COVER SHEET
for
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	4	0	0	7	1	6	0

COMPANY NAME

ARTHALAND CORPORATION AND SUBSIDIARIES

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
AACFS	CRMD	N/A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number/s	Mobile Number
ALCO@arthaland.com	(+632) 8403-6910	(+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	(+632) 8403-6910	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.*

The following document has been received:

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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
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Period Covered: December 31, 2024
Submission Type: Consolidated
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Acceptance of this document is subject to review of forms and contents

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

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ARTHALAND
BUILDING SUSTAINABLE LEGACIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management of **ARTHALAND CORPORATION (the "Parent Company") and its Subsidiaries (collectively, the "Group")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 2024, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

ERNEST K. CUYEGKENG
Chairman of the Board

JAIME C. GONZALEZ
Vice Chairman and President

MARIVIC S. VICTORIA
Chief Finance Officer

ARTHALAND CORPORATION
Head Office, 7F Arthaland Century Pacific Tower
5TH Avenue corner 30TH Street, Bonifacio Global City
1634 Taguig City, Philippines

(+632) 8 403 6910 | www.arthaland.com

OATH

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) SS.

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis of Opinion

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

Key Audit Matters

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

Fair Value Measurement of Investment Properties

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

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

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

Revenue from Real Estate Sales

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

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

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

Valuation of Real Estate for Sale

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

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782/P-007; Valid until June 6, 2026
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10467120
Issued January 2, 2025, Makati City

March 26, 2025
Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Cash and cash equivalents	5	**₱4,045,963,662**	₱5,605,296,553
Financial assets at fair value through profit or loss (FVPL)	6	**1,895,958,320**	877,853,288
Receivables	7	**1,771,675,289**	2,211,302,746
Contract assets	8	**7,625,261,813**	5,608,780,240
Real estate for sale	9	**7,271,174,737**	7,548,831,703
Investment properties	10	**14,590,019,555**	13,175,632,447
Property and equipment	11	**301,618,461**	315,768,669
Net retirement asset	21	**–**	14,151,768
Other assets	12	**3,040,062,731**	1,906,428,476
		₱40,541,734,568	₱37,264,045,890
LIABILITIES AND EQUITY			
Liabilities			
Accounts and other payables	13	**₱4,262,192,735**	₱3,621,061,114
Loans payable	14	**12,476,024,751**	11,186,817,196
Bonds payable	15	**5,955,532,419**	5,941,522,413
Contract liabilities	8	**428,492,840**	198,350,664
Advances from non-controlling interests	4	**1,010,119,597**	1,102,119,597
Net retirement liability	21	**27,371,514**	5,145,894
Net deferred tax liabilities	23	**2,129,697,872**	2,092,857,227
Total Liabilities		**26,289,431,728**	24,147,874,105
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		**1,004,721,996**	1,005,757,136
Additional paid-in capital	16	**6,464,321,710**	5,973,360,513
Treasury stock - at cost	16	**(1,000,000,000)**	(2,000,000,000)
Parent Company’s preferred shares held by a subsidiary - at cost	16	**(26,500,000)**	(12,500,000)
Retained earnings		**5,263,177,339**	5,547,760,292
Other equity reserves	16	**208,982,963**	216,566,831
		11,914,704,008	10,730,944,772
Non-controlling Interests	4	**2,337,598,832**	2,385,227,013
Total Equity		**14,252,302,840**	13,116,171,785
		₱40,541,734,568	₱37,264,045,890

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Forward)

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

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

1. **General Information**

Corporate Information

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

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

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

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

Composition of the Group

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

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

**incorporated April 22, 2024*
***indirectly owned through KHI*

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

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

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

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

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

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

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

Major Projects

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

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

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

Cebu Exchange Tower

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

Sevina Park Projects

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

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

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

Savya Financial Center

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

Eluria Residences

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

Lucima Residences

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

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

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

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

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

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

2. **Summary of Material Accounting Policy Information**

Basis of Preparation

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

Measurement Bases

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

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

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

Adoption of Amendments to PFRS Accounting Standards

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

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

- *SEC Memorandum Circular No. 34, Series of 2020 - Deferral of PIC Q&A No. 2018-12 (as Amended by PIC Q&A 2020-4) and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for Real Estate Industry,* of which the Group availed the relief on the deferral of application until December 31, 2023:

    - *PIC Q&A 2018-12-D, Assessing Whether the Transaction Price Includes a Significant Financing Component (as Amended by PIC Q&A 2020-4)* – The PIC Q&A provided guidance on the assessment whether the transaction price constitute a significant financing component in arising from a mismatch between percentage of completion (POC) and schedule of payments, in accordance with PFRS Accounting Standards 15, *Revenue from Contracts with Customers*.

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

- *PIC Q&A 2018-12-E, Treatment of Land in the Determination of the POC* – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.

- *IFRIC Agenda Decision Over Time Transfer of Constructed Goods for Real Estate Industry* - In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of International Financial Reporting Standards 15 (PFRS Accounting Standards 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

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

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

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

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

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

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

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

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

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified FVOCI. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

  - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS 15'* to remove potential confusion. Earlier application is permitted.

  - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

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

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

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

Basis of Consolidation

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

Financial Assets at Amortized Cost

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

Financial Assets at FVPL

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

Financial Liabilities at Amortized Cost

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

Contract Balances

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

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

Real Estate for Sale

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

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

Investment Properties

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

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

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

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

Property and Equipment

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

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

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

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

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

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

Other Assets

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

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

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

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

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

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

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

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

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

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

Capital Stock

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cost and Expenses Recognition

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

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

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

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

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

Share-based Compensation

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

Leases

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

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

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

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

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

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

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

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

Employee Benefits

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

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

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

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

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

Remeasurements pertaining to actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement asset (liability) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. **Significant Judgments, Accounting Estimates and Assumptions**

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

Judgments

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

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

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

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

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

- The customer simultaneously receives and consumes the benefits provided by the Group performance as the entity performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

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

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

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

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

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

Accounting Estimates and Assumptions
The following are the key sources of accounting estimation uncertainty and other key accounting assumptions concerning the future at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Material Non-Controlling Interests

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

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

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

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

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

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

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

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

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

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

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

KHI

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

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

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

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

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

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

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

Bhavana and Bhavya

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

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

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

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

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

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

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

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

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

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

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

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

Advances from Non-Controlling Interests

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

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

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

5. **Cash and Cash Equivalents**

This account consists of:

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

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

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

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

6. **Financial Assets at FVPL**

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

Movements in this account are as follows:

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

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

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

7. Receivables

This account consists of:

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

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

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

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

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

8. Contract Assets and Contract Liabilities

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

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

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

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

9. Real Estate for Sale

This account consists of:

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

Movements of this account follow:

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

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

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

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

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

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

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

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

Office Units for Sale

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

NRV of Real Estate for Sale

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

10. Investment Properties

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

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

Movements of this account follow:

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

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

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

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

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

ACPT

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

Cebu Exchange

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

Arya Residences

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

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

Moreover, UPHI filed a complaint for quieting of title on October 18, 2010, due to incorrect tax declarations by the City of Tagaytay for its Calamba City property. The trial court ruled in UPHI's favor in June 2020. The defendants appealed to the CA, but on July 31, 2023, the CA upheld the trial court's decision. Their Motions for Reconsideration were also denied on February 15, 2024. Both filed petitions for review under Rule 45 of the Rules of Court before the Supreme Court in April 2024 while UPHI submitted its Comment/Opposition to the same in October 2024. There is no resolution on the matter as of the date hereof.

Raw land of the Parent Company has a total area of 10.3 hectares located in Batangas and Tagaytay with fair value aggregating ₱325.6 million and ₱217.0 million as at December 31, 2024 and 2023, respectively.

In 2024, Cazneau transferred commercial lots from "Investment Properties" to "Real estate for sale" account with fair value of ₱501.0 million because of the change in the intended use of the property as approved by the BOD (see Note 9).

Savya Financial Center
The carrying amount of Savya Financial Center includes office units and parking slots for lease. In 2023, SLDC transferred portion of investment properties amounting to ₱485.4 million from "Real estate for sale" account to "Investment properties" account due to change of intention in the use of the property as approved by the BOD (see Note 9).

Courtyard Hall
Cazneau's Courtyard Hall used for leasing operations was recognized at fair value amounting to ₱487.6 million and ₱360.9 million as at December 31, 2024 and 2023. The land attributable to Cazneau's retail spaces and Courtyard Hall with a carrying amount of ₱198.3 million and ₱581.0 million as at December 31, 2024 and 2023, respectively, was used as collateral for a long-term loan facility of Cazneau with an outstanding balance of ₱1,366.7 million and ₱1,139.3 million as at December 31, 2024 and 2023, respectively.

In 2023, Cazneau reclassified portion of cumulative fair value gain to cost of investment properties as a result of management's annual reassessment of the fair valuation of the properties. Since the reassessment only resulted to reclassification adjustments, this did not result to any change in the fair value of investment properties as at December 31, 2024 and 2023 nor did it affect net income for the years ended December 31, 2024, 2023 and 2022.

Leasing Operations
The Group recognized revenue from leasing operations amounting to ₱414.9 million in 2024, ₱366.3 million in 2023 and ₱308.4 million in 2022 (see Note 22) and incurred direct cost of leasing amounting to ₱161.8 million in 2024, ₱143.3 million in 2023 and ₱118.7 million in 2022.

Fair Value Measurement

Details of the valuation techniques used in measuring fair values of investment properties, as appraised by a SEC-accredited and independent appraiser (Asian Appraisal Company, Inc.) in its report as at December 31, 2024 and 2023, are classified under Levels 2 and 3 of the fair value hierarchy as follows:

Class of Property	Valuation Technique	Significant Inputs	Range 2024	Range 2023
ACPT	Discounted cash flow (DCF) approach	Discount rate	**9.20%**	8.97%
		Rental rate for an office unit per sqm	**₱1,904**	₱1,800
		Rental rate per parking slot	**₱8,888**	₱8,250
		Calculated no. of net leasable area (sqm)	**18,059**	18,059
		Vacancy rate	**–**	–
		Income tax rate	**25%**	25%
Cebu Exchange:				
Retail units	DCF approach	Rental rate per sqm	**₱1,389**	₱1,323
		Rent escalation rate per annum (p.a.)	**5%**	5%
		Discount rate	**9.20%**	8.97%
		Vacancy rate	**25%**	50%
		Income tax rate	**25%**	25%
Office units	DCF approach	Rental rate per sqm	**₱830**	₱772
		Rent escalation rate p.a.	**5%**	5%
		Discount rate	**9.20%**	8.97%
		Vacancy rate	**–**	25%
		Income tax rate	**25%**	25%
Parking slots	DCF approach	Rental rate per sqm	**₱5,670**	₱5,250
		Rent escalation rate p.a.	**5%**	5%
		Discount rate	**9.20%**	8.97%
		Vacancy rate	**40%**	50%
		Income tax rate	**25%**	25%
Arya Residences:				
Retail units	DCF approach	Rental rate per sqm	**₱3,745**	₱3,400
		Rent escalation rate p.a.	**7%**	7%
		Discount rate	**9.20%**	8.97%
		Vacancy rate	**5%**	5%
		Income tax rate	**25%**	25%
Parking slots	DCF approach	Rental rate per slot	**₱8,828**	₱8,000
		Rent escalation rate p.a.	**7%**	7%
		Discount rate	**9.20%**	8.97%
		Vacancy rate	**5%**	10%
		Income tax rate	**25%**	25%
Land:				
UPHI's Laguna and Tagaytay properties	Market data approach	Price per sqm	**₱2,900**	₱2,500
		Value adjustments	**5% - 10%**	5% - 10%
ALCO's Batangas and Tagaytay properties	Market data approach	Price per sqm	**₱2,700**	₱2,000
		Value adjustments	**-30% - 5%**	-30% - 5%
Cazneau's Laguna properties	Market data approach	Price per sqm	**₱80,000**	₱70,000
		Value adjustments	**5% - 20%**	5% - 10%
Savya Financial Center				
Retail units	DCF approach	Rental rate per sqm	**₱900**	₱800
		Rent escalation rate p.a.	**0% - 6%**	0% - 5%
		Discount rate	**9.20%**	9.30%
		Vacancy rate	–	–
		Income tax rate	**25%**	25%
Parking slots	DCF approach	Rental rate per slot	**₱5,200**	₱5,000
		Rent escalation rate p.a.	**0% - 5%**	0% - 5%
		Discount rate	**9.20%**	9.30%
		Vacancy rate	**–**	–
		Income tax rate	**25%**	25%
Cazneau's Courtyard Hall	Depreciated replacement cost method	Estimated replacement cost	**₱152,071,000**	₱147,352,000
		Remaining economic life	**32 years**	33 years

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

Discounted Cash Flow Approach
Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate per sqm or per slot and rent escalation rate per annum (p.a.) in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate and vacancy rate in isolation would result in a significantly lower (higher) fair value measurement.

