have a commercial segment where employment opportunities will be open to the surrounding community.

¹⁴ Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

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Housing opportunities	Sevina Park has a housing segment where students can reside for convenient access to nearby schools and where employees of the commercial component can also reside.
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For operations affecting indigenous persons, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational. Provide a copy or link to the certificates if available: N/A.

Disclosure	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risks Identified?	Management Approach
Developments that have not considered the existing community may put them at risk, especially vulnerable and indigenous groups. Risks include robbing them of their livelihood, exposing them to an unhealthy environment, and the like.	Conduct stakeholder meeting/s to identify the potential negative impacts and ways to support the surrounding community for the better through the development.
What are the Opportunities Identified?	Management Approach
Every development has opportunities to positively impact the surrounding communities by designing and constructing sustainable buildings/communities.	Arthaland develops buildings and communities that are third-party certified sustainable through green building rating tools such as LEED, BERDE, EDGE, and WELL rating systems.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	3.5	N

Customer satisfaction is measured through a customer feedback survey with a scale of 1 to 4, where one (1) means that the service operations need significant improvement and four (4) exceeds expectations. The content of the customer satisfaction survey covers the quality of administrative services, including concierge, and the operations and maintenance of the common areas, facilities, equipment, and utilities.

APPS conducted a survey through an online platform to which residents and tenants could anonymously respond. The score disclosed in this report is the weighted average of Arthaland's properties' total occupants.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction is essential to the business because it determines the product market acceptability as delivered, its design, available facilities and amenities, and operational services.	<p>Arthaland, through its property management arm APPS, conducts an annual customer satisfaction survey to identify what needs to be improved on and what is being done right. The survey measures the satisfaction level of the customers on the following building's services:</p> <ul style="list-style-type: none"> • Competence, Effectiveness, Efficiency • Responsiveness, helpfulness • Courtesy, Professionalism • Ease of doing business, and • Quality of Maintenance. <p>Based on the survey results, Arthaland responds to the issues raised by improving its systems/procedures. Arthaland's core value for customer satisfaction is "we always strive to delight our customers," while the core value that ensures delivery of quality product design is "we act as owners."</p>
What are the Risks Identified?	Management Approach
Arthaland is known for its sustainable development, quality construction, and excellent operational services. Customer dissatisfaction can influence its reputation negatively, which can affect future purchases.	<p>Arthaland continues to upgrade its sustainable standards through the following:</p> <ul style="list-style-type: none"> • Compliance with the latest versions of global and national standards (from ASHRAE 2007 to ASHRAE 2013, the inclusion of the Philippine Green Building Code), and • Expanding the scope of its sustainable design, construction, and operations (from just LEED and BERDE, previously, to adding EDGE and WELL).
What are the Opportunities Identified?	Management Approach
A customer survey provides satisfaction feedback on project delivery, design and amenities, construction quality, and similar concerns.	Arthaland currently measures customer satisfaction with building design and quality construction through its sales. A formal after-sales survey can be further improved by obtaining more comprehensive feedback.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety ¹⁵	0	#

¹⁵ Substantiated complaints include complaints from customers who went through the organization's formal communication channels and grievance mechanisms, as well as complaints lodged before and acted upon by government agencies.

