

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 9 4 0 0 7 1 6 0

COMPANY NAME

A R T H A L A N D C O R P O R A T I O N

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

7 / F A r t h a l a n d C e n t u r y P a c i f i c T o w e r , 5 t h A v e n u e c o r n e r 3 0 t h S t r e e t , B o n i f a c i o G l o b a l C i t y , T a g u i g C i t y

Form Type

A A S F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

ALCO@arthaland.com

Company's Telephone Number/s

(02) 8-403-6910

Mobile Number

(+63) 917 509 3413

No. of Stockholders

1,903

Annual Meeting (Month / Day)

Last Friday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Marivic S. Victoria

Email Address

msvictoria@arthaland.com

Telephone Number/s

(02) 8-403-6910

Mobile Number

(+63) 917-509-3413

CONTACT PERSON'S ADDRESS

Blk 14, Lot 8, Estanislao Street, BF Resort Village, Las Pinas City 1740

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.



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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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, 2025

Submission Type: Parent

Remarks: None

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

Management of **ARTHALAND CORPORATION (the "Corporation")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 2025, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

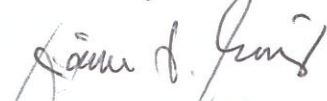
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

Signed this _____ day of **APR 13 2026**, **Taguig City, Philippines.**



ERNEST K. CUYEGKENG
Chairman of the Board



JAIME C. GONZÁLEZ
Vice Chairman and President



MARIVIC S. VICTORIA
Chief Finance Officer

OATH

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) SS.


APR 13 2026

I certify that on this _____, 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. 342;
Page No. 70;
Book No. 21;
Series of **2026**.


GAUDENCIO A. BARBOZA JR.
 NOTARY PUBLIC
 UNTIL DEC 31, 2026
 PTR # A-6767296 / JAN 5, 2026 TAGUIG CITY
 IBP No 534380 / 12/02/25 RSM (FOR YR 2026)
 ROLL No 41969
 MCLE COMP NO VIII No 0040608
 SEPTEMBER 3, 2025
 APP NO 29 (2025-2026)



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the separate financial statements of Arthaland Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2025 and 2024, and its separate financial performance and its separate cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

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



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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

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



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

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

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

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-007-2025

Valid until August 10, 2028

PTR No. 10764005

Issued January 2, 2026, Makati City

April 8, 2026

Makati City, Metro Manila

ARTHALAND CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Cash and cash equivalents	4	₱719,446,075	₱3,465,872,862
Financial assets at fair value through profit or loss (FVPL)	5	8,387,709	1,528,745,250
Receivables	6	3,726,826,143	1,835,953,382
Creditable withholding taxes (CWT)		645,019,253	474,951,493
Real estate for sale	7	257,802,525	257,802,525
Investment properties	8	8,471,788,203	7,555,247,291
Property and equipment	9	266,123,011	253,666,664
Investments in and advances to subsidiaries	10	9,892,304,733	7,267,714,683
Other assets	11	222,737,624	398,608,934
		₱24,210,435,276	₱23,038,563,084
LIABILITIES AND EQUITY			
Liabilities			
Accounts and other payables	12	₱761,934,751	₱781,610,961
Loans payable	13	8,118,542,191	5,295,609,075
Bonds payable	14	2,965,754,165	5,955,532,419
Advances from subsidiaries	20	284,632,299	284,632,299
Retirement liability	21	44,372,344	19,442,830
Net deferred tax liabilities	23	1,016,002,837	557,541,381
Total Liabilities		13,191,238,587	12,894,368,965
Equity			
Capital stock	15	1,004,721,996	1,004,721,996
Additional paid-in capital		6,464,321,710	6,464,321,710
Retained earnings		4,505,318,269	3,633,198,985
Treasury shares	15	(1,000,000,000)	(1,000,000,000)
Cumulative remeasurement gains on net retirement asset - net of deferred tax	21	37,672,887	34,789,601
Stock options	15	7,161,827	7,161,827
Total Equity		11,019,196,689	10,144,194,119
		₱24,210,435,276	₱23,038,563,084

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
REVENUES				
Project management and developer's fees		₱1,397,478,742	₱375,002,463	₱186,365,898
Leasing operations	8	370,832,397	355,996,794	329,289,020
		1,768,311,139	730,999,257	515,654,918
COST OF SERVICES				
Cost of services	16	123,607,225	112,791,416	97,827,257
Cost of leasing operations	8	109,755,567	105,740,605	114,793,032
		233,362,792	218,532,021	212,620,289
GROSS INCOME		1,534,948,347	512,467,236	303,034,629
OPERATING EXPENSES	17	(561,760,381)	(509,715,330)	(422,887,356)
FINANCE COSTS	18	(877,801,638)	(903,098,920)	(824,636,918)
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	8	912,792,883	811,179,721	307,152,883
OTHER INCOME - Net	19	775,485,865	1,076,838,131	968,832,934
INCOME BEFORE INCOME TAX		1,783,665,076	987,670,838	331,496,172
PROVISION FOR (BENEFIT FROM) INCOME TAX	23	531,331,532	80,351,289	(81,065,403)
NET INCOME		1,252,333,544	907,319,549	412,561,575
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss -</i>				
Remeasurement gains (losses) on net retirement asset	21	3,844,381	(9,531,439)	(5,282,238)
Income tax benefit (expense) relating to item that will not be reclassified	23	(961,095)	2,382,859	1,320,560
		2,883,286	(7,148,580)	(3,961,678)
TOTAL COMPREHENSIVE INCOME		₱1,255,216,830	₱900,170,969	₱408,599,897

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
CAPITAL STOCK				
Common - at ₱0.18 par value - issued and outstanding	15	₱957,257,136	₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value				
Balance at beginning of year		47,464,860	48,500,000	48,500,000
Issuance of preferred shares		-	18,964,860	-
Cancellation of preferred shares		-	(20,000,000)	-
Balance at end of year		47,464,860	47,464,860	48,500,000
		1,004,721,996	1,004,721,996	1,005,757,136
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		6,464,321,710	5,973,360,513	5,973,360,513
Issuance of preferred shares		-	2,477,465,140	-
Cancellation of preferred shares		-	(1,956,441,541)	-
Stock issuance costs		-	(30,062,402)	-
Balance at end of year		6,464,321,710	6,464,321,710	5,973,360,513
RETAINED EARNINGS				
Balance at beginning of year		3,633,198,985	3,073,358,742	2,973,890,309
Net income		1,252,333,544	907,319,549	412,561,575
Dividends declared during the year	15	(380,214,260)	(323,920,847)	(313,093,142)
Cancellation of preferred shares		-	(23,558,459)	-
Balance at end of year		4,505,318,269	3,633,198,985	3,073,358,742
TREASURY SHARES				
Balance at beginning of year - redemption of 20.0 million Series B Preferred Shares		(1,000,000,000)	(2,000,000,000)	(2,000,000,000)
Cancellation of Series B Preferred Shares	15	-	2,000,000,000	-
Redemption of 10.0 million Series C Preferred Shares	15	-	(1,000,000,000)	-
Balance at end of year		(1,000,000,000)	(1,000,000,000)	(2,000,000,000)
CUMULATIVE REMEASUREMENT GAINS ON NET RETIREMENT LIABILITY - Net of tax				
Balance at beginning of year	21	34,789,601	41,938,181	45,899,859
Remeasurement gains (losses) on net retirement liability		3,844,381	(9,531,439)	(5,282,238)
Income tax benefit (expense) relating to other comprehensive income	23	(961,095)	2,382,859	1,320,560
Balance at end of year		37,672,887	34,789,601	41,938,181
STOCK OPTIONS				
Balance at beginning and end of year	15	7,161,827	7,161,827	7,161,827
		₱11,019,196,689	₱10,144,194,119	₱8,101,576,399

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱1,783,665,076	₱987,670,838	₱331,496,172
Adjustments for:				
Gain on change in fair value of investment properties	8	(912,792,883)	(811,179,721)	(307,152,883)
Finance costs	13	858,278,549	900,583,892	823,187,326
Interest income	4	(488,501,045)	(375,687,922)	(382,004,220)
Gain on assignment of advances	19	(204,831,916)	–	–
Realized gain on disposals of financial assets at FVPL	5	(65,484,319)	(46,952,211)	(26,739,011)
Depreciation and amortization	9	45,194,619	36,679,783	33,776,954
Retirement benefits expense	21	28,773,895	24,063,159	16,624,477
Amortization of initial direct leasing costs	8	5,656,296	5,338,684	1,357,221
Unrealized holding losses (gains) on financial assets at FVPL	5	(354,208)	(11,570,014)	1,741,646
Write-off of receivables	19	–	36,052,873	–
Write-off of accounts and other payables	12	–	(17,495,195)	–
Provision for impairment of deposits	11	–	16,002,600	–
Loss (gain) on disposal of property and equipment	9	–	(4,457,347)	857,717
Unrealized foreign exchange losses (gains)		–	(545,675)	3,761,137
Operating income before working capital changes		1,049,604,064	738,503,744	496,906,536
Decrease (increase) in:				
Receivables		(909,494,863)	(557,493,855)	78,364,675
Real estate for sale		–	(2,858,526)	(1,617,520)
Other assets		221,291,966	(152,232,191)	19,098,430
Increase in accounts and other payables		4,692,204	51,202,052	170,955,055
Net cash generated from operations		366,093,371	77,121,224	763,707,176
Income tax paid		(243,898,931)	(146,056,316)	(86,791,275)
Interest received		79,347,437	225,340,458	228,090,391
Net cash provided by operating activities		201,541,877	156,405,366	905,006,292
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVPL		11,115,196,068	9,661,446,656	6,499,259,561
Property and equipment	9	–	4,457,347	3,327,270
Additions to:				
Financial assets at FVPL	5	(9,529,000,000)	(10,837,494,446)	(5,345,332,148)
Software and licenses	11	(53,839,657)	(10,890,229)	(8,602,737)
Property and equipment	9	(13,585,965)	(9,570,850)	(34,226,996)
Investment properties	8	(9,404,325)	–	(5,353,024)
Advances to subsidiaries		(1,968,490,868)	(347,439,670)	–
Investments in subsidiaries		(2,547,000,000)	(563,000,000)	–
Payments of advances to subsidiaries		1,523,508,444	568,283,059	(123,740,554)
Net cash provided by (used in) investing activities		(1,482,616,303)	(1,534,208,133)	985,331,372

(Forward)

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from loans payable, net of debt issue cost	13	₱10,692,256,698	₱5,585,509,167	₱2,925,000,000
Payments of:				
Bonds payable	14	(3,000,000,000)	-	-
Loans payable	13	(7,877,710,184)	(5,107,040,000)	(3,330,000,000)
Dividends payable	24	(426,949,995)	(278,474,297)	(314,500,714)
Finance costs	24	(837,507,010)	(856,574,377)	(918,517,729)
Lease liabilities	12	(15,441,870)	(5,412,582)	-
Proceeds from issuance of preferred shares		-	2,466,367,598	-
Redemption of preferred shares series B	15	-	(1,000,000,000)	-
Proceeds from (payments of) advances from subsidiaries		-	(1,264,020)	70,566
Net cash provided by (used in) financing activities		(1,465,352,361)	803,111,489	(1,637,947,877)
NET EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS				
		-	545,675	(3,761,137)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(2,746,426,787)	(574,145,603)	248,628,650
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		3,465,872,862	4,040,018,465	3,791,389,815
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		₱719,446,075	₱3,465,872,862	₱4,040,018,465
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	4			
Cash on hand		₱10,106	₱65,000	₱65,000
Cash in banks		383,513,348	608,436,141	575,880,335
Cash equivalents		335,922,621	2,857,371,721	3,464,073,130
		₱719,446,075	₱3,465,872,862	₱4,040,018,465
NONCASH FINANCIAL INFORMATION				
Receivable from sale of interest and assignment of advances to subsidiary	6	₱724,831,916	₱-	₱-
Reclassification of interest receivable to advances	20	152,607,626	-	-
Initial recognition of right-of-use asset and lease liabilities	9	35,646,000	28,128,000	-
Cancellation of 20.0 million Series B Preferred Shares	15	-	2,000,000,000	-
Reclassification of investment to advances		-	-	65,800,000

See accompanying Notes to Separate Financial Statements.