Market Data Approach
Market data approach involves the comparison of the UPHI's Laguna and Tagaytay properties, Cazneau's Laguna properties and ALCO's Batangas and Tagaytay properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

Depreciated Replacement Cost Method
Depreciated replacement cost method is used to estimate valuation of dormitory by computing for the replacement cost of the assets and applying appropriate adjustments for physical deterioration and functional and economic obsolescence.

The reconciliation of the balances of investments properties classified according to level in the fair value hierarchy is as follows:

	2024		
	Significant Observable Inputs (Level 2)	**Significant Unobservable Inputs (Level 3)**	**Total**
Balance at beginning of year	**₱1,856,644,669**	**₱11,318,987,778**	**₱13,175,632,447**
Net gain on change in fair value	**615,438,583**	**1,318,550,621**	**1,933,989,204**
Transfers to real estate for sale	**(501,017,740)**	**–**	**(501,017,740)**
Disposal	**–**	**(76,182,924)**	**(76,182,924)**
Construction costs incurred	**–**	**50,635,249**	**50,635,249**
Net amortization of direct leasing costs	**–**	**6,963,319**	**6,963,319**
Balance at end of year	**₱1,971,065,512**	**₱12,618,954,043**	**₱14,590,019,555**

	2023		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱1,845,950,292	₱9,427,833,968	₱11,273,784,260
Net gain on change in fair value	542,000	973,550,333	974,092,333
Transfers from real estate for sale	–	939,186,494	939,186,494
Disposals	–	(25,578,824)	(25,578,824)
Construction costs incurred	10,152,377	5,353,028	15,505,405
Initial direct leasing costs	–	(1,357,221)	(1,357,221)
Balance at end of year	₱1,856,644,669	₱11,318,987,778	₱13,175,632,447

There are no transfers between the levels of fair value hierarchy in 2024, 2023 and 2022.

11. Property and Equipment

The balances and movements of this account consist of:

	2024						
	Building and Building Improvements	**Transportation Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**ROU Asset**	**Total**
Cost							
Balances at beginning of year	**₱253,399,531**	**₱92,771,505**	**₱57,247,428**	**₱102,634,798**	**₱78,500**	**₱–**	**₱506,131,762**
Additions	**3,307,861**	**66,696**	**8,823,007**	**8,229,034**	**–**	**29,028,000**	**49,454,598**
Disposals	**–**	**(12,522,590)**	**–**	**–**	**–**	**–**	**(12,522,590)**
Reclassification	**–**	**–**	**(263,714)**	**–**	**–**	**–**	**(263,714)**
Balances at end of year	**256,707,392**	**80,315,611**	**65,806,721**	**110,863,832**	**78,500**	**29,028,000**	**542,800,056**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**45,253,058**	**42,706,435**	**46,524,017**	**55,801,083**	**78,500**	**–**	**190,363,093**
Depreciation and amortization	**4,873,004**	**18,090,033**	**8,419,844**	**27,603,957**	**–**	**4,526,000**	**63,512,838**
Disposals	**–**	**(12,522,590)**	**–**	**–**	**–**	**–**	**(12,522,590)**
Reclassification	**–**	**–**	**(171,746)**	**–**	**–**	**–**	**(171,746)**
Balances at end of year	**50,126,062**	**48,273,878**	**54,772,115**	**83,405,040**	**78,500**	**4,526,000**	**241,181,595**
Carrying Amount	**₱206,581,330**	**₱32,041,733**	**₱11,034,606**	**₱27,458,792**	**₱–**	**₱24,502,000**	**₱301,618,461**

	2023					
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱246,302,891	₱95,710,788	₱48,386,884	₱95,370,038	₱78,500	₱485,849,101
Additions	7,096,640	22,730,359	8,860,544	8,968,313	–	47,655,856
Disposals	–	(25,669,642)	–	–	–	(25,669,642)
Reclassification	–	–	–	(1,703,553)	–	(1,703,553)
Balances at end of year	253,399,531	92,771,505	57,247,428	102,634,798	78,500	506,131,762
Accumulated Depreciation and Amortization						
Balances at beginning of year	40,685,343	43,921,876	36,825,221	30,398,158	78,500	151,909,098
Depreciation and amortization	4,567,715	20,269,214	9,698,796	25,402,925	–	59,938,650
Disposals	–	(21,484,655)	–	–	–	(21,484,655)
Balances at end of year	45,253,058	42,706,435	46,524,017	55,801,083	78,500	190,363,093
Carrying Amount	₱208,146,473	₱50,065,070	₱10,723,411	₱46,833,715	₱–	₱315,768,669

The Group has fully depreciated property and equipment still being used in operations with cost amounting to ₱93.2 million and ₱81.3 million as at December 31, 2024 and 2023, respectively.

The Parent Company sold property and equipment which resulted to gain (loss) on disposal ₱4.5 million in 2024, (₱0.9 million) in 2023 and ₱0.4 million in 2022 (see Note 20).

Depreciation and amortization expense were charged to:

	Note	**2024**	2023	2022
Operating expenses	18	**₱68,537,131**	₱62,614,519	₱43,445,740
Cost of services		**48,016**	137,608	472,512
		₱68,585,147	₱62,752,127	₱43,918,252

Breakdown of the depreciation and amortization expense follows:

	Note	**2024**	2023	2022
Property and equipment		**₱63,512,838**	₱59,938,650	₱43,284,001
Software and licenses	12	**5,072,309**	2,813,477	634,251
		₱68,585,147	₱62,752,127	₱43,918,252

12. **Other Assets**

This account consists of:

	2024	2023
CWT	**₱862,328,524**	₱694,539,965
Advances for project development and land acquisition	**663,759,829**	264,675,320
Deposits	**502,128,321**	93,566,878
Input VAT	**463,784,660**	326,399,657
Amounts held in escrow	**335,370,367**	221,594,852

(Forward)

	2024	2023
Prepaid:		
Commissions	**₱100,366,272**	₱67,031,285
Taxes	**43,881,795**	117,147,010
Insurance	**3,417,414**	3,858,035
Others	**12,764,036**	3,261,084
Deferred input VAT	**18,232,998**	43,986,281
Software and licenses	**39,185,585**	32,274,175
Amounts held in trust	**9,503,621**	36,752,025
Materials and supplies	**1,341,909**	1,341,909
	3,056,065,331	1,906,428,476
Allowance for impairment loss	**(16,002,600)**	–
	₱3,040,062,731	₱1,906,428,476

Advances for project development and land acquisition pertain to downpayments made to contractors for the construction and acquisition of land of the Group's real estate projects. These advances are applied against progress billings and upon transfer of land.

Deposits pertain to utility, professional services and guarantee deposits for the construction of the Group's real estate projects. These are settled upon completion of the documentary requirements. In 2024, the Group recognized a provision of allowance for impairment loss pertaining to deposits amounting to ₱16.0 million.

Amounts held in escrow represent the debt service account required under existing loans with local banks and the amount of which is equivalent to a quarterly principal and interest amortization.

Prepayments are amortized over the year, and of prepaid commissions, amortized over the lease term for leasing and based on percentage of completion for selling.

The carrying amount of software and licenses amounted to ₱39.2 million and ₱32.3 million as at December 31, 2024 and 2023, respectively. Amortization of software and licenses recorded as part of "Depreciation and amortization" account in the consolidated statements of comprehensive income amounted to ₱5.1 million, ₱2.8 million and ₱0.6 million in 2024, 2023 and 2022, respectively (see Note 11).

Amounts held in trust represent cash in bank held under trust pursuant to Cazneau's applications for socialized housing with the Department of Human Settlements and Urban Development in relation to its projects.

Materials and supplies are the excess construction materials and supplies from the construction of completed real estate projects.

13. **Accounts and Other Payables**

This account consists of:

	Note	**2024**	2023
Accounts payable:			
Third parties		**₱440,687,961**	₱247,494,311
Related party	24	**–**	3,349,798
Accrued:			
Construction costs		**1,125,327,687**	641,526,880
Interest		**369,938,025**	280,805,743
Personnel costs		**1,794,659**	39,014,439
Others		**99,802,934**	170,377,249
Deferred output VAT		**923,068,600**	850,087,182
Retention payable		**637,212,543**	604,158,754
Advances from buyers		**281,430,016**	395,652,973
Security deposits	22	**125,302,311**	109,163,602
Advance rent	22	**58,517,124**	66,048,657
Dividend payable		**51,132,727**	5,686,177
Construction bonds		**34,933,329**	39,082,585
Statutory payables		**31,599,994**	39,510,742
Lease liability	22	**25,187,149**	–
Others		**56,257,676**	129,102,022
		₱4,262,192,735	₱3,621,061,114

Accounts payable, which are unsecured, non-interest bearing and are normally settled within 30 days to one (1) year, consist mainly of liabilities to contractors and suppliers.

Accrued expenses are expected to be settled within the next 12 months. Other accrued expenses pertain to management and professional fees, utilities, commissions, advertising and other expenses.

Deferred output VAT pertains to VAT from sales of property on installments and receivables from leasing operations. If the payments in the year of sale do not exceed 25% of the gross selling price, the sale will be considered under installment, in which case VAT will be paid based on collections.

Retention payable, which will be released after completion and satisfaction of the terms and conditions of the construction contract, pertains to amount retained by the Group from the contractors' progress billings for the real estate projects of the Group.

Advances from buyers include reservation fees and collections received from prospective lessees or buyers, which are and to be applied as security deposits upon execution of lease contracts or against the total contract price of the real estate sale. These are recorded at face amount.

Security deposits pertain to the deposits made by the lessees of the ACPT, Arya retail units, and dormitory units which are refundable upon termination of the lease less any unsettled balances.

Advance rent pertains to the payments made in advance by the tenants to be applied to their rent payable in the immediately succeeding months or in the last three (3) months of the lease term.

Statutory payables pertain to various withheld taxes payable to the government agencies which are generally paid within the next reporting period.

In 2024, the balance and movements in lease liability follow:

	Note	
Additions		₱29,015,160
Rental payments		(5,568,750)
Interest expense	14	1,740,739
Balance at end of year		25,187,149
Current portion of lease liability		17,629,344
Noncurrent portion of lease liability		₱7,557,805

Other payables include statutory liabilities to SSS, PhilHealth and HDMF, payables to certain buyers as at cutoff date and lease liabilities.

14. Loans Payable

This account consists of outstanding loans with:

	2024	2023
Local banks	**₱12,422,800,781**	₱11,133,593,226
Private funders	**53,223,970**	53,223,970
	₱12,476,024,751	₱11,186,817,196

Movements of this account follow:

	2024	2023
Balance at beginning of year	**₱11,217,702,057**	₱11,807,202,186
Availments	**10,013,779,699**	6,962,723,916
Payments	**(8,739,021,960)**	(7,552,224,045)
Balance at end of year	**12,492,459,796**	11,217,702,057
Unamortized debt issue cost	**(16,435,045)**	(30,884,861)
	12,476,024,751	11,186,817,196
Less current portion of loans payable	**8,699,545,361**	5,246,912,260
Long term portion of loans payable	**₱3,776,479,390**	₱5,939,904,936

Movements in debt issue cost are as follows:

	2024	2023
Balance at beginning of year	**₱30,884,861**	₱43,047,507
Additions	**2,812,500**	4,925,394
Amortization	**(17,262,316)**	(17,088,040)
Balance at end of year	**₱16,435,045**	₱30,884,861

Future repayment of the outstanding principal amounts of loans payable is as follows:

	2024	2023
Within one (1) year	**₱8,699,545,361**	₱5,246,912,260
After one (1) year but not more than three (3) years	**3,792,914,435**	5,702,375,977
More than three (3) years	**–**	268,413,820
	₱12,492,459,796	₱11,217,702,057

Local Bank Loans

These are secured and unsecured loans from local banks obtained to finance the Group's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 5.50% to 9.10% in 2024, and 5.50% to 9.10% in 2023.