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Disclosure	Quantity	Units
No. of complaints addressed	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Design, construction, and operations affect the health and safety of customers. Product design must be sound enough to integrate health and safety measures. At the same time, operational procedures and services must be well-equipped to respond to any health and safety issues.	<p>Arthaland ensures that experts are engaged in every project to ensure structural integrity and compliance with international and local codes/standards to address the health and safety of the building occupants. Among the code standards followed are:</p> <ul style="list-style-type: none"> • Fire Code of the Philippines • ASHRAE Ventilation and Acceptable Indoor Air Quality, and • BP 344 for persons with disability. <p>During operations, Arthaland ensures that the facility is well maintained, and personnel is trained in case of emergencies. Among the activities that ensure this are:</p> <ul style="list-style-type: none"> • Emergency preparedness training and seminars for both the building staff and the occupants, i.e., residents and household help, and • Building-wide emergency drills. <p>Arthaland's core value, "we act as owners," ensures that product design and quality meet the highest standards.</p>
What are the Risks Identified?	Management Approach
People avoid buildings that are considered unsafe and unhealthy. This can cause serious issues, such as death, and expose the owner/developer to lawsuits and undesirable reputation.	Arthaland conducts regular building inspections and audits to ensure the building functions and operates as designed.
What are the Opportunities Identified?	Management Approach
One should always be informed of updates on relevant standards and codes for the health and safety of buildings.	Arthaland ensures that its new projects follow the latest applicable codes and standards and that its existing buildings can adopt the changes necessary to comply with the latest codes and standards.

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling	0	#
No. of complaints addressed	0	#

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Substantiated complaints include complaints from customers who went through the organization's formal communication channels and grievance mechanisms, as well as complaints lodged before and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The right branding influences a business's success. Claims must be no less than the truth.	Arthaland's claim to sustainability is validated through third-party certification systems that are not only applicable locally but also globally. Arthaland complies with LEED, BERDE, EDGE, and WELL green building certification platforms.
What are the Risks Identified?	Management Approach
Misuse of logos and labels can mislead readers and may be taken as a form of false claims. Erroneous or inaccurate representations in marketing materials have the same the effect.	<p>Arthaland follows the logos of the green building rating tools used with appropriate labeling on the status of a project to avoid misinterpretations, as follows:</p> <ul style="list-style-type: none"> • "Registered" indicates that the project has officially submitted to the certifying body its intentions to vie for the relevant certifications; • "Precertified" indicates that the project design was deemed feasible for certification; • "On-track" indicates that the certification of the project is ongoing, and this is usually used when Precertification is not available; and • The label indicates the certification level which was awarded to the project. <p>Variations may apply in the language when referring to specific rating systems.</p>
What are the Opportunities Identified?	Management Approach
The use of logos for advertising inform readers of the Company's achievements in sustainability.	Arthaland showcases its buildings and achievements according to their correct and official status. Arthaland is true to its core value: " We work with integrity."

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy ¹⁶	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

¹⁶ Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints lodged with and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In real estate, buyers, and tenants are the developments' primary customers. Information gathered through the sale process such as names, addresses, capacity to pay, etc., is personal information. Companies that can protect their customer's privacy are deemed trustworthy and reliable.	<p>Arthaland has a data privacy agreement with all its customers, which states the following, among others:</p> <ul style="list-style-type: none"> • What data have been collected; • Where they will be used; • How these will be stored and for how long; and • Whether the customers consent to disclose their data for other purposes stated in the agreement.
What are the Risks Identified?	Management Approach
Arthaland's Customer Accounts Management Department handles customer data. Usage thereof for purposes other than for which they were obtained can create dissatisfaction and mistrust in the Company, and possibly, legal action.	Arthaland complies with the Data Privacy Act of 2012 and its implementing rules and regulations, and as these are amended.
What are the Opportunities Identified?	Management Approach
Related policies and procedures should be reviewed and updated to ensure relevance to the present time.	Arthaland reviews its customer privacy policy annually to ensure that it is adequate and relevant.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's data security dictates the security of its customers' privacy, including its buyers, tenants, and employees.	To limit access to customer data and provide better control and security, Arthaland has separate and dedicated departments to handle customer information, namely, Sales and Leasing Administration Department, Customer Accounts Management Department, and Human Resources and Administration Department.
What are the Risks Identified?	Management Approach
Data leaks or compromises can create customer dissatisfaction and mistrust in the Company, and possibly, legal actions.	<p>Sensitive information within the organization is managed through two distinct methods: digital storage and physical copies.</p> <p>Digitally stored data is safeguarded with restricted and password-protected access using Role-Based</p>