ARTHALAND CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025 AND 2024 AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. General Information

Corporate Information

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

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

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

Projects

Arya Residences

Arya Residences, located in Bonifacio Global City (BGC), Taguig City, is ALCO's first major development project consisting of Towers 1 and 2, completed in 2016. It is the first high-end residential condominium in the Philippines to be awarded Leadership in Energy and Environmental Design™ (LEED) Gold by the U.S. Green Building Council (USGBC) and a Building for Ecologically Responsive Design Excellence (BERDE) 4-Star by the Philippine Green Building Council (PHILGBC) in 2016 and 2018, respectively. In 2020, the project achieved a 3-Star certification under PHILGBC's Advancing Net Zero/PH (ANZ/PH) program. In 2025, Arya Residences earned the Health-Safety Rating from the International WELL Building Institute (IWBI), reinforcing its commitment to occupant health, safety, and sustainability.

Arthaland Century Pacific Tower (ACPT)

ACPT, ALCO's flagship office development in BGC, Taguig City, is a 30-storey AAA-grade office building designed by Skidmore, Owings & Merrill (SOM), commenced construction in 2014 and was completed in 2019. ACPT is recognized as the world's first building to achieve Excellence in Design for Greater Efficiencies (EDGE) Zero Carbon certification from the International Finance Corporation (IFC), a member of the World Bank Group, in 2019. This distinction complements its earlier certifications, including LEED Platinum and BERDE 5-Star, both awarded in 2018. In 2020, the building was also certified Net Zero Energy under PHILGBC's ANZ/PH program and since 2021, received the Health-Safety Rating from IWBI. The property is likewise registered as a PEZA Ecozone Facilities Enterprise.

Project Olive

Project Olive is a planned boutique, master-planned mixed-use development by ALCO through Pradhana Land Inc., involving the phased acquisition of approximately 3.6 hectares of land located at the entry of a prime CBD in Metro Manila, with an estimated net developable area of 2.6 hectares after road allocations. Project Olive is expected to benefit from major upcoming infrastructure developments. Project Olive is intended to be developed as a sustainable community targeting LEED certification and is expected to feature approximately twelve residential towers catering to both upscale and midscale markets, supported by retail and commercial components.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issue by the Board of Directors (BOD) on April 8, 2026, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policies that have been used in the preparation of the separate financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

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

The Company also prepares consolidated financial statements for the same year in accordance with PFRS Accounting Standards. The consolidated financial statements are available for public use and can be obtained in the registered office address of the Company and SEC.

Measurement Bases

The separate financial statements are presented in Philippine Peso, the Company's presentation currency. All values represent absolute amounts unless otherwise indicated.

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

Adoption of Amendments to PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2025. The amendments did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the separate financial statements, are summarized below:

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1 and introduces new requirements on the presentation and disclosure of information in general purpose financial statements. It includes the introduction of defined categories and subtotals in the statement of comprehensive income, enhanced disclosures on management-defined performance measures, and improved guidance on the grouping and aggregation of information. The standard requires full retrospective application. Earlier application is permitted.

The Company is currently assessing the potential impact of adopting PFRS 18. The adoption of PFRS 18 is not expected to have a material impact on the Company's financial position or financial performance. However, it will result in changes in the presentation, classification, and aggregation of items in the separate statements of comprehensive income and related disclosures.

Financial Assets at Amortized Cost

The Company's cash and cash equivalents, receivables (excluding accrued rent receivable), advances to subsidiaries, amounts held in escrow and deposits are classified as financial assets at amortized cost. These financial assets are measured at amortized cost less allowance for expected credit losses (ECL), if any.

The Company recognizes ECL on financial assets at amortized cost in accordance with PFRS 9. For trade receivables, the Company applies the simplified approach and recognizes lifetime ECL. For other financial assets, the Company applies the general approach and recognizes 12-month ECL unless there has been a significant increase in credit risk since initial recognition.

In assessing ECL, the Company considers historical loss experience, current conditions and forward-looking information, including the creditworthiness of counterparties and available financial information.

Financial assets are derecognized when the contractual rights to receive cash flows from the asset have expired or when the Company has transferred substantially all the risks and rewards of ownership.

Financial Assets at FVPL

The Company's investments in unit investment trust funds (UITF) are classified as financial assets at fair value through profit or loss (FVPL). These financial assets are measured at fair value at each reporting date, with changes in fair value recognized in profit or loss.

Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset have expired or when the Company has transferred substantially all the risks and rewards of ownership of the financial asset.

Financial Liabilities at Amortized Cost

The Company's accounts and other payables (excluding statutory payables, advance rent and other payables), loans payable, bonds payable, and advances from subsidiaries are classified as financial liabilities at amortized cost. The Company recognized financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Creditable Withholding Taxes (CWT)

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

Real Estate for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV). Cost includes acquisition cost plus any other directly attributable costs of developing the asset to its saleable condition and cost of improving the properties up to the reporting date. Directly attributable costs include amounts paid to contractors, planning and designing costs, costs of site preparation and construction overheads.

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. When NRV of the real estate for sale is lower than the cost, the Company provides for an allowance for obsolescence on real estate for sale and recognizes the allowance as an expense in profit or loss. Any reversal of the write-down arising from an increase in NRV is recognized as a reduction of the expense in the period in which the reversal occurs.

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 use in the production or supply of goods or services or for administrative purposes.

The Company applies the fair value model in accounting for its investment properties. Investment properties are initially measured at cost and subsequently measured at fair value at each reporting date, reflecting market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are recognized in profit or loss in the period in which they arise.

Transfers to investment properties occur when there is evidence of a change in use, such as the end of owner-occupation, commencement of an operating lease to another party, or completion of construction or development. Transfers from investment properties occur when there is a change in use, such as the commencement of owner-occupation or commencement of development with a view to sale.

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 statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

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

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

<u>Asset Type</u>	<u>Number of Years</u>
Building and building improvements	50
Transportation equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3 to 5

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

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

Investment in Subsidiaries

The Company's investment in subsidiaries, entities over which the Company has control, are accounted for under the cost method of accounting in the separate financial statements less any impairment in value. In assessing control, the Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Other Assets

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.

Advances for Project Development. Advances for project development are recognized whenever the Company makes advance payments for its purchase of goods and services. These are measured at transaction price less impairment in value, if any.

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

Value-Added Tax (VAT)

Deferred Output VAT. VAT from sales of property on installments. If the payments in the year of sale do not exceed twenty-five percent (25%) of the gross selling price, the sale will be considered under installment, in which case VAT will be paid based on collections.

Prior to the implementation of the Ease of Paying Taxes (EoPT) Law, VAT was calculated based on gross receipts. Following the enactment of the EoPT Law, the tax base for VAT was revised to gross revenues.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is any indication that a nonfinancial asset may be impaired. When such indicators exist, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of its value in use and fair value less costs of disposal. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognized in profit or loss. For assets that do not generate independent cash flows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses are recognized in profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

Capital Stock

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

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

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

Additional Paid-in Capital

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

Treasury Shares

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

Retained Earnings

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

Revenue Recognition

The Company has assessed that it acts as a principal in all of its revenue sources. The following specific recognition criteria must also be met before revenue is recognized.

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

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

Project Management and Developer's Fees. Revenue is recognized in profit or loss when the related services are rendered.

Dividend income. Dividend income is recognized when the Company's right to receive the dividend payments is established.

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

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

Cost and Expenses Recognition

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

Cost of Services. Cost of services, which constitute direct costs incurred in relation to project management and development services, is recognized as expense when the related services are rendered.

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

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

Leases

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

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

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

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

ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets is carried at cost less any accumulated amortization and adjusted for any remeasurement of the related lease liabilities. The ROU assets are depreciated over the shorter of the lease term or 3 to 5 years, which is the useful life of the underlying asset.

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

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

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

Employee Benefits

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

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

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

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

Current service costs are the increase in the present value of the defined benefit obligation resulting from employee service and are recognized in profit or loss.

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

Net interest on the net retirement liability or asset is the change during the period in the net retirement liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement liability or asset.

Remeasurements pertaining to actuarial gains and losses, return on plan assets and any change in effect of asset ceiling are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

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

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation arising from a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date.

Contingencies

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

Events After the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of separate financial statements in accordance with PFRS Accounting Standards requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are continually evaluated and are based on historical experience and other factors considered reasonable under the circumstances. Actual results may differ from these estimates.

Judgments

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

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company has determined that by the virtue of the Company's majority ownership of voting rights in its subsidiaries as at December 31, 2025 and 2024, it has the ability to exercise control over its investees.

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

Investments in UITF are classified as financial assets at FVPL as at December 31, 2025 and 2024 is disclosed in Note 5.

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

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

Determining Lease Commitments. The Company entered into various lease contracts for its office units in ACPT. The Company has determined that the risks and rewards of ownership related to the leased properties are retained by the Company. Accordingly, the leases were accounted for as operating leases. Revenue from leasing operations recognized from these operating leases in 2025, 2024 and 2023 are disclosed in Note 22.

Additionally, the Company entered into a lease agreement for transportation equipment for a period of three (3) to five (5) years. Accordingly, ROU assets and lease liabilities have been recognized. The carrying amounts of ROU assets and lease liabilities as at December 31, 2025 and 2024 are disclosed in Notes 9 and 12, respectively.

Assessing Provisions and Contingencies. The Company evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

Accounting Estimates and Assumptions

Estimating the Fair Value of Investment Properties. Investment properties are measured at fair values. The Company works closely with external qualified valuers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, and discount rates. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 8.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy. The carrying amounts of investment properties as at December 31, 2025 and 2024 are disclosed in Note 8.

Assessing ECL on Trade Receivables. The Company assessed the expected credit losses on trade receivables and concluded that the resulting impairment is not material, taking into account historical collection experience.

Accordingly, no provision for ECL on trade and other receivables was recognized in 2025 and 2024.

The carrying amounts of the Company's trade receivables as at December 31, 2025 and 2024 are disclosed in Note 6.

Assessing ECL on Other Financial Assets at Amortized Cost. The Company assesses expected credit losses (ECL) on other financial assets at amortized cost using the general impairment model under PFRS 9. In estimating ECL, management considers the probability of default and potential loss given default over the expected life of the financial assets.

The Company's exposure to credit risk primarily relates to cash deposits with banks, nontrade and other receivables, refundable deposits and advances to subsidiaries. Cash deposits are placed with reputable financial institutions with high credit ratings and are therefore considered to have low credit risk. For nontrade and other receivables, refundable deposits and advances to subsidiaries, credit risk is also considered low as the Company transacts with related parties and reputable counterparties with strong capacity to meet their contractual cash flow obligations in the near term.

The Company considers financial assets that are more than 30 days past due as having experienced a significant increase in credit risk, unless there is reasonable evidence that the delay in payment does not indicate increased credit risk.

Based on this assessment, no provision for expected credit losses on these financial assets was recognized in 2025 and 2024.

The amounts of provision for ECL recognized in 2025, 2024 and 2023 and the carrying amounts of the Company's other financial assets at amortized costs as at December 31, 2025, 2024 and 2023 are disclosed in Notes 4, 6, 10, 11 and 20.

Determining NRV of Real Estate for Sale. Real estate for sale is stated at lower of cost or NRV. The Company adjusts the cost of its real estate for sale to NRV based on its assessment of the recoverability of the real estate assets. NRV in respect of real estate for sale 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 determination of NRV requires significant estimation, particularly with respect to future selling prices and remaining development costs, which are influenced by market demand, construction cost trends, and other economic factors. Changes in these assumptions may result in adjustments to the carrying amount of real estate for sale in future periods.

No provision for inventory obsolescence was recognized in 2025 and 2024.

The carrying amounts of real estate for sale as at December 31, 2025 and 2024 are disclosed in Note 7.

Determining the Fair Value of Investment in UITF. The Company classifies its investments in UITF as financial asset at FVPL in the separate statements of financial position. The Company determined the fair value of investment in UITF using available market prices in active markets for identical assets (Level 1). Any changes in the fair value of this financial asset would affect profit or loss.

The fair values and carrying amounts of investments in UITF as at December 31, 2025 and 2024 are disclosed in Note 5.

Estimating the Useful Lives of Property and Equipment, ROU Assets and Software. The Company reviews annually the estimated useful lives of property and equipment, ROU assets, and software 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.

There were no changes in the estimated useful lives of property and equipment, ROU assets and software in 2025, 2024 and 2023. The carrying amounts of property and equipment, ROU assets and software as at December 31, 2025 and 2024 are disclosed in Notes 9 and 11.