Details of outstanding local bank loans as at December 31 follow:

Purpose	Terms and Security	Effective interest rate (p.a.)	2024	2023
Short-term loans -				
Short-term loans for working fund requirements	Unsecured and payable in full within one (1) year	6.75% to 8.50%	**₱2,351,281,667**	₱1,557,500,000
Short-term loans for construction of Cebu Exchange	Unsecured and payable in full within one (1) year	8.50%	**1,381,000,000**	1,381,000,000
Short-term loan for working fund requirement of Savya	Unsecured and payable in full within one (1) year	7.50% to 8.75%	**745,326,625**	709,475,244
Short-term loan of Eluria	Unsecured and payable in full on November 7, 2025	7.50%	**217,027,000**	247,500,000
Short-term loan for working fund requirement of Cazneau	Unsecured and payable in full within one (1) year	8.50% to 9%	**69,100,000**	–
Short-term loans for working fund requirements	Payable in August 2025; secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	6.00%	**–**	374,538,096
Construction and development of projects -				
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	**998,665,566**	996,672,989
Construction of Eluria	Payable on January 5, 2027	6.37% to 9.10%	**925,834,235**	889,381,190
Construction of Lucima	Payable on a quarterly basis starting 2024 until 2026; secured by Lucima Residences property with carrying amount of ₱794.5 million as at December 31, 2024 and 2023 (see Note 9), and an escrow account amounting to ₱28.9 million and ₱27.3 million as at December 31, 2024 and 2023, respectively.	6.17% to 8.78%	**892,255,959**	925,375,927
Construction of Sevina Park	Payable on a quarterly basis starting November 2023 until August 2026; secured by raw land with carrying amount of ₱386.2 million as at December 31, 2024 and 2023 (see Note 9), and an escrow account amounting to ₱18.9 million and ₱18.1 million as at December 31, 2024 and 2023, respectively.	6.25% to 8.49%	**677,411,436**	921,282,129
Construction of ACPT	Payable on a quarterly basis starting 4th quarter of 2020 until July 2025; secured by ACPT office units with carrying amount of ₱7,200.4 million and ₱6,493.6 million as at December 31, 2024 and 2023, respectively (see Note 10), and an escrow account amounting to ₱208.9 million and ₱128.2 million as at December 31, 2024 and 2023, respectively.	5.50%	**598,427,817**	1,094,737,497
Credit facility agreements for financing of receivables -				
Credit facility agreement for financing of receivables from buyers of units and parking slots in Savya Financial Center	Payable in full in 2025 and 2026; secured by receivables and contract assets from buyer of units and parking slots in Savya Financial Center	6.50% to 6.75%	**670,793,963**	620,514,316

(Forward)

Purpose	Terms and Security	Effective interest rate (p.a.)	2024	2023
Credit facility agreement for financing of receivables from buyers of units in Cazneau	Payable in full within one year; secured by receivables and contract assets from buyers of units in Sevina Park Villas	7.00%	**₱620,177,668**	₱218,002,497
Credit facility agreement for financing of receivables from buyers of units in Lucima.	Payable in full in 2025; secured by receivables and contract assets from buyer of units and parking slots in Lucima	7.16% to 8.25%	**581,830,291**	363,863,454
Credit facility agreement for financing of receivables from buyers of units and parking slots in Eluria	Payable in full on October 29, 2025; secured by receivables and contract assets from buyers of units in Eluria	8.00%	**346,434,529**	–
Long-term loans -				
Long-term loans for working fund requirements	Payable on 2026 to 2027; secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	7.53% to 8.12%	**997,234,025**	437,500,000
Long-term loans for working fund requirements	Unsecured revolving credit line and payable in full upon maturity	7.75%	**350,000,000**	350,000,000
Long-term loan of Lucima	Payable on March 25, 2024; secured by receivables and contract assets from buyers of units and parking slots in Lucima	7.16%	**–**	46,249,887
			₱12,422,800,781	₱11,133,593,226

Development of Green Projects
In 2020, the Group entered into a term loan agreement of ₱1,000.0 million with a local bank to obtain financing for the eligible green projects of the Group, including land banking, investments and refinancing in relation to eligible green projects. Drawdown of ₱1,000.0 million has also been made in 2020. The Group is required to submit a disbursement report to the bank soon after the date the proceeds has been utilized to confirm that the proceeds have been used for the eligible green projects.

The Group is required to maintain a debt-to-equity ratio of not more than 2.0x and current ratio of not less than 1.5x on a consolidated basis. As at December 31, 2024 and 2023, the Group has current ratio of 1.6x and 2.4x, respectively, and debt to equity ratio of 1.4x which is compliant with the financial covenants.

Construction of Eluria
In 2022, Bhavya entered into a term loan facility with a local bank to partially finance the construction of Eluria. Loan proceeds are available in multiple tranches from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage on the land of Bhavya. Moreover, Bhavya is required to maintain debt to equity ratio of not more than 2.0x, current ratio of not less than 1.5x and project debt to equity ratio not exceeding 0.5x.

The debt-to-equity ratio, current ratio and project debt to equity ratio of Bhavya is 2.0x, 2.0x and 0.5x, and 1.5x, 1.9x and 0.5x as at December 31, 2024 and 2023, respectively, which are compliant with the requirements of the term loan.

Construction of Lucima
In 2021, Bhavana entered into a term loan facility of ₱930.0 million with a local bank to partially finance the construction of Lucima. Loan proceeds are available in multiple tranches for a period of three (3) years from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage on the land of Bhavana located in Cebu City. Moreover, Bhavana is required to maintain debt to equity ratio of not more than 2.00x, current ratio of not less than 1.50x and project debt to equity ratio not exceeding 0.50x.

The debt-to-equity ratio, current ratio and project debt to equity ratio of Bhavana is 1.8x, 1.9x and 0.3x, and 1.6x, 1.7x and 0.5x as at December 31, 2024 and 2023, respectively, which are compliant with the requirements of the term loan.

Construction of Sevina Park
In 2021, Cazneau entered into a long-term loan facility of ₱1.0 billion with a local bank to partially finance the construction of Sevina Park. Loan proceeds are available in multiple tranches for a period of three (3) years from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage over two parcels of land of Cazneau and grant of security interest over shares of ALCO.

Moreover, the loan facility requires Cazneau to maintain current ratio of not less than 1.5x and debt-to-equity ratio of not more than 2.0x. The debt to equity ratio and current ratio of Cazneau is 1.1x and 1.6x, and 1.6x and 0.9x as at December 31, 2024 and 2023, respectively, which are compliant with the required financial covenants.

Construction of ACPT
In 2015, the Group entered into an Omnibus Loan and Security Agreement (OLSA) for a credit line of ₱2,000.0 million, to partially finance the cost of construction and development of the ACPT. The outstanding loan balance is secured by the ACPT office units and a security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements. The Group is required to maintain a current ratio of at least 1.50x and a debt-to-equity ratio of not more than 2.00x based on the consolidated financial statements. For the years ended December 31, 2024, 2023 and 2022, the Group is fully compliant with these debt covenants.

Acquisition of Land and Construction of Savya Financial Center
In 2021, SLDC obtained a loan facility of ₱1,440.0 million with a local bank. The loan was fully settled in 2023.

Private Funders
Outstanding balances of the loans from private funders amounting to ₱53.2 million as at December 31, 2024 and 2023 have interest rates of 5.40% p.a. in 2024 and 3.50% to 4.13% p.a. in 2023, and are unsecured and are for working capital requirements of the Group.

Borrowing costs capitalized as part of real estate for sale and investment properties in 2023 and 2022 amounted to ₱66.3 million and ₱146.9 million, respectively. Capitalized borrowing costs are adjusted to retained earnings following the adoption of the PIC Q&A 2018-12 (see Note 2).

Interest Expense
Total interest expense charged under "Finance costs" consists of the following (see Note 19):

	Note	**2024**	2023	2022
Interest expense on:				
Loans payable and advances from non-controlling interests		**₱1,036,475,568**	₱550,390,848	₱399,341,397
Bonds payable	15	**443,762,626**	465,794,610	98,531,070
Lease liability	13	**1,740,739**	–	–
		₱1,481,978,933	₱1,016,185,458	₱497,872,467

15. **Bonds Payable**

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
Bonds payable	**₱6,000,000,000**	₱6,000,000,000
Unamortized debt issue cost	**(44,467,581)**	(58,477,587)
	5,955,532,419	5,941,522,413
Less current portion of bonds payable	**3,000,000,000**	–
	₱2,955,532,419	₱5,941,522,413

Movement in debt issue cost in 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	**₱58,477,587**	₱74,228,852
Amortization	**(14,010,006)**	(15,751,265)
Balance at end of year	**₱44,467,581**	₱58,477,587

In October 2019, ALCO's BOD approved the filing of a registration statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds (the "Bonds") and the initial tranche of ₱2.0 billion bonds, with an oversubscription option of up to ₱1.0 billion.

In January 2020, the SEC approved the registration of the Bonds and the issuance of its initial tranche. On February 6, 2020, ALCO issued the initial tranche amounting to ₱2.0 billion with an oversubscription of ₱1.0 billion. It has a term ending five (5) years from the issue date or on February 6, 2025, with a fixed interest rate of 6.35% p.a. and an early redemption option on the 3rd and 4th year from issue date. The proceeds of the initial tranche is for the development of eligible green projects and payment of certain outstanding loans of the Group.

In October 2022, the BOD approved the second tranche of up to ₱3.0 billion. The SEC approved the offer supplement in December 2022 for ₱2.4 billion with an oversubscription of up to ₱0.6 billion. These bonds have a five-year term with a fixed interest rate of 8.00% p.a. and an early redemption option in the 3rd and 4th years, and a seven-year term with a fixed interest rate of 8.75% p.a. and an early redemption option in the 5th and 6th years. Proceeds will fund eligible green projects and repay certain outstanding loans.

The Group is required to maintain debt to equity ratio of not more than 2.00x and current ratio of at least 1.50x based on its consolidated financial statements. As at December 31, 2024 and 2023, the Group is compliant with these financial ratios.

Interest expense incurred on the Bonds amounted to ₱443.8 million, ₱465.8 million and ₱98.5 million in 2024, 2023 and 2022, respectively (see Note 14).

16. **Equity**

The details of the Parent Company's number of common and preferred shares as at December 31, 2024, 2023 and 2022 are as follows:

	2024		2023 and 2022	
	Preferred	**Common**	Preferred	Common
Authorized	**80,000,000**	**16,368,095,199**	50,000,000	16,368,095,199
Par value per share	**₱1.00**	**₱0.18**	₱1.00	₱0.18
Issued	**47,464,860**	**5,318,095,199**	48,500,000	5,318,095,199
Outstanding	**37,464,860**	**5,318,095,199**	28,500,000	5,318,095,199

Common Shares

As at December 31, 2024 and 2023, the Parent Company has issued and outstanding common shares of 5,318,095,199 at ₱0.18 par value equivalent to ₱957.3 million.

Preferred Shares

The Group's preferred shares Series A, Series C, Series D, Series E and Series F are cumulative, nonvoting, nonparticipating and nonconvertible. The movements and details of the issued and outstanding preferred shares are as follows:

	2024		2023		2022	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
Balance at beginning of year	**48,500,000**	**₱48,500,000**	48,500,000	₱48,500,000	48,500,000	₱48,500,000
Issuance during the year	**18,964,860**	**18,964,860**	–	–	–	–
Retirement during the year	**(20,000,000)**	**(20,000,000)**	–	–	–	–
Balance at end of year	**47,464,860**	**47,464,860**	48,500,000	48,500,000	48,500,000	48,500,000
Treasury shares	**(10,000,000)**	**(10,000,000)**	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Parent Company's shares held by a subsidiary	**(26,500,000)**	**(26,500,000)**	(12,500,000)	(12,500,000)	(12,500,000)	(12,500,000)
Outstanding	**10,964,860**	**₱10,964,860**	16,000,000	₱16,000,000	16,000,000	₱16,000,000

In June 2019, the Group made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series C with ₱1 par value a share at the issuance price of ₱100 a share. Excess of the proceeds over the total par value amounting to ₱990.0 million and transactions costs of ₱12.5 million were recognized as addition and reduction to additional paid-in capital, respectively.

On December 3, 2021, the Group made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series D with ₱1 par value a share at the issuance price of ₱500.0 a share. Excess of the proceeds over the total par value amounting to ₱2,994.0 million and transaction costs of ₱29.6 million were recognized as addition and reduction to additional paid-in capital, respectively.

In May 2024, the redemption of Preferred Shares Series C of the Group was approved. The Group redeemed the 10.0 million preferred shares at a redemption price of ₱100 per share for ₱1,000.0 million, plus accrued and any unpaid cash dividends due on redemption date June 27, 2024.