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	<p>Access Control (RBAC) across all systems and Column-Level Security in Dataverse, ensuring comprehensive protection against unauthorized disclosure.</p> <p>Meanwhile, printed materials are securely stored within vaults or promptly shredded upon disposal, minimizing the risk of unauthorized access or exposure.</p>
What are the Opportunities Identified?	Management Approach
Third-party software protection should be reviewed and/or updated regularly to ensure effectiveness.	Arthaland reviews its service providers/ contracts/ procedures regularly to ensure they are up to date and adequate to present and potential threats.

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UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development

Key Products and Services	Sustainable Developments	
Societal Value / Contribution to UN SDGs	Avoided Negative Impact	Management Approach to Negative Impact
11- Sustainable Cities and Communities 13- Climate action	Buildings are currently responsible for 39% of global energy related carbon emissions (WorldGBC, 2019). Without a conscious effort to design, construct, and operate sustainably, the building industry will negatively impact the climate.	Arthaland utilizes green building rating tools that are globally and locally relevant to ensure sustainable operations and contributions to climate action. The platforms Arthaland adopts are LEED, BERDE, EDGE, and WELL.
7- Affordable and clean energy 13- Climate action	The significance of a building's GHG emissions depends on its energy source, whether renewable or nonrenewable.	Arthaland is committed to having a development portfolio that is net zero carbon operation by 2030.
6- Clean water and sanitation 7- Affordable and clean energy 12- Responsible consumption and production	Buildings naturally run using resources such as energy and water, but conventional structures commonly consume more resources if they are not designed sustainably.	Arthaland developments are designed to be more energy and water efficient than conventionally designed buildings.
3- Good health and well-being	Sick syndrome buildings refer to buildings where occupants suffer from symptoms of illness or become infected with chronic disease from the building where they work or reside. The outbreaks may be caused by inadequate building design or operations.	Arthaland adopts the WELL Building Standard to ensure that its developments operate with conscious measures to promote the health and wellness of its occupants. Arthaland designs its developments where all spaces can receive adequate indoor air quality through the following design strategies: <ul style="list-style-type: none"> • Provide fresh air ventilation compliant with global standards, and • Install an ample filter rating to ensure a fresh, clean air supply.

Key Products and Services	Smart location and sustainable site development	
Societal Value / Contribution to UN SDGs	Avoided Negative Impact	Management Approach to Negative Impact
15- Life on land	Potential displacement of biodiversity and communities	<p>Arthaland avoids developing on lands that displace biodiversity and communities. The primary criteria for Arthaland developments are those that are not:</p> <ul style="list-style-type: none"> • A natural habitat for endangered species • A high risk for natural disasters (flood, earthquake, storm surge, etc.), or • Agricultural land, or near a wetland or water body <p>Furthermore, Arthaland allocates 30% of its site for open space and vegetation, where endangered plant species are planted.</p>
9- Industry, Innovation, and Infrastructure	Increase in the volume of traffic and pollution in the area	<p>Arthaland designs its buildings where it can lessen traffic and pollution impact by:</p> <ul style="list-style-type: none"> • Choosing sites where public transportation is available to provide opportunities for the building occupants to commute instead of driving single-occupancy vehicles • Choosing sites where basic needs and services are within walking distance to provide options for the building occupants to walk instead of riding a car • Provision of no more than code requirement parking capacity to limit single-occupancy vehicle access • Provision for alternative transportation modes such as bicycle facilities and priority parking for green vehicles, and • Engage a traffic consultant to ensure efficient traffic flow.