Assessing Impairment Losses on Nonfinancial Assets. The Company assesses nonfinancial assets, such as property and equipment, investment properties and other noncurrent assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In making this assessment, management considers both external and internal sources of information, including changes in market conditions, asset performance, and physical condition.

Based on management's assessment, no impairment loss on nonfinancial assets was recognized in 2025 and 2024.

The carrying amounts of nonfinancial assets are disclosed in Notes 6, 9, 10 and 11.

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

The Company's retirement expense in 2025, 2024 and 2023, and the net retirement liability as at December 31, 2025 and 2024 are disclosed in Note 21.

Assessing the Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and NOLCO is based on the projected taxable income in the following periods.

As at December 31, 2025 and 2024, the carrying amounts of recognized deferred tax assets are disclosed in Note 23.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	₱10,106	₱65,000
Cash in banks	383,513,348	608,436,141
Cash equivalents	335,922,621	2,857,371,721
	₱719,446,075	₱3,465,872,862

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

Interest income is earned from the following (see Note 19):

	Note	2025	2024	2023
Cash in banks		₱1,434,605	₱858,116	₱2,435,175
Cash equivalents		65,258,596	224,482,342	225,655,216
Advances to subsidiaries	20	421,807,844	150,347,464	153,913,829
		₱488,501,045	₱375,687,922	₱382,004,220

5. Financial Assets at FVPL

This account pertains to investments in UITF. Movements in this account are as follows:

	Note	2025	2024
Balance at beginning of year		₱1,528,745,250	₱294,175,235
Additions		9,529,000,000	10,837,494,446
Disposals		(11,049,711,749)	(9,614,494,445)
Unrealized holding gains	19	354,208	11,570,014
Balance at end of year		₱8,387,709	₱1,528,745,250

Realized gain on disposals of financial assets at FVPL amounted to ₱65.5 million in 2025, ₱47.0 million in 2024 and ₱26.7 million in 2023 (see Note 19).

The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices (see Note 26).

6. Receivables

This account consists of:

	Note	2025	2024
Trade receivables from:			
Project management and development	20	₱1,597,975,891	₱118,406,280
Leasing	22	77,807,040	137,904,929
Interest receivable	20	1,025,185,364	768,639,382
Receivables from sale of shares and advances	10	724,831,916	–
Nontrade receivables	20	217,331,664	198,415,722
Advances to employees		17,356,668	13,455,454
Accrued rent receivable	22	13,128,794	10,343,183
Due from related parties	20	4,871,340	4,871,340
Dividend receivable	20	25,000,000	535,000,000
Other receivables		25,084,256	50,663,882
		3,728,572,933	1,837,700,172
Allowance for impairment loss		(1,746,790)	(1,746,790)
		₱3,726,826,143	₱1,835,953,382

Trade receivables from project management and development are non-interest bearing, unsecured and generally collectible within 30 days. Trade receivables from leasing operations are non-interest bearing, unsecured and generally collectible within seven (7) days.

Interest receivable pertains to accrual of interest income from the Company's advances to subsidiaries.

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

Accrued rent receivable pertains to the difference between rental income recognized using straight-line method of accounting and rental payments based on the terms of the lease contracts.

Others mainly include other charges and advances which are non-interest bearing and collectible on demand.

7. Real Estate for Sale

This account pertains to parcels of land acquired by the Company with a total area of 1,271 sqm. located in Taguig, Metro Manila, which will be developed into a mixed-use building with condominium units for sale. This amounted to ₱257.8 million as at December 31, 2025 and 2024.

As at December 31, 2025 and 2024, 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, 2025 and 2024.

8. Investment Properties

Investment properties consist of:

	2025	2024
ACPT	₱8,052,704,863	₱7,200,420,674
Land	389,230,400	325,642,500
Arya residences - parking slots	29,852,940	29,184,117
	₱8,471,788,203	₱7,555,247,291

Movements of this account follow:

	2025	2024
Balance at beginning of year, at cost	₱2,729,591,053	₱2,729,591,053
Development costs incurred	2,222,178	-
Balance at end of year, at cost	2,731,813,231	2,729,591,053
Cumulative gain on change in fair value	5,722,742,728	4,809,949,845
	8,454,555,959	7,539,540,898
Unamortized initial direct leasing costs	17,232,244	15,706,393
Balance at end of year, at fair value	₱8,471,788,203	₱7,555,247,291

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

	2025	2024
Balance at beginning of year	₱4,809,949,845	₱3,998,770,124
Gain on change in fair value	912,792,883	811,179,721
Balance at end of year	₱5,722,742,728	₱4,809,949,845

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

	2025	2024
Balance at beginning of year	₱15,706,393	₱8,743,074
Additions	7,182,147	12,302,003
Amortization	(5,656,296)	(5,338,684)
Balance at end of year	₱17,232,244	₱15,706,393

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 ₱1,488.8 million and ₱598.4 million as at December 31, 2025 and 2024, respectively (see Note 13).

Land

The Company's land has a total area of 10.3 hectares located in Batangas and Tagaytay, which is being held for capital appreciation, with fair value aggregating ₱389.2 million and ₱325.6 million as at December 31, 2025 and 2024, respectively.

Arya Residences - Parking Slots

These are parking slots of the Company in Arya Residences which are used for leasing operations.

Leasing Operations

The Company recognized revenue from leasing operations amounting to ₱370.8 million in 2025, ₱356.0 million in 2024 and ₱329.3 million in 2023 (see Note 22) and incurred direct cost of leasing amounting to ₱109.8 million in 2025, ₱105.7 million in 2024 and ₱114.8 million in 2023.

Cost of leasing operations consists of:

	Note	2025	2024	2023
Condominium dues		₱62,410,996	₱63,850,820	₱55,440,636
Rentals		31,071,921	26,970,238	32,749,566
Real property taxes		3,973,447	4,873,005	10,598,976
Utilities		1,529,655	1,159,008	1,129,670
Consultancy fees		1,440,000	5,638,717	995,731
Janitorial		889,062	973,005	694,778
Security services		792,954	1,010,862	943,120
Repairs and maintenance		744,167	609,505	310,737
Depreciation	9	-	48,016	137,608
Others		6,903,365	607,429	11,792,210
		₱109,755,567	₱105,740,605	₱114,793,032

Other cost of leasing operations postal and communication and various miscellaneous expenses.

Fair Value Measurement

Details of the valuation techniques used in measuring fair values of investment properties, as appraised by a SEC-accredited and independent appraiser (Asian Appraisal Company, Inc.) in its report as at December 31, 2025 and 2024, are classified under Levels 2 and 3 of the fair value hierarchy as follows:

Class of Property	Valuation Technique	Significant Inputs	Range	
			2025	2024
ACPT	Discounted cash flow (DCF) approach	Discount rate	8.63%	8.84%
		Rental rate for an office unit per square meter (per sqm)	₱1,850	₱1,969
		Rental rate per slot	9,500	9,188
		Calculated no. of net leasable area (total sqm)	18,059	18,059
		Vacancy rate	—*	—*
		Income tax rate	25%	25%
		Arya Residences - Parking slots	DCF approach	Rental rate per slot
	Rent escalation rate p.a.	7%		7%
	Discount rate	8.63%		8.84%
	Vacancy rate	5%		5%
	Income tax rate	25%		25%
Land	Market data approach	Price per sqm	₱3,600	₱3,000
		Value adjustments	-25% to 45%	25%

*As at December 31, 2025 and 2024, all office units classified as investment property were leased to tenants.

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

DCF Approach

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

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

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

Sensitivity Analysis. A reasonably possible change in key assumptions would have the following effects:

- An increase (decrease) in rental rates and rent escalation rates would result in a corresponding increase (decrease) in fair value.
- An increase (decrease) in discount rates and vacancy rates would result in a corresponding decrease (increase) in fair value.

Market Data Approach

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

The inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.
- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

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

	2025		Total
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Balance at beginning of year	₱325,642,500	₱7,229,604,791	₱7,555,247,291
Gain on change in fair value	63,587,900	849,204,983	912,792,883
Development costs incurred	-	2,222,178	2,222,178
Net initial direct leasing costs	-	1,525,851	1,525,851
Balance at end of year	₱389,230,400	₱8,082,557,803	₱8,471,788,203

	2024		Total
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Balance at beginning of year	₱216,962,168	₱6,520,142,083	₱6,737,104,251
Gain on change in fair value	108,680,332	702,499,389	811,179,721
Net initial direct leasing costs	-	6,963,319	6,963,319
Balance at end of year	₱325,642,500	₱7,229,604,791	₱7,555,247,291

There are no transfers between the levels of fair value hierarchy in 2025 and 2024.

9. Property and Equipment

The balances and movements of this account consist of:

2025							
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Construction in Progress	ROU Assets	Total
Cost							
Balances at beginning of year	₱218,035,233	₱61,605,883	₱52,808,591	₱15,335,406	₱-	₱28,128,000	₱375,913,113
Additions	1,102,620	-	7,788,224	303,268	4,391,853	35,646,000	49,231,965
Disposals	-	(13,595,536)	-	-	-	-	(13,595,536)
Balances at end of year	219,137,853	48,010,347	60,596,815	15,638,674	4,391,853	63,774,000	411,549,542
Accumulated Depreciation and Amortization							
Balances at beginning of year	23,729,188	37,127,470	43,091,591	13,892,200	-	4,406,000	122,246,449
Depreciation and amortization	4,396,988	11,910,830	6,946,439	750,005	-	12,771,356	36,775,618
Disposals	-	(13,595,536)	-	-	-	-	(13,595,536)
Balances at end of year	28,126,176	35,442,764	50,038,030	14,642,205	-	17,177,356	145,426,531
Carrying Amount	₱191,011,677	₱12,567,583	₱10,558,785	₱996,469	₱4,391,853	₱46,596,644	₱266,123,011

2024							
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	ROU Assets	Total	
Cost							
Balances at beginning of year	₱214,727,372	₱74,128,473	₱47,183,447	₱14,697,561	₱-	₱350,736,853	
Additions	3,307,861	-	5,625,144	637,845	28,128,000	37,698,850	
Disposals	-	(12,522,590)	-	-	-	(12,522,590)	
Balances at end of year	218,035,233	61,605,883	52,808,591	15,335,406	28,128,000	375,913,113	
Accumulated Depreciation and Amortization							
Balances at beginning of year	19,346,612	33,016,232	36,968,594	12,885,159	-	102,216,597	
Depreciation and amortization	4,382,576	16,633,828	6,122,997	1,007,041	4,406,000	32,552,442	
Disposals	-	(12,522,590)	-	-	-	(12,522,590)	
Balances at end of year	23,729,188	37,127,470	43,091,591	13,892,200	4,406,000	122,246,449	
Carrying Amount	₱194,306,045	₱24,478,413	₱9,717,000	₱1,443,206	₱23,722,000	₱253,666,664	

The Company entered into lease agreements for the lease of various vehicles. The terms of the lease ranges from three (3) to five (5) years. These are recognized as ROU assets.

Construction in progress pertains to renovation works on the 7th floor of ACPT, a portion of the building used by the Company as its head office.

As at December 31, 2025 and 2024, fully depreciated property and equipment amounting to ₱66.8 million and ₱50.7 million, respectively, are still being used by the Company.

The Company sold property and equipment with carrying amount of nil in 2025 and 2024 and ₱4.2 million in 2023, which resulted to gain on disposal of ₱4.5 million in 2024 and a loss on disposal of ₱0.9 million in 2023 (see Note 19). No gain or loss was recognized in the sale of property and equipment in 2025.