On August 14, 2024, the Group obtained the approval from SEC to amend its Articles of Incorporation to increase its authorized capital stock by ₱50.0 million. Following the approval, the Group cancelled the 20.0 million Preferred Shares Series B with a selling price of ₱100 per share for ₱2,000.0 million.

In November 2024, ALCO made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series F with ₱1 par value a share at the issuance price of ₱500 a share. As at December 31, 2024, ALCO issued and outstanding Preferred Shares Series F are 5.0 million for ₱2,482.4 million. Excess of the proceeds over the total par value amounting to ₱2,477.5 million and transactions costs of ₱30.1 million were recognized as addition and reduction to additional paid-in capital, respectively.

Parent Company's Preferred Shares Held by Subsidiary
In 2016, ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series A with ₱1 par value a share to MPI. On August 14, 2024, the Parent Company issued to MPI 14.0 million Preferred Shares Series E with a selling price of ₱1 per share for ₱14.0 million.

Common and Preferred Shares Listed with PSE
The details and movements of the common and preferred shares listed with PSE follows:

Date of SEC Approval	Type of Issuance	No. of Shares Issued (Redeemed)	Issue/Offer Price
1996	Initial public offering	351,000,000	₱1.00
1998	Payment of subscription	256,203,748	1.00
1999	Stock dividends	410,891,451	1.00
2009	Payment of subscription	628,770,000	0.20
2010	Payment of subscription	100,000,000	0.20
2011	Payment of subscription	2,200,000,000	0.20
2016	Public offering of Series "B" preferred shares	20,000,000	100
2019	Public offering of Series "C" preferred shares	10,000,000	100
2021	Public offering of Series "D" preferred shares	6,000,000	500
2021	Redemption of Series "B" preferred shares	(20,000,000)	100
2024	Redemption of Series "C" preferred shares	(10,000,000)	100
2024	Public offering of Series "F" preferred shares	4,964,860	500

The Parent Company has 1,908 and 1,921 stockholders as at December 31, 2024 and 2023, respectively.

Dividend Declaration
The Parent Company's BOD and stockholders approved the following cash dividends to preferred and common stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
January 31, 2024	March 1, 2024	March 27, 2024	Series C preferred shares	₱17,319,000	₱1.7319
January 31, 2024	February 8, 2024	March 3, 2024	Series D preferred shares	45,000,000	7.5000
May 8, 2024	June 3, 2024	June 27, 2024	Series C preferred shares	17,319,000	1.7319
May 8, 2024	May 23, 2024	June 3, 2024	Series D preferred shares	45,000,000	7.5000
June 28, 2024	July 19, 2024	August 9, 2024	Common Shares	63,817,142	0.0120
August 6, 2024	August 23, 2024	September 3, 2024	Series D preferred shares	45,000,000	7.5000
November 5, 2024	November 19, 2024	December 3, 2024	Series D preferred shares	45,000,000	7.5000
December 11, 2024	January 21, 2025	February 14, 2025	Series F preferred shares	45,465,705	9.1575
				₱323,920,847	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 25, 2023	November 29, 2023	December 27, 2023	Series C preferred shares	₱17,319,000	₱1.7319
October 25, 2023	November 13, 2023	December 4, 2023	Series D preferred shares	45,000,000	7.5000
August 2, 2023	September 4, 2023	September 28, 2023	Series C preferred shares	17,319,000	1.7319
August 2, 2023	August 16, 2023	September 4, 2023	Series D preferred shares	45,000,000	7.5000
June 30, 2023	July 17, 2023	August 10, 2023	Common Shares	63,817,142	0.0120
May 3, 2023	June 1, 2023	June 27, 2023	Series C preferred shares	17,319,000	1.7319
May 3, 2023	May 17, 2023	June 5, 2023	Series D preferred shares	45,000,000	7.5000
January 25, 2023	March 1, 2023	March 27, 2023	Series C preferred shares	17,319,000	1.7319
January 25, 2023	February 8, 2023	March 3, 2023	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 26, 2022	December 5, 2022	December 27, 2022	Series C preferred shares	₱17,319,000	₱1.7319
October 26, 2022	November 14, 2022	December 3, 2022	Series D preferred shares	45,000,000	7.5000
August 5, 2022	September 1, 2022	September 27, 2022	Series C preferred shares	17,319,000	1.7319
August 5, 2022	August 19, 2022	September 3, 2022	Series D preferred shares	45,000,000	7.5000
June 24, 2022	July 11, 2022	August 4, 2022	Common shares	63,817,142	0.0120
May 4, 2022	June 2, 2022	June 27, 2022	Series C preferred shares	17,319,000	1.7319
May 4, 2022	May 19, 2022	June 3, 2022	Series D preferred shares	45,000,000	7.5000
February 23, 2022	March 10, 2022	March 27, 2022	Series C preferred shares	17,319,000	1.7319
January 26, 2022	February 11, 2022	March 3, 2022	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Other Equity Reserves

This account consists of:

	Note	**2024**	2023	2022
Effect of changes in the Parent Company's ownership interest in subsidiaries		**₱169,002,018**	₱169,002,018	₱169,002,018
Cumulative remeasurement gains on net retirement asset or liability - net of tax	21	**32,819,118**	40,402,986	45,532,590
Stock options		**7,161,827**	7,161,827	7,161,827
		₱208,982,963	₱216,566,831	₱221,696,435

Movements of this account are as follows:

	Note	**2024**	2023	2022
Balance at beginning of year		**₱216,566,831**	₱221,696,435	₱177,630,403
Remeasurement gain (loss) on net retirement liability	21	**(7,583,868)**	(5,129,604)	43,984,369
Stock options granted and fair value changes	18	**–**	–	81,663
Balance at end of year		**₱208,982,963**	₱216,566,831	₱221,696,435

Stock Options
In ALCO's annual meeting on 16 October 2009, stockholders approved the 2009 ALCO Stock Option Plan, allowing the issuance of up to 10% of ALCO's total outstanding capital stock equivalent to 531,809,519 shares. The plan was administered by the Stock Option and Compensation Committee, composed of three directors, one of whom is independent. Eligible participants include Board members (excluding independent directors), the President and CEO, corporate officers, managerial employees, and executive officers of subsidiaries or affiliates. The Committee has the authority to determine grant recipients, exercise prices (not below par value), grant timing, and share allocation based on performance evaluations.

The option period spans three years, with vesting as follows: up to 33.33% within the first 12 months, up to 33.33% from the 13th to the 24th month, and up to 33.33% from the 25th to the 36th month. On the exercise date, the full purchase price must be paid, or as decided by the Committee. In 2010, 164.8 million options were granted, but none were exercised until the expiration of the option period in October 2012.

On 14 December 2018, the Board approved granting up to 90 million options at ₱0.85 per share based on performance evaluation of the grantees. On 25 March 2020, the option price was reduced to ₱0.50 per share.

As at December 31, 2024 and 2023, none of the qualified employees have exercised their options. The Group's stock options have already expired as at December 31, 2024 and 2023.

Use of Proceeds

Green Bonds - First Tranche
On February 21, 2024, the BOD approved the reallocation of the use of proceeds of the Bonds effective March 22, 2024, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Savya Financial Center or other Eligible Green Projects	₱1,500.0	₱1,351.0
Manila Long-Term Project	1,140.0	1,289.0
Arthaland Century Pacific Tower	309.0	309.0
Total	₱2,949.0	₱2,949.0

Green Bonds - Tranche 2
The gross proceeds from the offer of the second tranche of the bonds amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Makati CBD Residential Project 1	₱226.0	₱226.0	₱95.0	₱131.0
Project Vanilla	1,120.0	1,120.0	–	1,120.0
ACPT Loan and Others	276.0	225.0	225.0	–
Project Olive	1,378.0	1,378.0	–	1,378.0
Total	₱3,000.0	₱2,949.0	₱320.0	₱2,629.0

On January 22, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the bonds effective February 21, 2025, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Makati CBD Residential Project 1	₱226.0	₱964.0
Project Vanilla	1,120.0	760.0
ACPT Loan and Others	225.0	225.0
Project Olive	1,378.0	1,000.0
Total	₱2,949.0	₱2,949.0

Series F Preferred Shares

The gross proceeds from the offer of Series F Preferred Shares amounted to ₱2,482.4 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,451.5 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱–
Project Teal	1,140.0	1,140.0	–	1,140.0
ACPT Loans and Others	342.4	311.5	–	311.5
Total	₱2,482.4	₱2,451.5	₱1,000.0	₱1,451.5

On March 26, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the Series F Preferred Shares effective April 25, 2025, as follows (amounts in millions):

Purpose	Actual Net Proceeds	Proposed Reallocation
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0
Project Teal	1,140.0	821.5
ACPT Loan and Others	311.5	200.0
Debt Service Reserve Account (DSRA) Requirement for ACPT Loan	–	200.0
Investment into Bhavya to Fund Project Eluria	–	30.0
General Corporate Purposes	–	200.0
Total	₱2,451.5	₱2,451.5

17. Revenues

The Group's revenues are as follows:

	Note	**2024**	2023	2022
Real estate sales of:				
Lucima Residences		**₱1,498,794,548**	₱1,512,300,615	₱917,746,872
Cebu Exchange		**1,378,903,418**	986,256,059	520,354,368
Una Apartments		**991,183,786**	–	–
Sevina Park		**935,588,864**	794,498,165	722,540,902
Eluria		**768,682,118**	565,910,408	–
Savya Financial Center		**185,019,836**	2,392,608,813	435,347,696
		5,758,172,570	6,251,574,060	2,595,989,838
Leasing revenue	22	**414,901,457**	366,299,089	308,367,000
Property management fees		**35,642,933**	21,050,433	18,334,356
Interest on real estate sales		**15,307,178**	–	–
		₱6,224,024,138	₱6,638,923,582	₱2,922,691,194

Revenue recognized over time amounted to ₱5,230.0 million in 2024, ₱6,164.8 million in 2023, and ₱2,444.0 million in 2022. Revenue recognized at a point in time consisting of lots sold amounted to ₱528.3 in 2024, ₱474.1 million in 2023, and ₱478.7 million in 2022.

Leasing revenue pertains to rent income and CUSA earned from various lease contracts of the Parent Company in ACPT, retail units of MPI in Arya Residences and dormitory units in Courtyard Hall, in which rent income is recognized on a straight-line basis under PAS 17, *Lease*s.

Property management fees pertain to services rendered by APPS in the management and maintenance of all common areas of Arya Residences, ACPT, Cebu Exchange and Savya Financial Center. The service contract with Arya Residences Condominium Corporation had an initial term of seven (7) years from December 1, 2014 and the engagement was renewed for another five (5) years commencing on December 1, 2021. The terms of the service contracts with Arthaland Century Pacific Tower Condominium Corporation is seven (7) years from August 1, 2018, Cebu Exchange Condominium Corporation is five (5) years and Savya Financial Center Condominium Corporation is six (6) years both from September 1, 2023.

18. Operating Expenses

Operating expenses are classified as follows:

	2024	2023	2022
Administrative	**₱1,009,172,950**	₱821,439,823	₱616,716,251
Selling and marketing	**454,809,392**	529,115,673	255,280,513
	₱1,463,982,342	₱1,350,555,496	₱871,996,764

Details of operating expenses by nature are as follows:

	Note	**2024**	2023	2022
Personnel costs		**₱374,808,551**	₱276,523,524	₱243,066,638
Advertising		**290,859,744**	265,716,476	169,818,432
Communication and office expenses		**174,649,594**	111,166,961	61,225,843
Taxes and licenses		**167,105,785**	174,634,585	108,814,035
Commissions		**163,949,648**	263,399,197	85,462,081
Transportation and travel		**71,788,384**	60,516,180	38,230,621
Depreciation and amortization	11	**68,537,131**	62,614,519	43,445,740
Management and professional fees		**63,407,400**	42,641,046	54,585,146
Insurance		**17,156,812**	24,912,851	20,840,024
Repairs and maintenance		**16,014,250**	10,565,940	11,361,198
Utilities		**7,861,747**	36,331,964	10,713,419
Rent	22	**6,502,154**	6,133,894	3,601,857
Representation		**2,448,591**	1,280,730	1,204,856
Others		**38,892,551**	14,117,629	19,626,874
		₱1,463,982,342	₱1,350,555,496	₱871,996,764

Personnel costs consist of:

	Note	**2024**	2023	2022
Salaries and other employee benefits		**₱348,542,987**	₱258,855,447	₱216,296,070
Retirement expense	21	**26,265,564**	17,668,077	26,688,905
Stock options granted and fair value changes	16	**–**	–	81,663
		₱374,808,551	₱276,523,524	₱243,066,638

19. Finance Costs

This account consists of:

	Note	**2024**	2023	2022
Interest expense	14	**₱1,481,978,933**	₱1,016,185,458	₱497,872,467
Bank charges		**4,949,882**	4,164,974	2,799,997
		₱1,486,928,815	₱1,020,350,432	₱500,672,464

20. **Other Income (Charges)**

This account consists of:

	Note	**2024**	2023	2022
Interest income	5	**₱249,156,724**	₱293,392,563	₱28,605,128
Realized gain on disposals of financial assets at FVPL	6	**84,031,978**	73,157,830	30,063,000
Gain on repossession	9	**68,237,042**	96,979,144	5,398,638
Unrealized holding gains on financial assets at FVPL	6	**12,176,374**	858,794	2,215,632
Gain (loss) on disposal of property and equipment	11	**4,457,347**	(857,717)	369,071
Foreign exchange gains		**2,446,735**	4,437,686	8,540,438
Gain (loss) on sale of investment properties	10	**(1,175,558)**	1,198,576	–
Others		**6,553,736**	52,086,597	(7,140,013)
		₱425,884,378	₱521,253,473	₱68,051,894

Others pertains to forfeited collections, penalties for late rental payments, gain on sale of property and commissions.

