COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	4	0	0	7	1	6	0

COMPANY NAME

ARTHALAND CORPORATION

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ALCO@arthaland.com	(02) 8-403-6910	(+63) 917 509 3413

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,908	Last Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Marivic S. Victoria	msvictoria@arthaland.com	(02) 8-403-6910	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.*

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Company Information

SEC Registration No.: AS94007160
Company Name: ARTHALAND CORPORATION
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

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Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Parent
Remarks: None

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

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ARTHALAND
BUILDING SUSTAINABLE LEGACIES

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. 04897 Roll No. 45790
MCLE Compliance No. VIII-0025286 / 3-27-25
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

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Page No. 100
Book No. 44
Series of 20 25.

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

	Note	Years Ended December 31 **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)				
Not to be reclassified to profit or loss -				
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

	Note	Years Ended December 31 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)

	Note	2024	2023	2022
		Years Ended December 31		
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

	Note	Years Ended December 31 **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.

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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 of 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:

			Range	
Class of Property	Valuation Technique	Significant Inputs	**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%
Arya Residences - Parking slots	DCF approach	Rental rate per slot	**₱8,828**	₱8,000
		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 Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
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					
	Building and Building Improvements	**Transportation Equipment**	**Office Equipment**	**Furniture and Fixtures**	**ROU Asset**	**Total**
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				
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Total
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:

		Percentage of Ownership	
Subsidiary	Place of Incorporation	**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:

			Transactions during the Year		Outstanding Balance	
	Nature of Transaction	Note	**2024**	2023	**2024**	2023
Advances to Subsidiaries		10				
Subsidiaries	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				
Subsidiaries	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				
Subsidiaries	Dividends income		**₱619,000,000**	₱556,414,000	**₱535,000,000**	₱150,000,000

	Nature of Transaction	Note	Transactions during the Year 2024	2023	Outstanding Balance 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				
Subsidiaries	Customer payments collected by ALCO on behalf of the Company		**₱87,312**	₱10,386,633	**₱954,925**	₱10,386,633
	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				
Subsidiaries	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 ₱3.3 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 ₱36.1 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.

		Effect on Present Value of Retirement Liability	
	Change in Assumption	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					
		Financing Cash Flows		Noncash Transactions		
	Balances at Beginning of Year	Availments	Payments	Declaration	Amortization of Debt Issue Cost	Balances at End of Year
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				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
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				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
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.

<u>Interest Rate Risk</u>
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.

<u>Capital Management</u>
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		
	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	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).

<u>Subscription to Preferred Shares of a Subsidiary</u>
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.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

**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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
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Website : www.reyestacandong.com

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**