Depreciation and amortization consists of the following:

	Note	2025	2024	2023
Property and equipment		₱24,004,262	₱28,146,442	₱30,876,254
ROU assets		12,771,356	4,406,000	-
Software and licenses	11	8,419,001	4,127,341	2,900,700
		₱45,194,619	₱36,679,783	₱33,776,954

Depreciation of property and equipment and amortization of ROU assets and software and licenses, were recognized in the following:

	Note	2025	2024	2023
Operating expense	17	₱45,194,619	₱36,631,767	₱33,639,346
Cost of leasing operations	8	–	48,016	137,608
		₱45,194,619	₱36,679,783	₱33,776,954

10. Investments in and Advances to Subsidiaries

This account consists of:

	Note	2025	2024
Investment in subsidiaries - at cost:			
Sotern Land Corporation (SLC)		₱1,167,000,000	₱330,000,000
Furusato Land Corporation (FLC)		1,000,000,000	–
Manchesterland Properties, Inc. (MPI)		900,459,683	900,459,683
Zileya Land Development Corporation (ZLDC)		456,000,000	50,000,000
Cebu Lavana Land Corporation (CLLC)		163,159,210	163,159,210
Bhavya Properties, Inc. (Bhavya)		162,300,000	162,300,000
Pradhana Land, Inc. (PLI)		125,000,000	125,000,000
Bhavana Properties, Inc. (Bhavana)		42,000,000	42,000,000
Cazneau Inc. (Cazneau)		26,000,000	26,000,000
Urban Property Holdings, Inc. (UPHI)		14,667,361	14,667,361
Kashtha Holdings, Inc. (KHI)		7,499,800	7,499,800
Arthaland Property Prestige Solutions, Inc. (APPS)		7,000,000	7,000,000
		4,071,086,054	1,828,086,054
Allowance for impairment		(5,232,027)	(5,232,027)
		4,065,854,027	1,822,854,027
Advances to subsidiaries:	20		
CLLC		2,611,995,930	2,936,995,930
Cazneau		1,162,187,878	954,545,410
Bhavana		680,800,000	331,800,000
Bhavya		476,408,714	314,408,714
ZLDC		324,000,000	527,123,444
SLDC		200,000,000	–
UPHI		174,828,427	168,328,427
SLC		84,500,000	–
PLI		49,573,025	49,573,025
FLC		31,171,026	–
KHI		20,100,000	154,500,000
APPS		9,746,955	6,446,955
MPI		4,400,000	4,400,000
		5,829,711,955	5,448,121,905
Allowance for impairment loss		(3,261,249)	(3,261,249)
		5,826,450,706	5,444,860,656
		₱9,892,304,733	₱7,267,714,683

The Company's interest on the following subsidiaries follows:

Subsidiary	Place of Incorporation	Percentage of Ownership	
		2025	2024
Cazneau	Philippines	100%	100%
MPI	Philippines	100%	100%
APPS	Philippines	100%	100%
UPHI	Philippines	100%	100%
PLI	Philippines	100%	100%
CLLC	Philippines	100%	100%
SLC	Philippines	100%	100%
FLC	Philippines	100%*	—*
Bhavana	Philippines	60%	60%
Bhavya	Philippines	60%	60%
KHI	Philippines	60%	60%
ZLDC	Philippines	60%	100%
Savya Land Development Corporation (SLDC)	Philippines	59%**	59%**

*incorporated May 14, 2025

**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.

ZLDC

On January 27, 2025, ALCO subscribed to 7,100,000 Preferred Shares Series B at a subscription price of ₱100 per share, for a total consideration of ₱710.0 million.

On June 27, 2025, the BOD approved ALCO's subscription to 7,655,000 Preferred Shares Series B at a subscription price of ₱100 per share, or a total subscription price of ₱765.5 million. The Company paid the subscription proceeds on June 30, 2025.

On August 6, 2025, the BOD approved the cancellation of the subscription, effective July 29, 2025, as ZLDC's application to amend its AOI and increase its authorized capital stock had not yet been approved by the Securities and Exchange Commission (SEC). Following the cancellation, the amount previously recorded as investment was reclassified to advances to subsidiaries upon execution of the shareholders' advances agreements. These advances were fully paid by ZLDC in 2025.

In December 2025, ALCO sold, transferred and conveyed in favor of SEAI Metro Manila One, Inc. ("SEAIMMO"), by way of secondary sale, all of its title, ownership, rights and interest in and to 40% of the common and preferred shares of the Company, or 200,000 common shares and 2,840,000 Preferred Shares Series B thereof. The agreement also includes transfer of the Company's advances to ZLDC with a carrying value of ₱216.0 million for ₱420.8 million, thereby resulting to a gain of ₱204.8 million (see Note 19). The transfer of the Company's shares decreased the effective ownership of ALCO from 100% to 60%. As at December 31, 2025, the Company has a receivable from SEAIMMO related to the sale and assignment of advances amounting to ₱724.8 million (see Note 6). The amount was subsequently received in January 2026.

SLC

In August 2024, ALCO subscribed to 5,000,000 preferred shares of the Company at a subscription price of ₱100 per share, or an aggregate subscription amount of ₱500.0 million. As at December 31, 2024, ALCO had paid ₱305.0 million. In 2025, ALCO settled the remaining ₱195.0 million, after which the corresponding preferred shares were issued to the Company in accordance with the subscription agreement, which provides that the rights and privileges of the preferred shares attach only upon full payment of the subscription.

On August 6, 2025, the BOD approved ALCO's subscription to an additional 7,500,000 preferred shares at a subscription price of ₱100 per share, equivalent to ₱750.0 million. As at December 31, 2025, ALCO has paid ₱642.0 million.

PLI

In October 2024, ALCO subscribed to 17,000,000 preferred shares of the PLI at a subscription price of ₱100 per share or for an aggregate amount of ₱1,700.0 million. As at December 31, 2025 and 2024, ALCO has paid an aggregate amount of ₱100.0 million.

Based on the subscription agreement, the remaining balance is payable upon call of the BOD of PLI. The related stock certificates will only be issued after receipt of the full subscription price.

FLC

FLC was incorporated on May 14, 2025. On May 19, 2025, ALCO subscribed to 50,000,000 common shares at the subscription price of ₱1.0 per share and 4,500,000 preferred shares at the subscription price of ₱100 per share, for a total consideration of ₱500.0 million.

On August 6, 2025, ALCO subscribed to an additional 5,000,000 common shares at the subscription price of ₱100 per share, for a total consideration of ₱500.0 million.

11. Other Assets

This account consists of:

	Note	2025	2024
Software and licenses		₱80,182,953	₱34,762,297
Deposits		57,575,047	88,969,203
Amounts held in escrow	13	45,162,594	208,946,358
Advances for project development		34,608,414	63,341,684
Prepayments		19,845,282	16,180,286
Materials and supplies		1,165,298	1,341,909
Deferred input VAT		200,636	1,069,797
		238,740,224	414,611,534
Allowance for impairment loss		(16,002,600)	(16,002,600)
		₱222,737,624	₱398,608,934

The balance and movements in the software are as follows:

	2025	2024
Cost		
Balance at beginning of year	₱68,580,367	₱57,690,138
Additions	53,839,657	10,890,229
Balance at end of year	122,420,024	68,580,367
Accumulated Amortization		
Balance at beginning of year	33,818,070	29,690,729
Amortization	8,419,001	4,127,341
Balance at end of year	42,237,071	33,818,070
Carrying Amount	₱80,182,953	₱34,762,297

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

Amounts held in escrow represents the debt service account required under an existing loan with a local bank and the amount which is equivalent to a quarterly principal and interest amortization. The outstanding loan balance amounted to ₱2,472.5 million and ₱598.4 million as at December 31, 2025 and 2024, respectively (see Note 13).

Advances for project development pertain to downpayments made to contractors for the construction of the Company's real estate projects. These advances are applied against contractors' progress billings.

Prepayments include prepaid taxes, insurance, rent, and prepaid commission related to the costs incurred to obtain contracts with customers. 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.

12. Accounts and Other Payables

This account consists of:

	Note	2025	2024
Accounts payable:			
Third parties		₱136,351,733	₱178,319,420
Related parties	20	74,748,574	1,628,570
Security deposits	22	119,372,512	117,257,055
Statutory payables		89,801,811	53,085,329
Accrued expenses		88,993,844	89,553,147
Deferred output VAT		65,138,151	74,693,058
Advance rent	22	50,535,049	54,424,445
Lease liabilities		48,774,460	24,383,034
Construction bonds		35,441,338	34,933,329
Subscription payable	20	18,750,000	56,250,000
Retention payable		5,883,353	23,994,102
Dividends payable	20	4,396,992	51,132,727
Others		23,746,934	21,956,745
		₱761,934,751	₱781,610,961

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

Security deposits pertain to the deposits made by the lessees of the ACPT which may be applied to unsettled balances or refunded at the end of the lease term.

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

Accrued expenses include accruals for interest, personnel costs, and other expenses. These are expected to be settled within the next 12 months. In 2024, the Company recorded a write-off of accrued expenses amounting to ₱17.5 million.

Deferred output VAT pertains to the VAT on trade receivables from billed leasing operations and project management and developer's fees.

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.

The balances and movements in lease liabilities follow:

	Note	2025	2024
Balance at beginning of year		₱24,383,034	₱-
Additions		35,646,000	28,115,160
Rental payments		(15,441,870)	(5,412,582)
Interest expense	13	4,187,296	1,680,456
Balance at end of year		48,774,460	24,383,034
Current portion of lease liabilities		16,035,697	17,629,344
Noncurrent portion of lease liabilities		₱32,738,763	₱6,753,690

As at December 31, 2025 and 2024, the future minimum lease payments are as follows:

	2025	2024
Within one year	₱19,407,304	₱8,215,439
More than one year but less than three years	26,429,778	13,466,745
More than three years	9,744,281	3,856,294
	₱55,581,363	₱25,538,478

Construction bonds represent non-interest bearing deposits made by the lessees before the start of its construction in the ACPT and refundable upon fulfillment of contract provisions.

Subscription payable pertains to the unpaid portion of the Company's subscription to its subsidiaries.

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

Other payables pertain to liabilities to local government, SSS, PhilHealth and HDMF, as well as advances to certain buyers as at cutoff date.

13. Loans Payable

Movements of this account follow:

	2025	2024
Balance at beginning of year	₱5,301,281,667	₱4,820,000,000
Availments	10,735,423,163	5,588,321,667
Payments	(7,877,710,184)	(5,107,040,000)
Balance at end of year	8,158,994,646	5,301,281,667
Unamortized debt issue cost	(40,452,455)	(5,672,592)
	8,118,542,191	5,295,609,075
Less current portion of loans payable	4,308,457,146	4,279,406,667
Long-term portion of loans payable	₱3,810,085,045	₱1,016,202,408

Movements in debt issue cost follow:

	2025	2024
Balance at beginning of year	₱5,672,592	₱9,051,418
Additions	43,166,465	2,812,500
Amortization	(8,386,602)	(6,191,326)
Balance at end of year	₱40,452,455	₱5,672,592

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

	2025	2024
Within one (1) year	₱4,308,457,146	₱4,279,406,667
After one (1) year but not more than three (3) years	3,850,537,500	1,021,875,000
	₱8,158,994,646	₱5,301,281,667

Local Bank Loans

These are secured and unsecured loans from local banks obtained to finance the Company's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 7.00% to 8.85% and 5.50% to 8.85% per annum (p.a.) in 2025 and 2024, respectively.

Details and outstanding balances of loans from local banks as at December 31 follow:

Purpose	Terms	Nominal interest rate (p.a.)	2025	2024
Short-term loans for working fund requirements	Unsecured and payable in full within one (1) year	7.00% to 8.85%	₱2,411,354,634	2,351,281,667
Long-term loans for working fund requirements	Unsecured and payable in full in 2026 and 2027	8.09% to 8.63%	2,215,500,000	–
Long-term loans for working fund requirements	Payable from 2025 to 2028; secured by an unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	7.53% to 8.12%	669,152,483	997,234,025
Long-term loans for working fund requirements	Unsecured revolving credit line and payable in full upon maturity	7.50%	350,000,000	350,000,000
Project Development and Land Acquisitions	Payable on a quarterly basis starting 2028 to 2030; secured by ACPT office and parking units with carrying amount of ₱8,052.7 million (see Note 8), and a debt service reserve account amounting to ₱25.9 million as at December 31, 2025 (see Note 11)	7.13%	1,488,809,680	–
Development of Green Projects	Payable on a quarterly basis starting 2028 to 2030; secured by real estate mortgage over office units and parking spaces of Cebu Exchange Tower Properties and a debt service reserve account amounting to ₱19.3 million as at December 31, 2025 (see Note 11)	7.47%	983,725,394	–
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	–	998,665,566
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 as at December 31, 2024 (see Note 8), and an escrow account amounting to ₱208.9 million as at December 31, 2024 (see Note 11)	5.50%	–	598,427,817
			₱8,118,542,191	₱5,295,609,075

Development of Green Projects

In 2020, the Company entered into a term loan agreement of ₱1,000.0 million with a local bank to obtain financing for the eligible green projects of the Company and its subsidiaries, including land banking, investments and refinancing in relation to eligible green projects. Drawdown of ₱1,000.0 million has also been made in 2020. The Company is required to submit a disbursement report to the bank soon after the date the proceeds has been utilized to confirm that the proceeds have been used for the eligible green projects. The loan was fully settled in February 2025.