21. **Retirement Plan**

The Group has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary. The normal retirement age is 60 with a minimum of five (5) years of credited service. The plan also provides for an early retirement at age 50 with minimum of five (5) years of credited service or late retirement after age 60, both subject to the approval of the Group's BOD.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

There are no unusual or significant risks to which the retirement liability exposes the Group. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Parent Company.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income for the year ended December 31, 2024 (based on the report of an independent actuary dated December 18, 2024.

Details of retirement expense is as follows (see Note 18):

	2024	2023	2022
Current service cost	**₱26,490,326**	₱19,830,224	₱23,235,167
Net interest cost	**(224,762)**	(2,162,147)	3,453,738
	₱26,265,564	₱17,668,077	₱26,688,905

Net retirement asset and net retirement liability (asset) presented in the consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	2024	2023
Net retirement liability	**₱27,371,514**	₱5,145,894
Net retirement asset	**–**	(14,151,768)
	₱27,371,514	(₱9,005,874)

The movements of net retirement liability (asset) recognized in the consolidated statements of financial position are as follows:

	2024	2023
Balance at beginning of year	**(₱9,005,874)**	(₱33,513,423)
Current service cost	**26,490,326**	19,830,224
Remeasurement losses (gains) on:		
Experience adjustments	**10,310,519**	(6,955,820)
Return on plan assets	**2,413,192**	2,626,156
Change in financial assumptions	**(1,697,558)**	14,700,839
Effect of asset ceiling	**(914,329)**	(3,531,703)
Net interest cost	**(224,762)**	(2,162,147)
Balance at end of year	**₱27,371,514**	(₱9,005,874)

The funded status and amounts recognized in the consolidated statements of financial position for the net retirement liability (asset) as at December 31, 2024 and 2023 are as follows:

	2024	2023
Present value of retirement liability	**₱166,487,412**	₱133,813,065
Fair value of plan assets	**(139,115,898)**	(143,680,782)
	27,371,514	(9,867,717)
Effect of asset ceiling	**–**	861,843
	₱27,371,514	(₱9,005,874)

While there are no minimum funding requirements in the country, any size of underfunding may pose a cash flow risk in about ten years' time when a significant number of employees is expected to retire.

The plan is underfunded by ₱27.4 million as at December 31, 2024 based on the latest actuarial valuation.

Changes in the present value of the retirement liability are as follows:

	2024	2023
Balance at beginning of year	**₱133,813,065**	₱105,737,174
Current service cost	**26,490,326**	19,830,224
Benefits paid from plan assets	**(10,579,700)**	(7,133,576)
Interest cost	**8,150,760**	7,634,224
Remeasurement losses (gains) on:		
Experience adjustments	**10,310,519**	(6,955,820)
Change in financial assumptions	**(1,697,558)**	14,700,839
Balance at end of year	**₱166,487,412**	₱133,813,065

Changes in the fair value of plan assets are as follows:

	2024	2023
Balance at beginning of year	**₱143,680,782**	₱143,348,290
Interest income	**8,428,008**	10,092,224
Benefits paid from plan assets	**(10,579,700)**	(7,133,576)
Remeasurement loss on return on plan assets	**(2,413,192)**	(2,626,156)
Balance at end of year	**₱139,115,898**	₱143,680,782

Plan assets are primarily composed of cash and cash equivalents, as well as unit investment trust accounts and do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in operations.

The cumulative remeasurement gains (losses) on net retirement liability/asset recognized in OCI as at December 31 are as follows:

	2024		
	Cumulative Remeasurement Gains	**Deferred Tax** (see Note 23)	**Net**
Balance at beginning of year	**₱53,985,704**	**₱13,582,718**	**₱40,402,986**
Remeasurement loss	**(10,111,824)**	**(2,527,956)**	**(7,583,868)**
	₱43,873,880	**₱11,054,762**	**₱32,819,118**

	2023		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱60,825,176	₱15,292,586	₱45,532,590
Remeasurement loss	(6,839,472)	(1,709,868)	(5,129,604)
Balance at end of year	₱53,985,704	₱13,582,718	₱40,402,986

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2024	2023
Discount rate	**6.18% to 6.21%**	6.09% - 6.12%
Salary projection rate	**6.00%**	6.00%
Average remaining service years	**22.1 to 31.3**	21.4 to 31.5

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2024 and 2023 are presented below.

		Effect on Present Value of Retirement Liability	
	Change in Assumption	Discount Rate	Salary Projection Rate
December 31, 2024	**+1%**	**(₱17,105,219)**	**₱20,392,041**
	-1%	**20,564,159**	**(17,280,969)**
December 31, 2023	+1%	(9,922,241)	11,790,003
	-1%	11,763,643	(10,114,747)

There are no unusual or significant risks to which the benefit plan exposes the Group.

The expected future benefit payments within the next ten years are as follows:

Financial Year	Amount
2024	₱34,326,181
2025	8,095,101
2026-2030	41,551,242
2031-2034	89,300,477

The weighted average duration of the retirement benefit obligation as at December 31, 2024 and 2023 are 10.6 years to 24.7 years and 10.5 years to 25.3 years, respectively.

22. Commitments

Operating Lease Commitments - Group as Lessor

The Parent Company entered into various lease agreements in ACPT for periods ranging from one (1) year to 10 years. Majority of lease agreements include an escalation clause of 5% every year. The lease contracts do not provide for any contingent rent.

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

Cazneau has entered into lease agreements for its dormitory units in Courtyard Hall. The term is renewable every semester.

Leasing revenue recognized from these operating leases amounted to in ₱414.9 million 2024, ₱366.3 million in 2023, and ₱308.4 million in 2022 (see Note 17). Lease receivables amounted to ₱163.1 million and ₱170.4 million as at December 31, 2024 and 2023, respectively. Accrued rent receivable amounted to ₱18.0 million and ₱39.4 million as at December 31, 2024 and 2023, respectively (included under “Others” as part of “Receivables” in Note 7). Advance rent from tenants amounted to ₱58.5 million, and ₱66.0 million as at December 31, 2024 and 2023, respectively (see Note 13). Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to ₱125.3 million and ₱109.2 million as at December 31, 2024 and 2023, respectively (see Note 13).

The future minimum lease payments to be received under non-cancellable operating leases as at December 31 are as follows:

	2024	2023
Within one (1) year	**₱248,245,631**	₱186,081,037
After one (1) year but not more than five (5) years	**500,636,048**	274,949,803
	₱748,881,679	₱461,030,840

Finance Lease Commitment - Group as Lessee

The Group is a lessee under a non-cancellable lease agreements for transportation equipment for a period of three (3) to five (5) years. The ROU asset and lease liability recognized amounted to ₱24.5 million and ₱25.2 million, respectively, as of December 31, 2024 (see Notes 11 and 13).

Operating Lease Commitment - Group as Lessee

The Parent Company is a lessee under non-cancellable operating leases. For short-term and low value leases, rent expense recognized amounted to ₱6.5 million in 2024, ₱6.1 million in 2023, and ₱3.6 million in 2022 and (see Note 18).

Capital Commitments

The Group has remaining contractual obligations for the construction and development of real estate for sale amounting to ₱4,132.3 million and ₱4,008.7 million as of December 31, 2024 and 2023, respectively.

23. Income Taxes

The components of income tax expense are as follows:

	Note	**2024**	2023	2022
Reported in Profit or Loss				
Current:				
Final taxes		**₱66,510,515**	₱72,764,819	₱11,670,436
RCIT		**14,358,362**	180,158,033	157,618,212
MCIT		**36,051,610**	21,550,545	7,117,905
Gross income tax (GIT)		**5,217,775**	5,487,544	5,120,220
		122,138,262	279,960,941	181,526,773
Deferred		**223,147,429**	169,705,162	195,310,865
		₱345,285,691	₱449,666,103	₱376,837,638
Reported in OCI				
Deferred tax related to remeasurement loss (gains) on net retirement liability (asset)	21	**₱2,527,956**	₱1,709,868	(₱14,661,457)

Deferred Tax Assets and Deferred Tax Liabilities

The components of the Group's recognized deferred tax assets and liabilities are as follows:

	2024	2023
Deferred tax assets:		
NOLCO	**₱925,188,957**	₱489,288,250
Excess MCIT over RCIT	**42,951,753**	10,758,826
Retirement liability	**34,170,154**	31,162,343
Advance rent	**12,583,583**	13,972,895
Excess of commission expense over commissions paid	**8,172,757**	8,172,757
Allowance for impairment losses	**4,437,348**	436,698
Effect of PFRS 16	**165,258**	–
Unrealized foreign exchange loss	**–**	10,367
	1,027,669,810	553,802,136
Deferred tax liabilities:		
Cumulative gains on change in fair value of investment properties	**2,354,812,179**	1,965,361,360
Excess of financial over taxable gross profit	**693,889,949**	586,111,764
Depreciation of investment properties	**62,377,834**	52,373,261
Accrued rent receivable	**15,382,839**	9,340,072
Actuarial gain or loss	**11,596,534**	13,979,394
Transfer of fair value to property and equipment	**9,884,186**	10,108,826
Capitalized debt issue costs	**7,634,465**	7,806,996
Unrealized foreign exchange gain	**1,789,696**	1,577,690
	3,157,367,682	2,646,659,363
Net deferred tax liabilities	**₱2,129,697,872**	₱2,092,857,227

As at December 31, 2024 and 2023, the Group did not recognize deferred tax assets relating to the following:

	2024	2023
NOLCO	**₱43,023,853**	₱30,454,573
Excess MCIT over RCIT	**545,459**	5,582,330
	₱43,569,312	₱36,036,903

Management has assessed that these may not be realized in the future.

NOLCO and Excess MCIT over RCIT

The details of the Group's NOLCO and excess MCIT over RCIT are as follows:

NOLCO

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2024	₱–	₱1,790,767,181	₱–	₱–	₱1,790,767,181	2027
2023	844,756,976	–	–	–	844,756,976	2026
2022	497,335,416	–	–	–	497,335,416	2025
2021	225,928,120	–	–	–	225,928,120	2026
2020	419,261,187	–	–	–	419,261,187	2025
	₱1,987,281,699	₱1,790,767,181	₱–	₱–	₱3,778,048,880	

Under Republic Act No. 11494, also known as “Bayanihan to Recover As One Act” and Revenue Regulations No. 25-2020, NOLCO incurred for the taxable years 2020 and 2021 will be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

Excess MCIT over RCIT

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2024	₱–	₱35,180,910	₱–	₱–	₱35,180,910	2027
2023	7,031,690	–	–	–	7,031,690	2026
2022	3,983,074	–	–	–	3,983,074	2025
2021	5,324,366	–	–	5,324,366	–	2024
	₱16,339,130	₱35,180,910	₱–	₱5,324,366	₱46,195,674	

The reconciliation between the income tax based on statutory income tax rate and provision for income tax reported in the consolidated statements of comprehensive income is as follows:

	2024	2023	2022
Income tax computed at statutory tax rate	**₱601,828,074**	₱606,220,259	₱321,601,048
Add (deduct) tax effect of:			
Dividend income from subsidiaries	**(252,250,000)**	(132,500,000)	–
Nondeductible expenses	**22,462,092**	20,043,636	7,945,227
Income subject to GIT	**(25,091,619)**	(24,637,139)	(22,981,242)
Taxable rent	**15,114,169**	10,262,838	–
Interest income subjected to final tax	**(12,471,930)**	(14,963,627)	(1,428,899)
Realized gain on disposals of financial assets at FVPL subjected to final tax	**(4,314,047)**	(4,107,194)	(1,510,820)
Unrealized holding loss (gains) on financial assets at FVPL	**(3,341,995)**	115,234	(604,950)
Expired excess MCIT over RCIT	**–**	–	5,606,716
Expired NOLCO	**–**	–	49,716,484
Applied MCIT	**–**	–	3,635,334
Change in unrecognized deferred tax assets	**3,350,947**	(10,767,904)	14,858,740
	₱345,285,691	₱449,666,103	₱376,837,638

PEZA Registration

ACPT is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 1). The scope of its registered activity is limited to development, operation and maintenance of an economic zone.