Key Products and Services	Green Partnerships	
Societal Value / Contribution to UN SDGs	Avoided Negative Impact	Management Approach to Negative Impact
17- Partnerships for the goals	Endeavors pursued alone have only a minor impact and fewer beneficiaries.	Arthaland is actively partnering with organizations that have aligned sustainability goals. These long-term partnerships are with PHILGBC, USGBC, IFC, IWBI, and NZCA.
Key Products and Services	Construction activities by the supply chain	
Societal Value / Contribution to UN SDGs	Avoided Negative Impact	Management Approach to Negative Impact
3- Good health and well-being	Construction can cause air pollution and generate significant waste, adversely affecting the workers' and community's health and safety.	Arthaland requires its General Contractors to implement best construction practices to prevent construction pollution. Below are the non-government related requirements of Arthaland's General Contractors: <ul style="list-style-type: none"> • Implementation of Erosion and Sedimentation Control • Construction Waste Management, and • Construction Indoor Air Quality Management
12- Responsible consumption and production	Due to the increase in the demand for construction materials, resources can be depleted.	The General Contractors must target at least 10% of the cost of the materials sourced, procured, and installed as sustainable materials. These materials are defined as materials with recycled content, reused materials, bio-based materials, rapidly renewable materials, or third-party certified green materials.
8- Decent work and economic growth	The high demand for labor work may result in non-compliance with the Labor Code, such as child labor and human rights violations.	General Contractors can provide decent work opportunities to the community where the Arthaland development is located. All general contractors engaged by Arthaland agreed to follow and comply with Labor, Human Rights, and other relevant governmental laws, as well as Arthaland's Code of Business Ethics.

- Nothing follows -

Annex 1

E.2. SUPPLIER ACCREDITATION POLICY

E.2.1. All vendors and their employees, agents, and subcontractors should adhere to the Vendors' Code of Ethics while they are conducting business with and/or on behalf of Arthaland. All vendors should educate their representatives to ensure that they understand and comply with the Code as follows:

a. All vendors and their representatives should conduct their business interactions and activities with integrity and in accordance with their obligations under their specific agreements with Arthaland. In addition to those obligations, all vendors should, without limitation:

- a.1. Honestly and accurately record and report all business information and comply with all applicable laws regarding their completion and accuracy;
- a.2. Create, retain, and dispose of business records in full compliance with all applicable legal and regulatory requirements;
- a.3. Protect and responsibly use both the physical and intellectual assets of Arthaland, including its property, supplies, and equipment when authorized by Arthaland to use such assets;
- a.4. Use Arthaland-provided information technology and systems (including email) only for authorized Arthaland business-related purposes. Arthaland strictly prohibits vendors and their representatives from using Arthaland provided technology and systems to create, access, store, print, solicit or send any material that is intimidating, harassing, threatening, abusive, sexually explicit or otherwise offensive or inappropriate and/or send any false, derogatory or malicious communications using Arthaland provided information, assets, and systems;
- a.5. Comply with all Arthaland requirements for maintenance of passwords, confidentiality, security, and privacy procedures as a condition of receiving access to Arthaland's internal corporate network, all systems and buildings;

- a.6. Comply with the intellectual property ownership rights of Arthaland and others including but not limited to copyrights, patents, trademarks, and trade secrets;
 - a.7. Speak to the press on Arthaland's behalf only if vendor and/or representative is expressly authorized in writing to do so by one of Arthaland's communications professionals;
 - a.8. Use good judgement, discretion and moderation when offering gifts or entertainment to Arthaland employees. In doing so, the vendor and/or its representatives will refrain from giving Arthaland employees an individual gift or a combination of gifts, or providing any entertainment, that would violate Arthaland's Employees Code of Conduct and Ethics;
 - a.9. In any event, no vendor may ever offer a bribe, kickback, bartering arrangement for goods or services and/or any other incentive to an Arthaland employee in order to obtain or retain Arthaland's business;
 - a.10. Avoid the appearance of or actual improprieties or conflicts of interests. Vendors or their representatives should not deal directly with any Arthaland employee whose spouse, domestic partner or other family member or relative holds a significant financial interest in the vendor. Dealing directly in the course of negotiating the vendor agreement or performing the vendor's obligations with a spouse, domestic partner or other family member of relative who is employed by Arthaland is also prohibited;
 - a.11. Avoid insider trading by buying or selling Arthaland or another company's stock when in possession of information about Arthaland or another company that is not available to the investing public and that could influence an investor's decision to buy or sell stock.
- b. Arthaland vendors should conduct their employment practices in full compliance with all applicable laws and regulations, and should, without limitation:

- b.1. Provide a safe and healthy work environment and fully comply with all applicable safety and health laws, regulations and practices. Vendors should take adequate steps to minimize the causes of hazards inherent in the working environment. While on Arthaland's leased or managed property, vendors should comply with all rules and regulations concerning the operation of the property and the interaction with other individuals with access to the property, whether with Arthaland, its clients, or other vendors, employees or guests. Prohibit the use, possession, distribution, and sale of illegal drugs while on Arthaland owned, leased, or managed property;
- b.2. Comply with all local minimum working age laws and requirements. Employees should not be under the legal minimum working age of the respective region or should not be less than 18 years of age (whichever is higher);
- b.3. Not engage in physical discipline or abuse. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation is prohibited;
- b.4. Pay wages and benefits meeting the minimum legal standards. All workers should be provided with clear, written information about their employment conditions with respect to wages before they enter employment and as needed throughout their term of employment. Deductions from wages as a disciplinary measure should not be permitted nor should any deductions from wages not provided for by national law be permitted without the express permission of the worker concerned. All disciplinary measures should be recorded;
- b.5. Cooperate with Arthaland's commitment to a workforce free of harassment and unlawful discrimination;
- b.6. Keep employee records in accordance with local and national regulations.
- c. All Arthaland vendors and their representatives should conduct their business activities in full compliance with the applicable laws and regulations

of their respective countries while conducting business with and/or on behalf of Arthaland. In addition to any specific obligations under the vendor's agreement with Arthaland, all vendors should, without limitation:

- c.1. Comply with the anti-corruption laws of the countries in which it does business;
 - c.2. Conduct business in full compliance with anti-trust and fair competition laws that govern the jurisdictions in which they conduct business;
 - c.3. Comply with all applicable environmental laws and regulations regarding hazardous materials, air emissions, waste and wastewater discharges, including the manufacture, transportation, storage, disposal, and release to the environment of such materials;
 - c.4. Be honest, direct, and truthful in discussions with regulatory agency representatives a government official.
- d. It is the responsibility of the vendor to ensure that its representatives understand and comply with the Vendors' Code of Ethics and to inform its Arthaland contact (or a member of Arthaland Management) if any situation develops that causes the vendor to operate in violation of the code. Company vendors are expected to self-monitor their compliance with the code. In addition to any other rights Arthaland may have under its agreement with vendor, Arthaland may request the immediate removal of any representative who behaves in a manner that is unlawful or inconsistent with this code or any Arthaland policy.
- e. The Vendors' Code of Ethics does not confer, nor should it be deemed to confer, any rights on the part of third parties, including any third-party beneficiary rights. For example, no employee of any vendor should have any rights against Arthaland by virtue of this code, nor should such employees have any rights to cause Arthaland to enforce any provisions of the code, the decision with respect to any such actions being reserved by Arthaland in its sole discretion.

- f. Any questionable behavior or possible violation of the Vendors' Code of Ethics must be reported to the President & CEO of Arthaland with the following contact details:

President & CEO
Arthaland Corporation
7th Floor Arthaland Century Pacific Tower, 5th Avenue corner. 30th St.,
Bonifacio Global City, Taguig, Philippines 1634
T: (02) 8403.6910 F: (02) 8403.6908

Arthaland will not tolerate any retribution or retaliation taken against any individual who has in good faith sought out advice or has reported questionable behavior or a possible violation.