In 2025, the Company entered into a sustainability-linked loan agreement of ₱1,000.0 million with a local bank to finance project development and land acquisitions, to refinance existing debt, and for other general corporate purposes.

The loan is secured by a real estate mortgage over the Cebu Tower Exchange Tower properties of ALCO's subsidiary and by a debt service reserve account (DSRA). The DSRA is required to be maintained at an amount at least equal to the principal amortization and interest due on the immediately succeeding payment date.

The Company is required to maintain a debt-to-equity ratio of not more than 2.0x and current ratio of not less than 1.5x on an annual consolidated basis. As of December 31, 2025 and 2024, the Company has current ratio of 1.9x and 1.6x, respectively and debt-to-equity ratio of 1.5x and 1.4x, respectively, based on its consolidated financial statements, which is compliant with the financial covenants.

Construction of ACPT

In 2015, the Company entered into an Omnibus Loan and Security Agreement (OLSA) for a credit line of ₱2,000.0 million, to partially finance the cost of construction and development of the ACPT. The outstanding loan balance is secured by the ACPT building and a security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements.

The Company is required to maintain a current ratio of at least 1.5x and a debt-to-equity ratio of not more than 2.0x on a consolidated basis. For the year ended December 31, 2024, 2023 and 2022, the Company was fully compliant with these debt covenants. The loan was fully settled in July 2025.

Project Development and Land Acquisitions

In 2025, the Company entered into a sustainability-linked loan agreement of ₱1,500.0 million with a local bank to finance project development and land acquisitions, to refinance existing debt, and for other general corporate purposes.

The outstanding balance of the loan is secured by ACPT units and an unregistered real estate mortgage over ACPT parking slots and by a debt service reserve account (DSRA). The DSRA is required to be maintained at an amount at least equal to the principal amortization and interest due on the immediately succeeding payment date.

The Company is required to maintain a current ratio of at least 1.5x and a debt-to-equity ratio of not more than 2.0x based on a consolidated basis. As at December 31, 2025, the Company was fully compliant with these debt covenants.

Interest Expense

Total interest expense charged under "Finance costs" consists of the following (see Note 18):

	Note	2025	2024	2023
Interest expense on:				
Loans payable		₱574,763,914	₱443,762,626	₱357,392,716
Bonds payable	14	279,327,339	455,140,810	465,794,610
Lease liability	12	4,187,296	1,680,456	–
		₱858,278,549	₱900,583,892	₱823,187,326

14. Bonds Payable

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
Bonds payable	₱3,000,000,000	₱6,000,000,000
Unamortized debt issue cost	(34,245,835)	(44,467,581)
	2,965,754,165	5,955,532,419
Less current portion of bonds payable	–	3,000,000,000
Long-term portion of bonds payable	₱2,965,754,165	₱2,955,532,419

Movements in debt issue costs in 2025 and 2024 are as follows:

	2025	2024
Balance at beginning of year	₱44,467,581	₱58,477,587
Amortization	(10,221,746)	(14,010,006)
Balance at end of year	₱34,245,835	₱44,467,581

In October 2019, ALCO's BOD approved the registration of ₱6.0 billion fixed rate ASEAN Green Bonds, with an initial tranche of ₱2.0 billion and an oversubscription option of up to ₱1.0 billion. The SEC approved the registration in January 2020, and ALCO issued the initial tranche on February 6, 2020. These bonds have a five-year term ending on February 6, 2025, a fixed interest rate of 6.35% p.a., and an early redemption option in the 3rd and 4th years. This was fully redeemed in February 2025.

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 Company is required to maintain debt to equity ratio of not more than 2.0x and current ratio of at least 1.5x based on its consolidated financial statements. As at December 31, 2025 and 2024, the Company is compliant with these financial ratios.

Interest expense incurred on the bonds amounted to ₱279.3 million in 2025, ₱455.1 million in 2024 and ₱465.8 million in 2023 (see Note 13).

15. Equity

As at December 31, 2025 and 2024, the Company's capital stock amounted to ₱1,005.0 million. This consists of common and preferred shares amounting to ₱957.3 million and ₱47.5 million, respectively.

The details of the Company's common and preferred shares follow:

	2025		2024	
	Preferred	Common	Preferred	Common
Authorized	80,000,000	16,368,095,199	80,000,000	16,368,095,199
Par value per share	₱1.00	₱0.18	₱1.00	₱0.18
Issued	47,464,860	5,318,095,199	47,464,860	5,318,095,199
Outstanding	37,464,860	5,318,095,199	37,464,860	5,318,095,199

Common Shares

As at December 31, 2025 and 2024, the Company has issued and outstanding common shares of 5,318.1 million at ₱0.18 par value equivalent to ₱957.3 million.

Preferred Shares

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

	2025		2024	
	Number of shares	Amount	Number of shares	Amount
Balances at beginning of year	47,464,860	₱47,464,860	48,500,000	₱48,500,000
Issuance during the year	–	–	18,964,860	18,964,860
Cancellation during the year	–	–	(20,000,000)	(20,000,000)
Balances at end of year	47,464,860	47,464,860	47,464,860	47,464,860
Treasury shares	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Outstanding	37,464,860	₱37,464,860	37,464,860	₱37,464,860

In 2016, ALCO issued 12,500,000 cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series A Preferred Shares with ₱1 par value a share to MPI. On August 14, 2024, the Company issued to MPI 14.0 million Series E Preferred Shares with a selling price of ₱1 per share for ₱14.0 million.

Also in 2016, the Company made a follow-on offering of 20.0 million cumulative, nonvoting, nonparticipating, and nonconvertible Peso-denominated Series B Preferred Shares with ₱1 par value a share at the issuance price of ₱100 a share.

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

On December 3, 2021, the Company made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series D Preferred Shares with ₱1 par value a share at the issuance price of ₱500 a share. Excess of the proceeds over the total par value amounting to ₱2,994.0 million and transaction costs of ₱29.6 million were recognized as addition and reduction to additional paid-in capital, respectively.

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

On August 14, 2024, the Company obtained the approval from SEC to amend its Articles of Incorporation (AOI) to increase its authorized capital stock by ₱50.0 million. This was applied on December 13, 2023. Following the approval, the Company cancelled the 20.0 million Series B Preferred Shares with a selling price of ₱100 per share for ₱2,000.0 million.

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

On January 22, 2025, the BOD approved the proposal to amend the Article Seventh of the AOI by decreasing the Company's authorized capital stock by ₱10.0 million. This corresponds to the redemption of Series C Preferred Shares on June 27, 2024. On March 18, 2026, the Company obtained the approval from SEC to amend its AOI to decrease its authorized capital stock.

Common and Preferred Shares Listed with PSE

The details and movement of the Company's common and preferred shares listed with PSE follows:

Date of SEC Approval	Type of Issuance	No. of Shares Issued (Redeemed)	Issue/Offer Price
1996	Initial public offering	351,000,000	₱1.0
1998	Payment of subscription	256,203,748	1.0
1999	Stock dividends	410,891,451	1.0
2009	Payment of subscription	628,770,000	0.2
2010	Payment of subscription	100,000,000	0.2
2011	Payment of subscription	2,200,000,000	0.2
2016	Public offering of Series "B" preferred shares	20,000,000	100.0
2019	Public offering of Series "C" preferred shares	10,000,000	100.0
2021	Public offering of Series "D" preferred shares	6,000,000	500.0
2021	Redemption of Series "B" preferred shares	(20,000,000)	100.0
2024	Redemption of Series "C" preferred shares	(10,000,000)	100.0
2024	Public offering of Series "F" preferred shares	4,964,860	500.0

The Company has 1,903 and 1,908 common stockholders as at December 31, 2025 and 2024, respectively.

Dividend Declaration

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

Declaration Date	Stockholders of		Share	Dividend per	
	Record Date	Payment Date		Amount	Share
January 22, 2025	February 7, 2025	March 3, 2025	Series D preferred shares	₱45,000,000	₱7.5000
March 26, 2025	April 15, 2025	May 14, 2025	Series F preferred shares	45,465,705	9.1575
May 7, 2025	May 22, 2025	June 3, 2025	Series D preferred shares	45,000,000	7.5000
June 27, 2025	July 15, 2025	August 8, 2025	Common shares	63,817,145	0.0120
June 27, 2025	July 21, 2025	August 14, 2025	Series F preferred shares	45,465,705	9.1575
August 6, 2025	August 20, 2025	September 3, 2025	Series D preferred shares	45,000,000	7.5000
August 6, 2025	October 21, 2025	November 14, 2025	Series F preferred shares	45,465,705	9.1575
October 29, 2025	November 13, 2025	December 3, 2025	Series D preferred shares	45,000,000	7.5000
				₱380,214,260	

Declaration Date	Stockholders of		Share	Dividend per	
	Record Date	Payment Date		Amount	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		Share	Dividend per	
	Record Date	Payment Date		Amount	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	

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, 2025 and 2024, none of the qualified employees have exercised their options. The Group's stock options have already expired as at December 31, 2025 and 2024.

The carrying amount of unexercised stock options amounted to ₱7.2 million as at December 31, 2025 and 2024.

Use of Proceeds

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.

On August 6, 2025, the BOD approved the reallocation of the use of proceeds of the bonds effective September 5, 2025, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Project Rock	₱1,593.7	₱1,593.7
Project Vanilla	760.0	930.3
ACPT Loan and Others	225.0	225.0
Project Olive	370.3	–
Project Teal	–	200.0
Total	₱2,949.0	₱2,949.0

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, 2025	Balance for Disbursement as at December 31, 2025
Project Rock	₱226.0	₱1,593.7	₱1,593.7	₱–
Project Vanilla	1,120.0	930.3	930.3	–
Project Olive	1,378.0	–	–	–
Project Teal	–	200.0	50.0	150.0
ACPT Loan and Others	276.0	225.0	225.0	–
Total	₱3,000.0	₱2,949.0	₱2,799.0	₱150.0

On February 18, 2026, the BOD approved the reallocation of the use of proceeds of the bonds effective March 20, 2026, as follows (amounts in millions):

Project	Actual Net	
	Proceeds	Proposed Reallocation
Project Rock	₱1,593.7	₱1,593.7
Project Vanilla	930.3	1,080.3
ACPT Loan and Others	225.0	225.0
Project Teal	200.0	50.0
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.

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

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

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

Purpose	Gross Proceeds	Actual Net Proceeds	Actual	Balance for
			Disbursement as at December 31, 2025	Disbursement as at December 31, 2025
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱–
Project Teal	1,140.0	821.5	821.5	–
ACPT Loan and Others	342.4	200.0	200.0	–
Debt Service Reserve Account (DSRA) Requirement for ACPT Loan	–	200.0	200.0	–
Investment into Bhavya to Fund Project Eluria	–	30.0	30.0	–
General Corporate Purposes	–	200.0	200.0	–
Total	₱2,482.4	₱2,451.5	₱2,451.5	₱–

16. Cost of Services

Cost of services amounted to ₱123.6 million, ₱112.8 million and ₱97.8 million in 2025, 2024 and 2023, respectively.

Personnel costs are classified as:

	Note	2025	2024	2023
Cost of services		₱123,607,225	₱112,791,416	₱97,827,257
Operating expenses	17	280,937,504	264,464,403	189,681,301
		₱404,544,729	₱377,255,819	₱287,508,558

Personnel costs consist of:

	Note	2025	2024	2023
Salaries and other employee benefits		₱375,686,804	₱353,192,660	₱270,884,081
Retirement benefits expense	21	28,773,895	24,063,159	16,624,477
		₱404,460,699	₱377,255,819	₱287,508,558

17. Operating Expenses

Operating expenses are classified as follows:

	2025	2024	2023
Administrative	₱548,369,554	₱492,690,297	₱404,520,079
Selling and marketing	13,390,827	17,025,033	18,367,277
	₱561,760,381	₱509,715,330	₱422,887,356

Details of operating expenses by nature are as follows:

	Note	2025	2024	2023
Personnel costs	16	₱280,937,504	₱264,464,403	₱189,681,301
Taxes and licenses		66,346,816	61,840,809	72,974,746
Depreciation and amortization	9	45,194,619	36,631,767	33,639,346
Repairs and maintenance		35,644,477	14,357,422	6,737,493
Communication and office expenses		26,298,944	31,335,362	37,730,388
Outside services		18,543,171	12,984,669	11,128,205
Insurance		17,628,839	14,061,310	14,485,495
Transportation and travel		17,127,149	16,647,808	17,523,130
Management and professional fees		16,802,899	25,322,933	17,212,676
Advertising		7,734,531	11,686,349	13,221,219
Commissions		5,656,296	5,338,684	5,146,058
Others		23,845,136	15,043,814	3,407,299
		₱561,760,381	₱509,715,330	₱422,887,356

Others mainly pertains to utilities, dues and fees, and fines and penalties.