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and
- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT.

24. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions.

			Transactions during the Year		Outstanding Balance	
	Nature of Transaction	Note	**2024**	2023	**2024**	2023
Due from Related Parties		7				
Entity under common management	Advances for working capital		**₱–**	₱1,346,242	**₱5,674,454**	₱7,029,299
Principal stockholder	Share purchase agreement		**–**	–	**–**	36,052,873
					₱5,674,454	₱43,082,172
Accounts Payable						
Principal stockholder	Management fee	13	**₱–**	₱3,349,798	**₱–**	₱3,349,798

Advances for Working Capital

This pertains to expenses advanced by the Group to the related parties. Outstanding balances of advances for working capital are non-interest bearing, unsecured, unguaranteed, collectible or payable on demand and to be settled in cash. The Group did not recognize allowance for ELC on due from related parties as at December 31, 2024 and 2023.

Share Purchase Agreement

On December 11, 2024, the ALCO's BOD approved the amendment on the share purchase agreement where the company shall no longer collect from CPG the amount of ₱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.

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 expense	**20,193,519**	16,366,953	26,688,905
	₱174,684,407	₱143,598,704	₱133,259,075

25. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	2024						
		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	**₱11,186,817,196**	**₱10,010,967,199**	**(₱8,739,021,960)**	**₱–**	**₱17,262,316**	**₱–**	**₱12,476,024,751**
Bonds payable	**5,941,522,413**	**–**	**–**	**–**	**14,010,006**	**–**	**5,955,532,419**
Advances from non-controlling interests	**1,102,119,597**	**–**	**(92,000,000)**	**–**	**–**	**–**	**1,010,119,597**
Dividends payable	**5,686,177**	**–**	**(474,474,297)**	**519,920,847**	**–**	**–**	**51,132,727**
Lease liability	**–**	**–**	**(5,568,750)**	**29,015,160**	**–**	**1,740,739**	**25,187,149**
Finance costs	**–**	**–**	**(2,101,450,380)**	**–**	**–**	**2,101,450,380**	**–**
	₱18,236,145,383	**₱10,010,967,199**	**(₱11,412,515,387)**	**₱548,936,007**	**₱31,272,322**	**₱2,103,191,119**	**₱19,517,996,643**

	2023						
		Financing Cash Flows		Noncash Transactions			
	Balances at Beginning of Year	Availments	Payments	Declaration	Amortization of Debt Issue Cost	Interest expense	Balances at End of Year
Loans payable	₱11,764,154,679	₱6,957,798,522	(₱7,552,224,045)	₱–	₱17,088,040	₱–	₱11,186,817,196
Bonds payable	5,925,771,148	–	–	–	15,751,265	–	5,941,522,413
Advances from non-controlling interests	1,102,119,597	–	–	–	–	–	1,102,119,597
Dividends payable	187,093,749	–	(758,500,714)	577,093,142	–	–	5,686,177
Finance costs	–	–	(1,590,273,466)	–	–	1,590,273,466	
	₱18,979,139,173	₱6,957,798,522	(₱8,310,724,759)	₱577,093,142	₱32,839,305	₱1,590,273,466	₱18,236,145,383

26. Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Parent Company	**₱575,999,975**	₱948,309,181	₱821,081,648
Less share of Series C, D and F preferred shares in 2024 and 2023	**(260,103,705)**	(249,276,000)	(249,276,000)
Net income attributable to equity holders of the Parent Company for basic and diluted earnings per share	**₱315,896,270**	₱699,033,181	₱571,805,648
Weighted average number of common shares for diluted EPS	**5,318,095,199**	5,318,095,199	5,318,095,199
Basic and diluted EPS	**₱0.0594**	₱0.1314	₱0.1075

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

27. **Financial Risk Management Objectives and Policies**

The Group's financial instruments comprise cash in banks, cash equivalents, financial assets at FVPL, receivables (excluding advances for project development and accrued rent receivable), deposits, amounts held in escrow, amounts held in trust, loans payable, bonds payable, accounts and other payables (except statutory liabilities, advance rent and advances from buyers) and advances from non-controlling interests.

It is the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

Credit Risk

The Group's exposure to credit risk arises from the failure of a counterparty to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of financial assets at amortized cost and contract assets represent its maximum credit exposure.

Trade Receivables and Contract Assets

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Group. Also, customers are required to deposit postdated checks to the Group covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at December 31, 2024 and 2023, there were no significant credit concentrations. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables and contract assets.

Other Financial Assets at Amortized Cost

The Group's other financial assets at amortized cost are mostly composed of cash in banks, cash equivalents, amounts held in escrow and amounts held in trust. The Group limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For deposits, credit risk is low since the Group only transacts with reputable companies and individuals with respect to this financial asset.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

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

Financial Assets at FVPL
The Group is also exposed to credit risk in relation to its investment in money market fund that is measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

Assets that are credit-impaired are separately presented.

	2024				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	**₱4,045,768,662**	**₱–**	**₱–**	**₱–**	**₱4,045,768,662**
Financial assets at FVPL	**–**	**–**	**–**	**1,895,958,320**	**1,895,958,320**
Receivables**	**–**	**1,753,712,299**	**1,746,790**	**–**	**1,755,459,089**
Contract assets	**–**	**7,625,261,813**	**–**	**–**	**7,625,261,813**
Deposits	**502,128,321**	**–**	**–**	**–**	**502,128,321**
Amounts held in escrow	**335,370,367**	**–**	**–**	**–**	**335,370,367**
Amounts held in trust	**9,503,621**	**–**	**–**	**–**	**9,503,621**
	₱4,892,770,971	**₱9,378,974,112**	**₱1,746,790**	**₱1,895,958,320**	**₱16,169,450,193**

**Excludes cash on hand amounting to ₱195,000*
***Excludes accrued rent receivable aggregating ₱18.0 million as at December 31, 2024.*

	2023				
	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*	₱5,605,111,553	₱–	₱–	₱–	₱5,605,111,553
Financial assets at FVPL	–	–	–	877,853,288	877,853,288
Receivables**	–	2,171,903,314	1,746,790	–	2,173,650,104
Contract assets	–	5,608,780,240	–	–	5,608,780,240
Deposits	93,566,878	–	–	–	93,566,878
Amounts held in escrow	221,594,852	–	–	–	221,594,852
Amounts held in trust	36,752,025	–	–	–	36,752,025
	₱5,957,025,308	₱7,780,683,554	₱1,746,790	₱877,853,288	₱14,617,308,940

**Excludes cash on hand amounting to ₱185,000.*
***Excludes accrued rent receivable aggregating ₱39.4 million as at December 31, 2023.*

Liquidity Risk

Liquidity risk is the risk that the Group may not be able to settle its obligations as they fall due.

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows as at December 31, 2024 and 2023:

	2024					
	Due and Payable on Demand	**Less than 1 Year**	**1-2 Years**	**2-3 Years**	**Over 3 Years**	**Total**
Loans payable	**₱–**	**₱8,699,545,361**	**₱3,792,914,435**	**₱–**	**₱–**	**₱12,492,459,796**
Bonds payable	**–**	**3,000,000,000**	**–**	**–**	**3,000,000,000**	**6,000,000,000**
Accounts and other payables*	**637,212,544**	**2,330,364,457**	**–**	**–**	**–**	**2,967,577,001**
Advances from non-controlling interest	**1,010,119,597**	**–**	**–**	**–**	**–**	**1,010,119,597**
	₱1,647,332,141	**₱14,029,909,818**	**₱3,792,914,435**	**₱–**	**₱3,000,000,000**	**₱22,470,156,394**

**Excludes advances from buyers, advance rent and statutory liabilities aggregating to ₱1,294.6 million as at December 31, 2024.*

	2023					
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱–	₱5,471,788,859	₱2,995,187,898	₱2,482,311,480	₱268,413,820	₱11,217,702,057
Bonds payable	–	–	3,000,000,000	–	3,000,000,000	6,000,000,000
Accounts and other payables*	604,158,754	1,665,602,806	–	–	–	2,269,761,560
Advances from non-controlling interest	1,102,119,597	–	–	–	–	1,102,119,597
	₱1,706,278,351	₱7,137,391,665	₱5,995,187,898	₱2,482,311,480	₱3,268,413,820	₱20,589,583,214

**Excludes advances from buyers, advance rent and statutory liabilities aggregating to ₱1,351.3 million as at December 31, 2023.*

The Group monitors its risk to a shortage of funds through analyzing the maturity of its financial investments and financial assets and cash flows from operations. The Group monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a daily basis to arrive at the projected cash position to cover its obligations.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk
Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on monthly, quarterly, and annual intervals.

The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Group's consolidated net income.

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

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

	2024	2023
Total liabilities	**₱26,289,431,728**	₱24,147,874,105
Total equity	**14,252,302,840**	13,116,171,785
Debt to equity ratio	**1.84:1.00**	1.84:1.00

The Group manages the capital structure and makes adjustments when there are changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Financial Ratios
The Group maintains and monitors certain financial ratios specifically those that measure its performance in terms of profitability, liquidity, and solvency on a regular basis. In terms of profitability, the usual metrics used is the Net Profit Margin, which measures whether a project is keeping up to the planned margins estimated during project planning and conceptualization given certain assumptions. For liquidity, the Group keeps an eye on its Current or Acid Test Ratio to determine its ability to meet its current or short-term obligations. The long-term financial well-being of the Group on the other hand is monitored and measured in Solvency Ratios specifically Debt (bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest) to Equity Ratio for Loan Covenant. The Group's top five key performance indicators, namely: (a) Current Ratio; (b) Debt to Equity Ratio; (c) Debt (bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest) to Equity Ratio for Loan Covenant; (d) Interest Coverage Ratio; and (e) Net Profit Margin.

Financial reports are presented regularly to the Group's Finance Committee every month including the above-mentioned financial ratios. While they may fluctuate and vary from time to time given the nature of the business, reasons for the variations between reporting periods and trends are discussed to determine any measures that need to be undertaken prospectively. Other than being used as barometers for the Group's levels of performance from one period to another, these financial ratios are also monitored to ensure the Group's compliance to some financial covenants with some banks with respect to credit facilities these financing institutions have extended or provided. To date, the Group has been compliant with all these covenants.

28. **Fair Value Measurement**

The following table presents the carrying amounts and fair values of the Group's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

			2024		
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value:					
Financial assets at FVPL	6	**₱1,895,958,320**	**₱1,895,958,320**	**₱–**	**₱–**
Investment properties	10	**14,590,019,555**	**–**	**1,971,065,512**	**12,618,954,043**
Financial assets at amortized cost - Deposits	12	**502,128,321**	**–**	**–**	**502,128,321**
		₱16,988,106,196	**₱1,895,958,320**	**₱1,971,065,512**	**₱13,121,082,364**
Liability for which fair value is disclosed -					
Loans payable	14	**₱12,476,024,751**	**₱–**	**₱–**	**₱12,658,799,990**
Bonds payable	15	**5,955,532,419**	**–**	**–**	**6,280,628,403**
		₱18,431,557,170	**₱–**	**₱–**	**₱18,939,428,393**

			2023		
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	6	₱877,853,288	₱877,853,288	₱–	₱–
Investment properties	10	13,175,632,447	–	1,856,644,669	11,318,987,778
Financial assets at amortized cost - Deposits	12	93,566,878	–	–	93,566,878
		₱14,147,052,613	₱877,853,288	₱1,856,644,669	₱11,412,554,656
Liability for which fair value is disclosed -					
Loans payable	14	₱11,186,817,196	₱–	₱–	₱11,186,817,196
Bonds payable	15	5,941,522,413	–	–	5,941,522,413
		₱17,128,339,609	₱–	₱–	₱17,128,339,609

The following methods and assumptions were used in estimating the fair value of the Group's financial assets and liabilities:

Financial Assets and FVPL. The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices.