18. Finance Costs

This account consists of:

	Note	2025	2024	2023
Interest expense	13	₱858,278,549	₱900,583,892	₱823,187,326
Bank charges		19,523,089	2,515,028	1,449,592
		₱877,801,638	₱903,098,920	₱824,636,918

19. Other Income - Net

This account consists of:

	Note	2025	2024	2023
Interest income	4	₱488,501,045	₱375,687,922	₱382,004,220
Gain on assignment of advances	10	204,831,916	–	–
Realized gains on disposals of financial assets at FVPL	5	65,484,319	46,952,211	26,739,011
Unrealized holding gains (losses) on financial assets at FVPL	5	354,208	11,570,014	(1,741,646)
Dividend income	20	–	619,000,000	556,414,000
Gain on sale of property		–	48,419,719	–
Write-off of due from related parties		–	(36,052,873)	–
Provision for ECL	11	–	(16,002,600)	–
Gain (loss) on disposal of property and equipment	9	–	4,457,347	(857,717)
Unrealized foreign exchange gains		–	545,675	3,761,137
Others		16,314,377	22,260,716	2,513,929
		₱775,485,865	₱1,076,838,131	₱968,832,934

On February 2, 2024, the Company entered into a property conveyance agreement for additional consideration of the transferred area subject to a deed of dacion executed in 2018. This resulted to a gain of ₱48.4 million.

On December 11, 2024, the BOD approved the amendment on the share purchase agreement where the Company shall no longer collect from CPG the amount of ₱36.1 million due to the considerable length of time the complaint has been pending involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the property. The amendment resulted to the write off of the receivable from CPG.

On December 23, 2025, the Company assigned 40% of its advances to ZLDC amounting to ₱216.0 million for the purchase price of ₱420.8 million. This resulted to a gain of ₱204.8 million (see Note 10).

Others include income from penalties of late rental payments, write-off of liabilities, and commissions.

20. Related Party Transactions

The Company has transactions with its related parties in the ordinary course of business as follows:

Nature of Transaction	Note	Transactions during the Year		Outstanding Balance	
		2025	2024	2025	2024
Advances to Subsidiaries	10				
<i>Subsidiaries</i>					
Advances for working capital		₱2,120,068,494	₱347,439,670	₱5,829,711,955	₱5,448,121,905
Allowance for ECL		–	–	(3,261,249)	(3,261,249)
				₱5,826,450,706	₱5,444,860,656
Trade Receivables	6				
<i>Subsidiaries</i>					
Project management and developer's fees		₱1,347,478,741	₱136,715,750	₱1,542,975,891	₱118,406,280
Service fees		50,000,000	–	55,000,000	–
				₱1,597,975,891	₱118,406,280
Interest Receivable	6				
<i>Subsidiaries</i>					
Interest on advances for working capital		₱421,807,844	₱150,347,464	₱1,025,185,364	₱768,639,382
Nontrade Receivables	6				
<i>Subsidiaries</i>					
Advertising		₱176,028,196	₱–	₱127,371,710	₱–
Working capital requirements		68,563,790	181,944,092	89,959,954	198,415,722
				₱217,331,664	₱198,415,722
Dividend Receivable	6				
<i>Subsidiaries</i>					
Dividends income		₱–	₱619,000,000	₱25,000,000	₱535,000,000
Due from Related Parties	6				
<i>Entity under common management</i>					
Advances for working capital		₱–	₱–	₱4,871,340	₱4,871,340
Advances from Subsidiaries					
<i>Subsidiaries</i>					
Advances for working capital		₱–	₱34,178	₱284,632,299	₱284,632,299
Accounts Payable					
<i>Subsidiaries</i>					
Lease proceeds from CLS program	12	₱67,145,323	₱–	₱71,845,496	₱–
Advances for working capital		3,007,680	4,939,913	2,259,410	673,645
Customer payments collected by ALCO on behalf of the Company		643,668	87,312	643,668	954,925
				₱74,748,574	₱1,628,570
Subscription Payable	12				
<i>Subsidiaries</i>					
Subscription of preferred shares		₱–	₱–	₱18,750,000	₱56,250,000
Dividends Payable	12				
<i>Stockholders</i>					
Dividends declared		₱380,214,260	₱323,920,847	₱4,396,992	₱51,132,727

Advances for Working Capital

Outstanding balances of advances for working capital are unsecured, collectible or payable on demand and to be settled in cash. These are non-interest bearing, except for advances to CLLC, KHI, Bhavana, Bhavya, Cazneau, SLDC, SLC, and FLC which bears interest ranging from 3.5% to 10% in 2025 and 3.5% in 2024.

In December 2025, the Company entered into an agreement with Cazneau to reclassify Cazneau's unpaid interest balance amounting to ₱152.6 million as additional advances, which will likewise earn interest at a rate of 10%.

The Company's allowance for ECL on advances to subsidiaries amounted to ₱3.3 million as at December 31, 2025 and 2024 (see Note 10).

Project Management and Developer's Fees

As of December 31, 2025 and 2024, the Company has ongoing agreements to provide management services for the development and construction of various projects. These include FLC's Project Vanilla (entered in 2025), SLC's Project LIV (entered in 2024), ZLDC's Project Sondris (entered in 2024), Cazneau's Sevina Park (entered in 2021).

In 2025, the Company executed a Memorandum of Agreement with CLLC, confirming the Company's continued appointment as project development manager for the Cebu Exchange Project for the period December 1, 2022 to January 4, 2023 and appointing the Company as asset manager of specified units and parking slots.

Outstanding balances for these agreements are non-interest bearing, unsecured, and payable in cash within 30 days, except for ZLDC which will be collectible starting 2027.

Advertising

These pertain to fees for the services rendered by the Company's employees on behalf of its subsidiaries to provide assistance on selling and marketing campaign. Outstanding balances are unsecured, noninterest bearing, payable on demand and to be settled in cash.

Service fees

In 2025, the PLI paid ALCO a one-time service fee for its services related to the Company's intention to acquire parcels of land on which the project will be developed. The outstanding balance is non-interest bearing, unsecured, and payable on demand.

Consolidated Leasing Solutions (CLS) Program

Lease proceeds from the CLS Program represent lease payments collected by ALCO on behalf of unit owners. Under the CLS Program, the Company acts as the exclusive leasing representative of enrolled unit owners and collects lease rentals on their behalf. The outstanding balance under this arrangement is non-interest bearing, unsecured, and collectible within 30 days.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2025	2024	2023
Salaries and other employee benefits	₱145,175,707	₱154,490,888	₱127,231,751
Retirement benefits expense	14,950,414	20,193,519	16,366,953
	₱160,126,121	₱174,684,407	₱143,598,704

21. Net Retirement Liability

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

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

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

The following tables summarize the components of retirement benefit costs recognized in the separate statements of comprehensive income for the year ended December 31, 2025 based on the report of an independent actuary dated January 9, 2026:

Breakdown of retirement benefits expense is as follows (see Note 16):

	2025	2024	2023
Current service cost	₱27,480,690	₱24,602,850	₱18,970,377
Net interest cost (income)	1,293,205	(592,177)	(2,641,753)
Interest on the effect of the asset ceiling	-	52,486	295,853
	₱28,773,895	₱24,063,159	₱16,624,477

The movements of net retirement liability recognized in the separate statements of financial position are as follows:

	2025	2024
Balance at beginning of year	₱19,442,830	(₱14,151,768)
Current service cost	27,480,690	24,602,850
Net interest cost (income)	1,293,205	(539,691)
Remeasurement losses (gains) on:		
Change in financial assumptions	(6,122,862)	(1,521,160)
Return on plan assets	1,846,302	2,413,192
Experience adjustments	432,179	9,553,736
Effect of asset ceiling	-	(914,329)
Balance at end of year	₱44,372,344	₱19,442,830

The funded status and amounts recognized in the separate statements of financial position for the net retirement liability as at December 31, 2025 and 2024 are as follows:

	2025	2024
Present value of retirement liability	₱187,182,014	₱158,558,728
Fair value of plan assets	(142,809,670)	(139,115,898)
	₱44,372,344	₱19,442,830

As at December 31, 2025, based on the latest actuarial valuation prepared in accordance with PAS 19, the present value of the defined benefit obligation exceeded the fair value of plan assets, resulting in a net defined benefit liability of ₱44.4 million.

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

	2025	2024
Balance at beginning of year	₱158,558,728	₱128,667,171
Current service cost	27,480,690	24,602,850
Interest cost	9,798,929	7,835,831
Benefits paid from plan assets	(2,965,650)	(10,579,700)
Remeasurement losses (gains) on:		
Experience adjustments	432,179	9,553,736
Change in financial assumptions	(6,122,862)	(1,521,160)
Balance at end of year	₱187,182,014	₱158,558,728

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

	2025	2024
Balance at beginning of year	₱139,115,898	₱143,680,782
Benefits paid from plan assets	(2,965,650)	(10,579,700)
Interest income	8,505,724	8,428,008
Remeasurement loss on return on plan assets	(1,846,302)	(2,413,192)
Balance at end of year	₱142,809,670	₱139,115,898

Plan assets are primarily composed of cash and unit investment trust accounts and do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in operations. There is no expected contribution to the fund in the next financial year.

The composition of plan assets is as follows:

	2025	2024
Cash and cash equivalents	65.0%	63.3%
Unit investment trust funds	34.9%	35.1%
Other assets	0.1%	1.6%
Balance at end of year	100.0%	100.0%

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

	2025		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱46,386,135	₱11,596,534	₱34,789,601
Remeasurement gain	3,844,381	961,095	2,883,286
Balance at end of year	₱50,230,516	₱12,557,629	₱37,672,887

	2024		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱55,917,574	₱13,979,393	₱41,938,181
Remeasurement loss	(9,531,439)	(2,382,859)	(7,148,580)
Balance at end of year	₱46,386,135	₱11,596,534	₱34,789,601

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

	2025	2024
Discount rate	6.50%	6.18%
Salary projection rate	6.00%	6.00%
Average remaining service years	22.6	22.1

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2025 and 2024 are presented below.

	Change in Assumption	Effect on Present Value of Retirement Liability	
		Discount Rate	Salary Projection Rate
December 31, 2025	+1%	(₱17,112,552)	₱20,229,821
	-1%	20,333,459	(17,336,810)
December 31, 2024	+1%	(15,408,175)	18,184,778
	-1%	18,338,115	(15,566,899)

The expected future benefit payments within the next ten (10) years are as follows:

Financial Year	Amount
2026	₱47,573,033
2027	4,955,734
2028	5,768,652
2029	30,313,615
2030	7,557,888
2031-2035	89,663,151

The weighted average duration of the retirement benefit obligation as at December 31, 2025 and 2024 are 10 years and 10.6 years, respectively.

22. Lease Commitments

Operating Lease Commitments - Company as a Lessor

The Company entered into various non-cancellable lease agreements in ACPT for periods ranging from five (5) years to 10 years. The lease contracts do not provide for any contingent rent.

Leasing revenues and related balances arising from the Company's operating lease commitments are as follows:

	Note	2025	2024
Leasing revenue	8	₱370,832,397	₱355,996,794
Trade receivables	6	77,807,040	137,904,929
Accrued rent receivable	6	13,128,794	10,343,183
Advance rent receivable	12	50,535,049	54,424,445
Security deposits	12	119,372,512	117,257,054

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

	2025	2024
Within one (1) year	₱233,617,970	₱236,747,313
After one (1) year but not more than five (5) years	442,707,650	479,383,851
	₱676,325,620	₱716,131,164

Operating Lease Commitments - Company as a Lessee

The Company's short-term and low value operating leases amounted to ₱0.9 million, ₱0.4 million and ₱0.3 million in 2025, 2024, and 2023, respectively.