Investment Properties. The fair value of investment properties were determined using discounted cash flow approach, depreciated replacement cost approach and market data approach.

Deposits. Deposits are measured at amortized cost. The fair value of deposits has not been determined using observable market data because management believes that the difference between fair value and carrying amount is not significant. The fair value of utility deposits has been categorized as level 3.

Loans and Bonds Payable. The fair value of the Group's loans and bonds payable were determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities. Interest-bearing loans and bonds payable include accrued interest in the estimation of its fair value.

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values as at December 31, 2024 and 2023:

	2024	2023
Financial assets:		
Cash and cash equivalents	**₱4,045,963,662**	₱5,605,296,553
Receivables*	**1,753,712,299**	2,171,903,314
Amounts held in escrow	**335,370,367**	221,594,852
Amounts held in trust	**9,503,621**	36,752,025
	₱6,144,549,949	₱8,035,546,744
Financial liabilities:		
Accounts and other payables**	**₱2,967,577,001**	₱2,269,761,560
Advances from non-controlling interests	**1,010,119,597**	1,102,119,597
	₱3,977,696,598	₱3,371,881,157

**Excludes accrued rent receivable aggregating ₱18.0 million and ₱39.4 million as at December 31, 2024 and 2023, respectively.*
***Excludes advances from buyers, advance rent, statutory liabilities and lease liabilities aggregating ₱1,294.6 million and ₱1,351.3 million as at December 31, 2024 and 2023, respectively.*

Cash and Cash Equivalents, Receivables, Amounts Held in Escrow, Amounts Held in Trust, Accounts and Other Payables and Advances from Non-controlling Interests. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

29. **Classification of Consolidated Statements of Financial Position Accounts**

The Group's current portions of its assets and liabilities as at December 31, 2024 and 2023 are as follows:

	Note	2024	2023
Current Assets			
Cash and cash equivalents	5	**₱4,045,963,662**	₱5,605,296,553
Financial assets at FVPL	6	**1,895,958,320**	877,853,288
Receivables	7	**1,771,675,289**	2,211,302,746
Contract assets	8	**7,625,261,813**	5,608,780,240
Real estate for sale	9	**7,271,174,737**	7,548,831,703
Other assets*	12	**2,476,172,000**	1,768,875,317
		₱25,086,205,821	₱23,620,939,847

**Excludes noncurrent portion of advances for asset purchase and land acquisition, deposits and deferred input VAT amounting to ₱563.9 million and ₱137.6 million as at December 31, 2024 and 2023, respectively.*

	Note	2024	2023
Current Liabilities			
Accounts and other payables*	13	**₱3,756,450,394**	₱3,621,061,114
Current portion of loans payable	14	**8,699,545,361**	5,246,912,260
Current portion of bonds payable	15	**3,000,000,000**	–
Contract liabilities	8	**428,492,840**	198,350,664
Advances from non-controlling interests**	4	**–**	1,102,119,597
		₱15,884,488,595	₱10,168,443,635

**Excludes noncurrent portion of retention payable, deferred output VAT, and lease liability amounting to ₱505.7 million and nil as at December 31, 2024 and 2023, respectively.*
***Excludes noncurrent portion of advances from non-controlling interests amounting to ₱1,010.1 million and nil as at December 31, 2024 and 2023, respectively.*

30. **Operating Segment Information**

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to sale of real estate, leasing and property management services.

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS Accounting Standards. The presentation and classification of segment revenue and expenses are consistent with the consolidated statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the consolidated statements of financial position.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2024, 2023 and 2022:

	2024					
	Sale of Real Estate	**Leasing**	**Property Management and Other Services**	**Corporate**	**Eliminations**	**Total**
Segment revenue	**₱5,773,479,748**	**₱414,901,457**	**₱494,193,235**	**₱–**	**(₱458,550,302)**	**₱6,224,024,138**
Segment expenses	**(4,401,083,562)**	**(161,816,431)**	**(181,108,787)**	**(1,413,511,073)**	**164,212,554**	**(5,993,307,299)**
Segment profit	**1,372,396,186**	**253,085,026**	**313,084,448**	**(1,413,511,073)**	**(294,337,748)**	**230,716,839**
Net gain on change in fair value of investment properties	**–**	**1,933,989,204**	**–**	**–**	**–**	**1,933,989,204**
Finance costs	**–**	**–**	**–**	**(1,651,651,045)**	**164,722,230**	**(1,486,928,815)**
Other income - net	**–**	**–**	**–**	**425,884,378**	**–**	**425,884,378**
Income before income tax	**1,372,396,186**	**2,187,074,230**	**313,084,448**	**(2,639,277,740)**	**(129,615,518)**	**1,103,661,606**
Provision for income tax						**(345,285,691)**
Net income						**758,375,915**
Other comprehensive loss						**(7,583,868)**
Total comprehensive income						**₱750,792,047**
Assets	**₱7,655,935,731**	**₱14,590,019,556**	**₱358,214,091**	**₱28,486,901,276**	**(₱10,549,336,086)**	**₱40,541,734,568**
Liabilities	**(₱6,192,787,928)**	**(₱60,722,065)**	**₱–**	**(₱24,590,802,181)**	**₱7,952,139,540**	**(₱26,289,431,728)**

	2023					
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱6,251,574,060	₱366,299,089	₱228,620,468	₱–	(₱207,570,035)	₱6,638,923,582
Segment expenses	(3,684,000,551)	(143,250,409)	(137,397,407)	(1,424,254,541)	113,633,739	(5,275,269,169)
Segment profit	2,567,573,509	223,048,680	91,223,061	(1,424,254,541)	(93,936,296)	1,363,654,413
Net gain on change in fair value of investment properties	–	974,092,333	–	–	–	974,092,333
Finance costs	(208,516,416)	–	–	(1,020,350,432)	208,516,416	(1,020,350,432)
Other income - net	–	–	–	521,253,473	–	521,253,473
Income before income tax	2,359,057,093	1,197,141,013	91,223,061	(1,923,351,500)	114,580,120	1,838,649,787
Provision for income tax						(449,666,103)
Net income						1,388,983,684
Other comprehensive loss						(5,129,604)
Total comprehensive income						₱1,383,854,080
Assets	₱8,017,297,137	₱13,168,863,171	₱101,378,769	₱25,311,040,703	(₱9,334,533,890)	₱37,264,045,890
Liabilities	(₱4,498,162,517)	(₱1,750,203,148)	₱–	(₱25,713,337,186)	₱7,813,828,746	(₱24,147,874,105)

	2022					
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱2,595,989,838	₱308,367,000	₱287,539,419	₱–	(₱269,205,063)	₱2,922,691,194
Segment expenses	(1,714,041,387)	(118,369,626)	(114,827,072)	(879,780,228)	150,960,138	(2,676,058,175)
Segment profit	881,948,451	189,997,374	172,712,347	(879,780,228)	(118,244,925)	246,633,019
Net gain on change in fair value of investment properties	–	1,435,889,906	–	–	–	1,435,889,906
Finance costs	(242,859,908)	–	–	(500,672,464)	242,859,908	(500,672,464)
Other income - net	–	–	–	68,051,894	–	68,051,894
Income before income tax	639,088,543	1,625,887,280	172,712,347	(1,312,400,798)	124,614,983	1,249,902,355
Provision for income tax						(376,837,638)
Net income						873,064,717
Other comprehensive income						43,984,369
Total comprehensive income						₱917,049,086
Assets	₱9,746,531,596	₱11,277,167,365	₱24,644,541	₱24,702,238,191	(₱9,357,874,604)	₱36,392,707,089
Liabilities	(₱4,685,204,776)	(₱1,425,000,000)	₱–	(₱26,004,371,346)	₱7,782,179,963	(₱24,332,396,159)

31. **Events After Reporting Period**

Declaration of Cash Dividends

ALCO's BOD approved and declared the following cash dividends:

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series D Preferred Shares	January 22, 2025	February 7, 2025	March 3, 2025	₱45,000,000	₱7.5000
Series F Preferred Shares	March 26, 2025	April 15, 2025	May 15, 2025	45,465,705	9.1575

Amendments to the Articles of Incorporation (AOI)

On January 22, 2025, ALCO's BOD approved the proposal to amend its Article Seventh of the AOI by decreasing its authorized capital stock by ₱10.0 million. The foregoing decrease in the authorized capital stock corresponds to the redemption of Preferred Shares Series C on June 27, 2024 (see Note 16).

On January 27, 2025, ZLDC's BOD approved the proposal to amend its AOI to increase its authorized capital stock by 20.0 million through the creation of 20.0 million Preferred Shares Series B with ₱1 par value. ZLDC's existing 0.5 million non-redeemable, non-cumulative and voting preferred shares with ₱100 par value will be reclassified as Preferred Shares Series A.

Reallocation of Use of Proceeds

Green Bonds Second Tranche

On January 22, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the second tranche of green bonds effective February 21, 2025 (see Note 16).

Preferred Shares Series F

On March 26, 2025, ALCO's BOD approved the reallocation of the use of proceeds of the Series F Preferred Shares effective April 25, 2025 (see Note 16).

Parent Company's Subscription to Preferred Shares of a Subsidiary

On January 22, 2025, ALCO's BOD approved its subscription to 7.1 million Preferred Shares Series B of ZLDC at a subscription price of ₱100 per share once ZLDC's proposed increase in authorized capital stock is approved by the SEC.

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

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Arthaland Corporation and Subsidiaries (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and have issued our report thereon dated March 26, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedule of Financial Soundness Indicators
- Schedules required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68
- Schedule of Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration
- Conglomerate Map

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards Accounting Standards and may not comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and no material exceptions were noted.

These schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the basic consolidated financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

Carolina P. Angeles

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BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10467120
Issued January 2, 2025, Makati City

March 26, 2025
Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2024

Below is a schedule showing financial soundness indicators in the years 2024, 2023 and 2022.

	2024	2023	2022
Current/Liquidity Ratio	**1.58**	2.32	2.44
Current assets	**₱25,086,205,821**	₱23,620,939,847	₱24,560,191,116
Divided by: Current liabilities	**15,884,488,595**	10,168,443,635	10,077,767,970
Acid Test Ratio	**0.49**	0.86	0.93
Quick assets (Cash and cash equivalents, financial assets at FVPL and receivables)	**7,713,597,271**	8,694,452,587	9,422,388,129
Divided by: Current liabilities	**15,884,488,595**	10,168,443,635	10,077,767,970
Solvency Ratio	**0.03**	0.06	0.04
Net income before depreciation	**826,961,062**	1,451,735,811	916,982,969
Divided by: Total liabilities	**26,289,431,728**	24,147,874,105	24,332,396,159
Debt-to-Equity Ratio	**1.84**	1.84	2.02
Total liabilities	**26,289,431,728**	24,147,874,105	24,332,396,159
Divided by: Total equity	**14,252,302,840**	13,116,171,785	12,060,310,930
Debt-to-Equity Ratio for Loan Covenant	**1.36**	1.39	1.56
Total Debt (Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest)	**19,441,676,767**	18,230,459,206	18,792,045,424
Total Equity	**14,252,302,840**	13,116,171,785	12,060,310,930
Asset-to-Equity Ratio	**2.84**	2.84	3.02
Total assets	**40,541,734,568**	37,264,045,890	36,392,707,089
Divided by: Total equity	**14,252,302,840**	13,116,171,785	12,060,310,930
Interest Rate Coverage Ratio	**1.74**	2.81	3.51
Pretax income before interest	**2,585,640,539**	2,854,835,245	1,747,774,822
Divided by: Interest expense	**1,481,978,933**	1,016,185,458	497,872,467
Return on Assets Ratio	**0.02**	0.04	0.02
Net income	**758,375,915**	1,388,983,684	873,064,717
Divided by: Total assets	**40,541,734,568**	37,264,045,890	36,392,707,089
Return on Equity Ratio	**0.05**	0.11	0.07
Net income	**758,375,915**	1,388,983,684	873,064,717
Divided by: Total equity	**14,252,302,840**	13,116,171,785	12,060,310,930

ARTHALAND CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF REVISED SRC RULE 68
DECEMBER 31, 2024

Table of Contents

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Consolidated Statements of Financial Position	Value based on Market Quotation at End of Reporting Year	Income Received and Accrued
Financial assets at FVPL for which the amounts are not more than two percent (2%) of total assets	₱1,895,958,320	₱1,895,958,320	₱1,895,958,320	₱13,367,979

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024

			Deductions		Ending Balance		
Name and designation of debtor	**Balance at beginning of year**	**Additions**	**Amounts collected**	**Amounts written off**	**Current**	**Not current**	**Balance at end of year**
Due from Related Parties -							
Signature Office Property, Inc.	₱5,722,499	₱–	(₱48,045)	₱–	₱–	₱–	₱5,674,454
CPG Holdings, Inc.	36,052,873	–	–	(36,052,873)	–	–	–
Centrobless Corporation	1,306,800	–	(1,306,800)	–	–	–	–
	₱43,082,172	₱–	(₱1,354,845)	(₱36,052,873)	₱–	₱–	₱5,674,454

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024

				Deductions	Ending Balance		
Name and designation of debtor	**Balance at beginning of year**	**Additions**	**Amounts collected**	**Amounts written off**	**Current**	**Not current**	**Balance at end of year**
Advances to subsidiaries:							
Cebu Lavana Land Corp.	**₱3,336,796,699**	₱9,680,936	(₱409,481,705)	₱–	₱–	₱–	**₱2,936,995,930**
Cazneau, Inc.	**785,834,002**	173,342,321	(4,630,913)	–	–	–	**954,545,410**
Zileya Land Development, Inc.	**432,140,985**	95,000,428	(17,969)	–	–	–	**527,123,444**
Bhavana Properties Inc.	**331,800,000**	–	–	–	–	–	**331,800,000**
Bhavya Properties Inc.	**314,408,714**	–	–	–	–	–	**314,408,714**
Urban Property Holdings, Inc. (net of allowance for impairment amounting to ₱3,261,249)	**157,667,178**	7,400,000	–	–	–	–	**165,067,178**
Kashtha Holdings Inc.	**296,767,527**	10,000,000	(152,267,527)	–	–	–	**154,500,000**
Pradhana Land Inc.	**820,084**	48,752,941	–	–	–	–	**49,573,025**
Arthaland Property Prestige Solutions, Inc.	**3,247,353**	3,199,603	–	–	–	–	**6,446,956**
Manchesterland Properties, Inc.	**6,221,503**	62,455	(1,883,958)	–	–	–	**4,400,000**
	₱5,665,704,045	₱347,438,684	(₱568,282,072)	₱–	₱–	₱–	**₱5,444,860,657**
Advances from subsidiaries:							
Manchesterland Properties, Inc.	**₱284,632,299**	₱–	₱–	₱–	₱–	₱–	**₱284,632,299**
Cazneau, Inc.	**654,211**	–	(654,211)	–	–	–	**–**
Cebu Lavana Land Corp.	**548,700**	34,178	(582,878)	–	–	–	**–**
Savya Land Development Corporation	**61,109**	–	(61,109)	–	–	–	**–**
	₱285,896,319	₱34,178	(₱1,297,198)	₱–	₱–	₱–	**₱284,632,299**

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" related balance sheet	Amount shown under caption "Long-Term Debt" in related statement of financial position			
			Carrying amount	Interest Rates	Payment Terms	Maturity Dates
Bank Loans:						
Bank 1	₱500,000,000	₱500,000,000	₱–	8.75%	At end of term	March 31, 2025 to August 29, 2025
Bank 2	500,000,000	328,125,000	666,202,408	6% to 8.123%	Quarterly	May 22, 2026 to November 24, 2027
Bank 3	350,000,000	–	350,000,000	7.75%	At end of term	July 25, 2025
Bank 4	300,000,000	150,000,000	–	8.85%	At end of term	January 29, 2025
Bank 5	400,000,000	400,000,000	–	7.00%	At end of term	June 26, 2025
Bank 6	605,000,000	605,000,000	–	8.50%	At end of term	February 19, 2025 to March 19, 2025
Bank 7	1,450,000,000	696,281,667	–	8.5% to 8.75%	At end of term	February 11, 2025 to June 17, 2025
Bank 8	2,000,000,000	600,000,000	–	5.50%	At end of term	July 8, 2025
Bank 9	1,000,000,000	1,000,000,000	–	6.35%	At end of term	February 6, 2025
Bank 10	1,000,000,000	304,166,667	373,244,770	6.25% to 8.49%	Quarterly	August 10, 2026
Bank 11	250,000,000	69,100,000	–	8.5% to 9%	At end of term	February 18, 2025 to June 11, 2025
Bank 12	500,000,000	58,443,235	–	8.25%	At end of term	October 29, 2025
Bank 13	500,000,000	–	472,660,730	6.75%	At end of term	May 4, 2026 to April 16, 2027
Bank 14	309,191,235	89,073,703	–	6.75%	At end of term	February 15, 2025 to June 17, 2025
Bank 15	671,527,000	221,527,000	171,527,000	7.50%	At end of term	March 13, 2025 to September 8, 2025
Bank 16	500,000,000	352,272,625	–	8.5% to 8.75%	At end of term	January 14, 2025 to June 25, 2025
Bank 17	1,000,000,000	501,914,674	168,879,290	6.5% to 6.75%	At end of term	January 27, 2025 to December 27, 2026
Bank 18	930,000,000	139,500,000	752,755,958	6.17% to 8.78%	Quarterly	November 27, 2026
Bank 19	1,200,000,000	547,449,453	–	7.04% to 7.25%	At end of term	March 30, 2025
Bank 20	500,000,000	34,380,838	–	8.25%	At end of term	March 28, 2025
Bank 21	930,000,000	104,625,000	821,209,234	6.37% to 9.1%	Quarterly	January 5, 2027
Bank 22	500,000,000	217,027,000	–	7.50%	At end of term	August 8, 2025 to November 7, 2025
Bank 23	1,000,000,000	346,434,529	–	8.00%	At end of term	October 29, 2025
Bank 24	1,381,000,000	1,381,000,000	–	8.50%	At end of term	February 5, 2025 to March 19, 2025
Various loans from private funders	53,223,970	53,223,970	–	5.40%	Renewable on maturity	January 13, 2025 to June 6, 2025
	₱18,329,942,205	₱8,699,545,361	₱3,776,479,390			

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2024

				Number of shares held by		
Title of Issue	**Number of shares authorized**	**Number of shares issued and outstanding as shown under the related balance sheet caption**	**Number of shares reserved for options, warrants, conversion and other rights**	**Related parties**	**Directors, officers and employees**	**Others**
Common shares - ₱0.18 par value per share	16,368,095,199	5,318,095,199	–	3,650,954,906	76,715,159	1,590,425,134
Preferred shares - ₱1.00 par value per share	80,000,000	47,464,860	–	26,500,000	–	20,964,860

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

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

		Amount
Retained earnings available for dividend declaration as at the beginning of reporting period		₱197,737,148
Less: Category B: **Items that are directly debited to unappropriated retained earnings**		
Dividend declaration during the reporting period	323,920,847	
Retirement of preferred shares series B	23,558,459	347,479,306
Deficit, as adjusted		(149,742,158)
Add: Net income for the current year		907,319,549
Less: Category C.1: **Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	(11,570,014)	
Unrealized fair value gain of investment property	(608,384,791)	(619,954,805)
Sub-total		137,622,586
Less: Category C.2: **Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)**		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL		(1,741,646)
Sub-total		135,880,940
Less: Category F: **Other items that should be excluded from the determination of the amount of available for dividends distribution**		
Net movement of net deferred tax asset not considered in the reconciling items under the previous categories		(12,024,182)
Retained earnings available for dividend declaration as at the end of reporting period		**₱123,856,758**

ARTHALAND CORPORATION

SCHEDULE OF USE OF PROCEEDS
DECEMBER 31, 2024

Green Bonds - Second Tranche

The gross proceeds from the offer of the second tranche of the Bonds amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Makati CBD Residential Project 1	₱226.0	₱226.0	₱95.0	₱131.0
Project Vanilla	1,120.0	1,120.0	–	1,120.0
ACPT Loan and Others	276.0	225.0	225.0	–
Project Olive	1,378.0	1,378.0	–	1,378.0
Total	₱3,000.0	₱2,949.0	₱320.0	₱2,629.0

Series F Preferred Shares

The gross proceeds from the offer of Series F Preferred Shares amounted to ₱2,482.4 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,451.5 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2024	Balance for Disbursement as at December 31, 2024
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱–
Project Teal	1,140.0	1,140.0	–	1,140.0
ACPT Loans and Others	342.4	311.5	–	311.5
Total	₱2,482.4	₱2,451.5	₱1,000.0	₱1,451.5

ARTHALAND CORPORATION

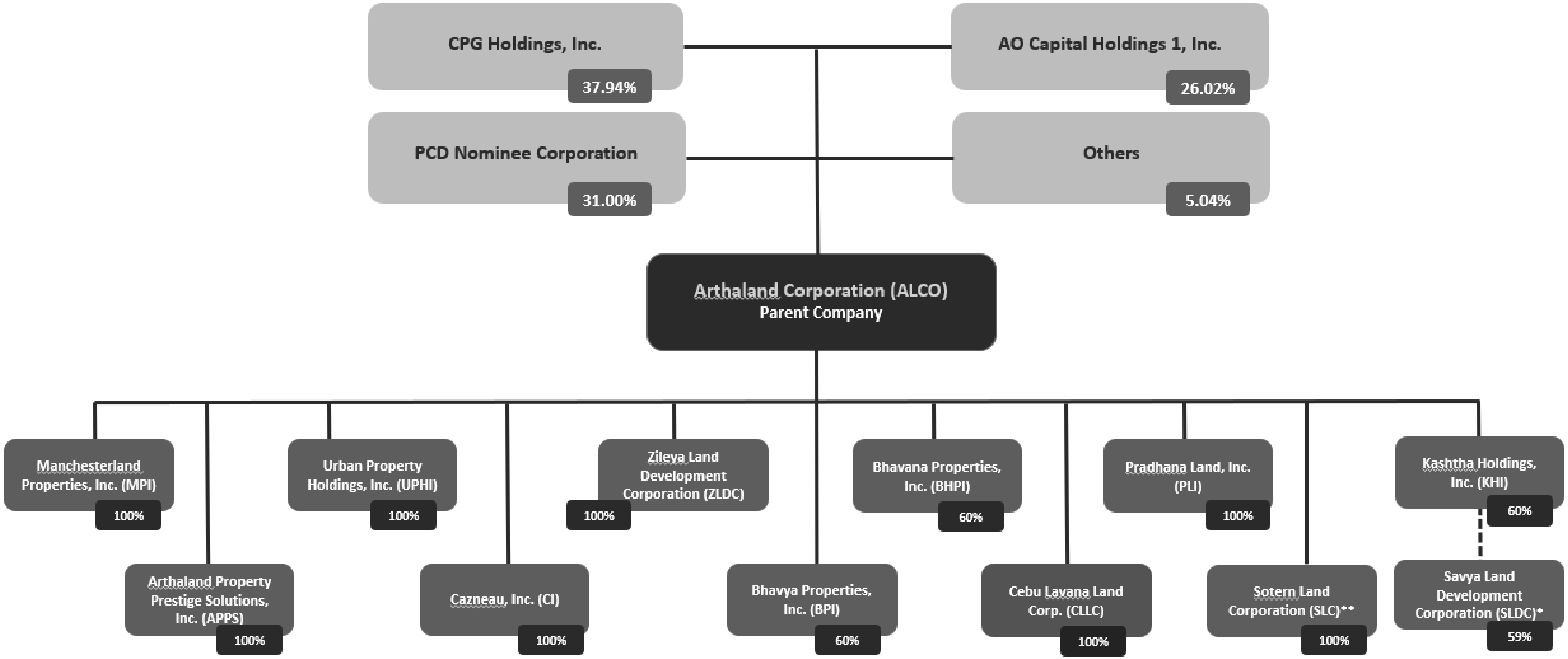
SUPPLEMENTARY SCHEDULES OF EXTERNAL AUDITOR FEE RELATED INFORMATION
DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees	**₱5,665,000**	₱4,370,000
Non-audit services fees:		
Other assurance services	**3,500,000**	250,000
Tax services	**892,857**	–
All other services	**540,000**	180,000
Total Non-Audit Fees	**4,932,857**	430,000
Total Audit and Non-audit Fees	**₱10,597,857**	₱4,800,000

Audit and Non-audit Fees of Other Related Entities

	2024	2023
Audit Fees	**₱–**	₱–
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Audit and Non-audit Fees of Other Related Entities	**₱–**	₱–

CONGLOMERATE MAP



**Indirect ownership*
***Incorporated April 2024*

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