23. Income Taxes

The components of provision for (benefit from) income tax are as follows:

	Note	2025	2024	2023
Reported in Profit or Loss				
Current income tax:				
Final taxes		₱28,768,109	₱54,346,177	₱50,828,138
MCIT		40,268,046	12,788,911	5,286,924
Gross income tax (GIT)		4,795,018	5,217,775	5,487,544
		73,831,173	72,352,863	61,602,606
Deferred tax expense (benefit)		457,500,359	7,998,426	(142,668,009)
		₱531,331,532	₱80,351,289	(₱81,065,403)
Reported in OCI				
Deferred tax benefit (expense) related to remeasurement gains or losses on net retirement liability				
	21	(₱961,095)	₱2,382,859	₱1,320,560

PEZA Registration

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

Under the PEZA Registration Agreement, ACPT is entitled to:

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

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT or MCIT whichever is higher at the rate of 25% and 2%, respectively, in 2025 and 2024.

Deferred Tax Assets and Deferred Tax Liabilities

The components of the Company’s recognized deferred tax assets and deferred tax liabilities are as follows:

	2025	2024
Deferred tax assets:		
NOLCO	₱390,398,296	₱651,803,510
Retirement liability	25,798,021	22,573,620
Excess MCIT over RCIT	58,343,881	22,058,909
Advance rent	10,726,568	11,009,177
Allowance for impairment loss	4,437,348	4,437,348
Effect of PFRS 16	544,454	165,258
	490,248,568	712,047,822
Deferred tax liabilities:		
Cumulative gain on change in fair value of investment properties	1,430,685,682	1,202,487,461
Depreciation of investment properties	52,553,859	44,684,624
Transfer of fair value to property and equipment	9,659,545	9,884,186
Capitalized debt issue cost	7,461,936	7,634,466
Accrued rent receivable	4,803,304	3,821,763
Unrealized foreign exchange gains	1,087,079	1,076,703
	1,506,251,405	1,269,589,203
Net deferred tax liabilities	₱1,016,002,837	₱557,541,381

NOLCO and Excess MCIT over RCIT

Details of the Company’s NOLCO are as follows:

Year Incurred	Amount	Incurred	Application	Expired	Balance	Valid Until
2024	₱731,089,305	₱–	₱–	₱–	₱731,089,305	2027
2023	830,503,878	–	–	–	830,503,878	2026
2022	449,215,054	–	(17,766,744)	(431,448,310)	–	2025
2021	189,871,601	–	(189,871,601)	–	–	2026
2020	406,534,201	–	(406,534,201)	–	–	2025
	₱2,607,214,039	₱–	(₱614,172,546)	(₱431,448,310)	₱1,561,593,183	

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

Details of the Company's excess MCIT over RCIT are as follows:

Year Incurred	Amount	Additions	Expired	Balance	Valid Until
2025	₱–	₱40,268,046	₱–	₱40,268,046	2028
2024	12,788,911	–	–	12,788,911	2027
2023	5,286,924	–	–	5,286,924	2026
2022	3,983,074	–	(3,983,074)	–	2025
	₱22,058,909	₱40,268,046	(₱3,983,074)	₱58,343,881	

The reconciliation between the income tax computed based on statutory income tax rate and the provision for (benefit from) income tax reported in the separate statements of comprehensive income is as follows:

	2025	2024	2023
Income tax computed at statutory tax rate	₱445,916,269	₱246,917,710	₱82,874,043
Add (deduct) tax effects of:			
Expired NOLCO	107,862,078	–	–
Difference in income and statutory rates	(25,013,185)	(25,091,619)	(24,893,077)
Nondeductible expenses	5,200,507	23,604,534	15,068,921
Expired MCIT	3,983,074	–	–
Interest income subjected to final tax	(3,334,660)	(11,267,023)	(11,404,520)
Taxable rent	(2,252,388)	13,805,758	10,262,838
Realized gain on disposals of financial assets at FVPL subjected to final tax	(941,611)	(2,459,967)	(1,474,693)
Unrealized holding losses (gains) on financial assets at FVPL	(88,552)	(2,892,504)	435,412
Dividend income	–	(154,750,000)	(139,103,500)
Stock issuance costs	–	(7,515,600)	–
Change in unrecognized deferred tax assets	–	–	(12,830,827)
	₱531,331,532	₱80,351,289	(₱81,065,403)

24. Reconciliation of Liabilities Arising from Financing Activities

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

	2025						
	Balances at Beginning of Year	Financing Cash Flows		Noncash Transactions			Balances at End of the Year
		Availments	Payments	Declaration/ (Disposals)	Amortization of Debt Issue Cost	Interest Expense	
Loans payable	₱5,295,609,075	₱10,692,256,698	(₱7,877,710,184)	₱–	₱8,386,602	₱–	₱8,118,542,191
Bonds payable	5,955,532,419	–	(3,000,000,000)	–	10,221,746	–	2,965,754,165
Advances from subsidiaries	284,632,299	–	–	–	–	–	284,632,299
Dividends payable	51,132,727	–	(426,949,995)	380,214,260	–	–	4,396,992
Finance costs	72,899,147	–	(837,507,010)	–	(18,608,348)	854,091,253	70,875,042
Lease liability	24,383,034	35,646,000	(15,441,870)	–	–	4,187,296	48,774,460
	₱11,684,188,701	₱10,727,902,698	(₱12,157,609,059)	₱380,214,260	₱–	₱858,278,549	₱11,492,975,149

	2024						
	Balances at Beginning of Year	Financing Cash Flows		Noncash Transactions			Balances at End of the Year
		Availments	Payments	Additions/ Declaration	Amortization of Debt Issue Cost	Interest Expense	
Loans payable	₱4,810,948,582	₱5,585,509,167	(₱5,107,040,000)	₱-	₱6,191,326	₱-	₱5,295,609,075
Bonds payable	5,941,522,413	-	-	-	14,010,006	-	5,955,532,419
Advances from subsidiaries	285,896,319	34,178	(1,298,198)	-	-	-	284,632,299
Dividends payable	5,686,177	-	(278,474,297)	323,920,847	-	-	51,132,727
Finance costs	50,771,420	-	(856,574,377)	-	(20,201,332)	898,903,436	72,899,147
Lease liability	-	-	(5,412,582)	28,115,160	-	1,680,456	24,383,034
	₱11,094,824,911	₱5,585,543,345	(₱6,248,799,454)	₱352,036,007	₱-	₱900,583,892	₱11,684,188,701

25. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, financial assets at FVPL, receivables (excluding accrued rent receivable), advances to and from subsidiaries, amounts held in escrow, deposits, loans payable, bonds payable and accounts and other payables (excluding statutory payables, advance rent and other payables).

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

Credit Risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations, resulting in a financial loss to the Company. The Company's exposure to credit risk arises primarily from its trade receivables and other financial assets at amortized cost.

The Company's maximum exposure to credit risk is generally equal to the carrying amount of its financial assets, without taking into account any collateral or other credit enhancements.

The Group manages credit risk through established credit policies, including credit evaluation, approval processes, and ongoing monitoring of receivables.

Trade Receivables

The Company's trade receivables arise primarily from project management and development services rendered to related parties, as well as, to a lesser extent, leasing activities.

The Company applies the simplified approach under PFRS 9 in measuring expected credit losses (ECL), which requires recognition of lifetime ECL for trade receivables. For receivables from related parties, the Company assesses expected credit losses based on the counterparties' financial condition, cash flow projections, historical settlement experience, and other forward-looking information. These receivables are generally unsecured; however, management considers the credit risk to be low due to the related parties' ability to generate sufficient cash flows and the Company's ability to influence their financial and operating policies.

For leasing receivables, the Company considers historical default experience, current conditions, and forward-looking information, and may use a provision matrix in determining expected credit losses. The Company also mitigates credit risk through tenant screening procedures and, where applicable, the collection of security deposits and advance rentals.

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost are composed of cash and cash equivalents, receivables (excluding accrued rent receivable), amounts held in escrow, and advances to subsidiaries.

Credit risk arising from cash and cash equivalents and amounts held in escrow is limited as the Company transacts only with reputable financial institutions with high credit quality. These instruments are considered to have low credit risk, and the Company applies a 12-month ECL approach.

Advances to subsidiaries and related interest receivables are assessed for expected credit losses based on the financial capacity, cash flow projections, and overall financial condition of the subsidiaries. While these balances are generally unsecured, management considers the credit risk to be low given the subsidiaries' ability to meet their obligations and the Company's ability to influence their operating and financing decisions.

Concentration of Credit Risk

The Company's exposure to credit risk is significantly influenced by its transactions with related parties. A substantial portion of the Company's receivables pertains to project management and development services and advances to subsidiaries.

While receivables from leasing activities are diversified across various tenants, the Company has concentration of credit risk with its subsidiaries. Management monitors these exposures on an ongoing basis and assesses the recoverability of the balances based on the subsidiaries' financial performance and expected cash flows.

Information on significant transactions and balances with related parties, including subsequent collections, is disclosed in Note 20 to the financial statements.

Financial Assets at FVPL

The Company's exposure to credit risk from financial assets at FVPL relates to investments in unit investment trust funds (UITFs). These investments are managed by reputable financial institutions and are subject to market risk rather than significant credit risk.

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

	2025				
	Financial assets at amortized cost			Financial Assets at FVPL	Impairment
	12-Month ECL	Lifetime ECL - Not Credit Impaired			
Cash and cash equivalents*	₱719,435,969	₱-	₱-	₱-	₱719,435,969
Financial assets at FVPL	-	-	8,387,709	-	8,387,709
Receivables**	1,820,582,754	1,893,114,595	-	1,746,790	3,715,444,139
Advances to subsidiaries	5,826,450,706	-	-	3,261,249	5,829,711,955
Amounts held in escrow	45,162,594	-	-	-	45,162,594
Deposits	41,572,447	-	-	16,002,600	57,575,047
	₱8,453,204,470	₱1,893,114,595	₱8,387,709	₱21,010,639	₱10,375,717,413

*Excluding cash on hand amounting to ₱10,106 as at December 31, 2025.

**Excluding accrued rent receivable under straight-line basis of accounting aggregating to ₱13.1 million as at December 31, 2025.

2024					
Financial assets at amortized cost					
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Financial Assets at FVPL	Impairment	Total
Cash and cash equivalents*	₱3,465,807,862	₱–	₱–	₱–	₱3,465,807,862
Financial assets at FVPL	–	–	1,528,745,250	–	1,528,745,250
Receivables**	1,370,883,268	454,726,931	–	1,746,790	1,827,356,989
Advances to subsidiaries	5,444,860,656	–	–	3,261,249	5,448,121,905
Amounts held in escrow	208,946,358	–	–	–	208,946,358
Deposits	72,966,603	–	–	16,002,600	88,969,203
	₱10,563,464,747	₱454,726,931	₱1,528,745,250	₱21,010,639	₱12,567,947,567

*Excluding cash on hand amounting to ₱65,000 as at December 31, 2024.

**Excluding accrued rent receivable under straight-line basis of accounting aggregating to ₱10.3 million as at December 31, 2024.

Financial assets are categorized based on changes in credit risk since initial recognition. Assets with low credit risk are classified under 12-month ECL, while those with significant increase in credit risk are classified under lifetime ECL. The Company considers quantitative and qualitative factors, including aging of receivables and tenant-specific information, in determining whether a significant increase in credit risk has occurred.

Liquidity Risk

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

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents, monitoring forecast and actual cash flows, and maintaining adequate unutilized credit facilities from financial institutions. The Company also manages liquidity through the timing of collections from related parties and by accessing external financing, including bank borrowings and capital market issuances, as necessary.

The Company's liquidity position is significantly influenced by its ability to generate cash flows from its subsidiaries, including collections of receivables, dividends, and other intercompany settlements.

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted cash flows as at December 31, 2025 and 2024:

2025						
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱–	₱4,308,457,146	₱1,350,537,500	₱650,000,000	₱1,850,000,000	₱8,158,994,646
Bonds payable	–	–	1,600,000,000	–	1,400,000,000	3,000,000,000
Accounts and other payables*	24,633,353	343,497,239	40,032,712	46,493,213	78,056,289	532,712,806
Advances from subsidiaries	284,632,299	–	–	–	–	284,632,299
	₱309,265,652	₱4,651,954,385	₱2,990,570,212	₱696,493,213	₱3,328,056,289	₱11,976,339,751

*Excluding deferred output VAT, statutory payables, advance rent and other payables aggregating to ₱229.2 million as at December 31, 2025.

2024						
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	P-	P4,279,406,667	P521,875,000	P500,000,000	P-	P5,301,281,667
Bonds payable	-	3,000,000,000	-	-	3,000,000,000	6,000,000,000
Accounts and other payables*	23,994,102	535,827,939	7,564,841	5,386,833	4,677,669	577,451,384
Advances from subsidiaries	284,632,299	-	-	-	-	284,632,299
	P308,626,401	P7,815,234,606	P529,439,841	P505,386,833	P3,004,677,669	P12,163,365,350

*Excluding deferred output VAT, statutory payables, advance rent and other payables aggregating to P204.2 million as at December 31, 2024

Nature of Financial Liabilities and Timing of Cash Flows

Loans payable represent the Company's primary source of external financing and are obtained to fund working capital requirements, project development, and acquisitions. A significant portion of these loans is due within one year and is expected to be settled through a combination of internally generated cash flows, collections from related parties, and refinancing with existing or new credit facilities.

Bonds payable consist of fixed-rate instruments with bullet repayment terms. The Company manages the liquidity risk associated with these instruments through advance planning of refinancing or repayment strategies prior to maturity. During the year, bonds amounting to P3.0 billion matured and were settled.

Accounts and other payables are generally non-interest bearing and are expected to be settled within the normal operating cycle. Certain liabilities such as security deposits and advance rent do not represent immediate cash outflows and are excluded from the maturity analysis as appropriate.

Advances from subsidiaries are generally payable on demand; however, settlement is managed within the group based on overall cash flow requirements.

Liquidity Risk Management

The Company monitors its exposure to a shortage of funds through regular review of its maturity profile of financial liabilities and expected cash inflows from operations and financing activities. The Company prepares cash flow forecasts on a daily and monthly basis to ensure that it has sufficient liquidity to meet its obligations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, capital market issuances, and internally generated funds.

The Company addresses liquidity requirements through:

- Collections from related parties, including receivables, interest, and dividends
- Cash flows generated from leasing and other operations
- Availability of committed credit facilities from banks amounting to P8,380.3 million as at December 31, 2025
- Access to capital markets for bond issuances, when necessary

Refinancing Risk

The Company is exposed to refinancing risk arising from its borrowings, particularly loans payable and bonds payable with fixed maturity dates. The Company manages this risk by maintaining good relationships with financial institutions, monitoring market conditions, and initiating refinancing activities sufficiently ahead of maturity dates.

Covenant Compliance

Certain loan agreements and bonds payable require the Company to maintain financial ratios, including a current ratio of at least 1.5x and a debt-to-equity ratio not exceeding 2.0x, based on consolidated financial statements.

As at December 31, 2025 and 2024, the Company is in compliance with these covenants. The Company monitors compliance with these requirements on a regular basis to ensure continued access to financing and to avoid potential acceleration of obligations.

Concentration of Liquidity Risk

The Company's liquidity risk is influenced by its reliance on cash flows from subsidiaries. Delays in collections or dividend remittances from these entities may impact the Company's ability to meet its obligations as they fall due. Management continuously monitors the financial performance and cash flow projections of its subsidiaries to mitigate this risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from its borrowings from local banks, which include both fixed-rate and variable-rate instruments.

Borrowings with fixed interest rates expose the Company to fair value interest rate risk, while borrowings with variable interest rates expose the Company to cash flow interest rate risk due to periodic repricing.

As at December 31, 2025, the Company's variable rate borrowings amounted to approximately ₱832.5 million and ₱855.0 million in 2025 and 2024, representing 32% and 62% of the total loans payable in 2025 and 2024, respectively. These borrowings are subject to monthly repricing intervals.

The Company manages its exposure to interest rate risk by maintaining an appropriate mix of fixed and variable rate borrowings, taking into account prevailing market conditions, and by regularly monitoring interest rate movements.

Sensitivity Analysis

The following table demonstrates the sensitivity of the Company's income before tax to a reasonably possible change in interest rates, with all other variables held constant:

	Change in interest rate	Effect on income before tax
December 31, 2025	-0.09%	₱1,560,938
	0.09%	(1,560,938)
December 31, 2024	-0.35%	3,420,000
	0.35%	(3,420,000)

The sensitivity analysis has been determined based on the exposure to variable interest rate borrowings outstanding at the reporting date. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

The assumed changes in interest rates of 0.09% and 0.35% in 2025 and 2024, respectively, represent management's assessment of reasonably possible changes in market interest rates based on observable market data at the reporting date.

A positive change in interest rates would result in an increase in interest expense and a corresponding decrease in income before tax, while a negative change would have the opposite effect.

Capital Management

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by maintaining an optimal capital structure.

The Company considers its capital to consist of equity as presented in the separate statements of financial position and monitors its capital structure using a combination of equity and interest-bearing debt.

Given the capital-intensive nature of its operations and investments in subsidiaries, the Company utilizes a mix of internally generated funds, borrowings, and capital market issuances to finance its activities.

The Company manages its capital structure in response to changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may adjust dividend payments, issue new shares, refinance or restructure existing borrowings, or dispose of assets to reduce debt.

Capital for the reporting periods under review is summarized as follows:

	2025	2024
Total liabilities	₱13,191,238,587	₱12,894,368,965
Total equity	11,019,196,689	10,144,194,119
Debt-to-equity ratio	1.20:1.00	1.27:1.00

The Company monitors its leverage using debt-to-equity ratio, defined as interest-bearing borrowings and liabilities for deferred purchase price of property and services, divided by total equity and advances from non-controlling interest.

The Company monitors key financial ratios, including liquidity, leverage, profitability, and interest coverage ratios, as part of its overall financial and risk management processes. These ratios are reviewed regularly by management and the Board to assess financial performance, monitor trends, and ensure compliance with financial covenants under its borrowing arrangements.

The Company is subject to externally imposed capital requirements, including the maintenance of specified financial ratios. Management monitors compliance with these requirements on a regular basis to ensure continued access to financing and to avoid potential restrictions or acceleration of obligations. Details of these covenants and the Company's compliance therewith are disclosed in Note 13.

26. Fair Value Measurement

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

		2025			
		Fair Value			
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	5	₱8,387,709	₱8,387,709	₱-	₱-
Investment properties	8	8,471,788,203	-	389,230,400	8,082,557,803
Financial assets at amortized cost - Deposits	11	57,575,047	-	-	57,575,047
		₱8,537,750,959	₱8,387,709	₱389,230,400	₱8,140,132,850
Loans payable	13	₱8,118,542,191	₱-	₱7,379,614,744	₱-
Bonds payable	14	2,965,754,165	-	2,434,110,185	-
		₱11,084,296,356	₱-	₱9,813,724,929	₱-
		2024			
		Fair Value			
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	5	₱1,528,745,250	₱1,528,745,250	₱-	₱-
Investment properties	8	7,555,247,291	-	325,642,500	7,229,604,791
Financial assets at amortized cost - Deposits	11	88,969,203	-	-	88,969,203
		₱9,172,961,744	₱1,528,745,250	₱325,642,500	₱7,318,573,994
Loans payable	13	₱5,295,609,075	₱-	₱5,414,699,037	₱-
Bonds payable	14	5,955,532,419	-	6,280,628,403	-
		₱11,251,141,494	₱-	₱11,695,327,440	₱-

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

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

Investment Properties. The fair value of ACPT, parking lots in Arya Residences and land were determined using discounted cash flow approach and market data approach.

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

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

The table below presents the financial assets and liabilities of the Company whose carrying amounts approximate fair values as at December 31, 2025 and 2024:

	2025	2024
Financial assets:		
Cash and cash equivalents	₱719,446,075	₱3,465,872,862
Receivables*	3,713,697,349	1,825,610,199
Advances to subsidiaries	5,826,450,706	5,444,860,656
Amounts held in escrow	45,162,594	208,946,358
	₱10,304,756,724	₱10,945,290,075
Financial liabilities:		
Accounts and other payables**	₱532,712,806	₱577,451,384
Advances from subsidiaries	284,632,299	284,632,299
	₱817,345,105	₱862,083,683

*Excluding accrued rent receivables aggregating ₱13.1 million and ₱10.3 million as at December 31, 2025 and 2024, respectively.

**Excluding deferred output VAT, statutory payables, advance rent and other payables aggregating ₱229.2 million and ₱204.2 million as at December 31, 2025 and 2024, respectively.

The carrying amounts of the Company's financial assets and liabilities approximate their fair values due to their short-term nature.

There were no transfers between levels of fair value hierarchy in 2025 and 2024.

27. Classification of Separate Statements of Financial Position Accounts

The Company's current portions of its assets and liabilities as at December 31, 2025 and 2024 are as follows:

	Note	2025	2024
Current Assets			
Cash and cash equivalents	4	₱719,446,075	₱3,465,872,862
Financial assets at FVPL	5	8,387,709	1,528,745,250
Receivables	6	3,726,826,143	1,835,953,382
Real estate for sale	7	257,802,525	257,802,525
CWT		645,019,253	474,951,493
Advances to subsidiaries	10	5,826,450,706	5,444,860,656
Other assets*	11	164,961,941	308,569,934
		₱11,348,894,352	₱13,316,756,102

*Excluding deposits and deferred input VAT aggregating to ₱57.8 million and ₱90.0 million as at December 31, 2025 and 2024, respectively.

	Note	2025	2024
Current Liabilities			
Accounts and other payables*	12	₱597,352,537	₱774,825,729
Current portion of loans payable	13	4,308,457,146	4,279,406,667
Current portion of bonds payable	14	–	3,000,000,000
Advances from subsidiaries	20	284,632,299	284,632,299
		₱5,190,441,982	₱8,338,864,695

*Excluding noncurrent portions of security deposits, construction bonds, and lease liabilities aggregating ₱164.6 million and ₱6.8 million as at December 31, 2025 and 2024, respectively.

28. Events After Reporting Period

Declaration of Cash Dividends

The Company's BOD approved and declared the following cash dividends:

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series F Preferred Shares	January 21, 2026	February 4, 2026	February 16, 2026	₱45,465,705	₱9.1575
Series D Preferred Shares	January 21, 2026	February 11, 2026	March 3, 2026	45,000,000	7.5000
Series F Preferred Shares	April 8, 2026	April 23, 2026	May 14, 2026	45,265,705	9.1575

Reallocation of Use of Proceeds

Green Bonds Second Tranche

On February 18, 2026, the BOD approved the reallocation of the use of proceeds of the second tranche of green bonds effective March 20, 2026 (see Note 15).

Approval of Decrease in Authorized Capital Stock

On March 18, 2026, the SEC approved ALCO's application to decrease its authorized capital stock by ₱50.0 million preferred shares (see Note 15).

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

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

We have audited the accompanying separate financial statements of Arthaland Corporation (the Company), as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 on which we have rendered our report dated April 8, 2026.

In compliance with the Revised Securities Regulations Code Rule 68, we are stating that the Company has 1,884 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

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

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-007-2025

Valid until August 10, 2028

PTR No. 10764005

Issued January 2, 2026, Makati City

April 8, 2026
Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

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

We have audited in accordance with Philippines Standards on Auditing, the separate financial statements of Arthaland Corporation (the Company) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and have issued our report thereon dated April 8, 2026. Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not part of the separate financial statements. The supplementary schedule has been subjected to the auditing procedures applied in the audits of the basic separate financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the separate financial statements or to the separate financial statements themselves. In our opinion, the information is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

REYES TACANDONG & Co.



CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

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

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-007-2025

Valid until August 10, 2028

PTR No. 10764005

Issued January 2, 2026, Makati City

April 8, 2026
Makati City, Metro Manila

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

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	₱123,856,758
Less: Category B: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	380,214,260
Deficit , as adjusted	(256,357,502)
Add: Net income for the current year	1,252,333,544
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)	(₱354,208)
Unrealized fair value gain of investment property	(684,594,662)
Sub-total	(684,948,870)
Add: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	11,570,014
Sub-total	322,597,186
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(46,763,123)
Retained earnings available for dividend declaration as at the end of reporting period	₱275,834,063